



Analysis of Agriculture in the European Union

Sandra Mrvica Mađarac¹
Zvonimir Filipović²
Sandra Jurić³

Received: November 20, 2022
Accepted: March 7, 2023
Published: June 12, 2023

Keywords:

Agricultural policy of EU;
Main challenges for
agricultural production;
Agricultural and livestock
production;
Size of agricultural holdings



Creative Commons Non
Commercial CC BY-NC: This
article is distributed under the terms of
the Creative Commons Attribution-Non-
Commercial 4.0 License (<https://creativecommons.org/licenses/by-nc/4.0/>) which
permits non-commercial use, reproduc-
tion and distribution of the work without
further permission.

Abstract: *With its agricultural policy, the European Union wants to encourage member states to invest in agricultural production, production and promotion of quality agricultural products, care for the environment, development of rural areas, increase market transparency, and encourage innovation in agriculture. The main challenges for agricultural production in the European Union are global market competition, economic and political crises, climate change and rising costs of production factors. The European Union wants to provide support for the sustainable income of agricultural holdings and the stability of the agricultural sector, and it contributes greatly to the financing of agriculture in the member states. In this way, the aim is to ensure the long-term security of the food supply and the agricultural diversity of the member states. The paper states the objectives of the agricultural policy of the European Union, researches and analyzes data on the number of employees in agriculture, the age structure of farmers, the size of agricultural holdings, agricultural and livestock production, fishing and promotional activities of agricultural production in the European Union.*

1. INTRODUCTION

The European Union wants to encourage its member states to invest in agriculture and it provides opportunities through the co-financing of agricultural holdings; most of all, it wants to incite young people to engage themselves in the agriculture business. The European Union strives to have greater exports than imports of agricultural products, because this will mean an increase in the number of people employed in agriculture, and as a result, a greater share in the gross national product will follow. Considering that the common agricultural policy represents a set of different measures and programs that are subsidized by the European Union, its goal is to ensure acceptable prices and the quality of agricultural products and to meet the income and preservation goals of rural heritage. With the enlargement of the European Union, there have been an increase in the workforce and the quantity of available arable land. This paper analyzes the agricultural activity of the European Union and the objectives of the agricultural policy.

2. EU AGRICULTURAL POLICY

Agriculture is defined as an activity that is closely related to the cultivation of useful plants and animals, for the purpose of processing, transportation and commerce of plant and animal products produced by one's own activity (Petrač, 2002). During recent decades, we have seen major changes in the agricultural policy of the European Union, and the reason for this is to help farmers so that they can face the various challenges on what they encounter. With these changes, the European Union covered an extremely wide range of areas, which include: food quality, traceability, trade and promotion of agricultural products from the EU. The European Union

¹ College of Applied Sciences "Lavoslav Ružička" in Vukovar, Županijska 50, Vukovar, Croatia

² PIK Vrbovec plus d.o.o., Gospodarska zona 20, Antunovac, Croatia

³ Croatian Health Insurance Fund, Kapucinska 33, Osijek, Croatia

helps finance the farmers, especially those farmers whose goal is to increase ecological efficiency and effectiveness (European Union, 2022).

The Common Agricultural Policy (CAP) represents ten key objectives on which the common agricultural policy will be based in the course from 2023 to 2027. The agricultural goals within the EU are as follows (European Commission, 2022): better positioning of farmer in the food supply chain: here, the goal is to increase market transparency and introduction of more effective mechanisms and fight against climate change: the goal is to reduce greenhouse gas emissions and to proceed with the advancement of execution of sustainable energy and improving carbon sequestration (carbon uptake by plants through photosynthesis), care for the environment: the aim is to effectively manage natural resources (of air, water and soil), encouragement of sustainable development and reducing upon dependence on chemicals, preservation the landscape and encouragement of biodiversity: the aim is to increase ecosystem services, preserve landscapes and habitats, as well as to contribute to reducing and stopping the loss of biodiversity, encouraging generational renewal: here, the goal is to attract and provide great support to the new and young farmers, and to support dynamic rural areas: the goal is to increase the employment rate, to harmonize gender equality, which includes the representation of women in agriculture and the local, internal development of the rural area, which includes sustainable forestry and circular bioeconomy, and also protection of food quality and health: here, the goal is to ensure safe and high-quality food that will be produced in a sustainable way, and the aim is to reduce wasting of food, to encourage knowledge and innovation: the goal is to modernize and digitize agriculture and rural areas, to ensure a fair income for farmers: the aim is to support the sustainable income of agricultural holdings with the aim of providing food and agricultural diversity, when increasing competitiveness: the goal is to increase competitiveness through a greater focus on research, as well as technology and digitalization.

From the aforementioned objectives, it can be concluded that the European Union wants to support the sustainable income of agricultural holdings and keep hold of the resilience of the agricultural sector throughout the EU, in order to achieve the long-term security of food supply and agricultural diversity, as well as the economic sustainability of agricultural production.

The support that is offered to young farmers (income support) that national authorities must accomplish is as follows (by the regulation of the European Commission, 2022): the making of allocations of up to 2% of the total funds that are intended for income support, to decide on how many hectares will be allocated per farm for young farmers (it's maximum is 90 hectares), to choose a quality method for calculating payments for young farmers, also to investigate whether the users of the program for the young farmers have the relevant knowledge and skills and whether they meet certain conditions, after starting a business by the user, to provide young farmers with grants through a period of five years, and also to ensure certain advantages to young farmers.

3. PHYSICAL CHARACTERISTICS OF AGRICULTURAL PRODUCTION IN THE EU

According to data based on the statistical structure of the agricultural economy, in 2013 the total labor force of the member states of the European Union was 9,5 million working units. The share of regularly employed workers was 92%, which amounts to 8,7 million work units. Compared to the results from 2007, the number of work units decreased by 2,3 million in 2013. During the period from 2007 to 2013, almost all member states experienced a decrease in their

workforce, except for Ireland, Malta and Hungary, where these members recorded an increase in their workforce. The largest decline was experienced by: Bulgaria, Cyprus, Italy and Slovakia, where the labor force fell by at least one-third. With regards to the regularly employed workers, Latvians are the largest in terms of their percentage, because they have almost all regularly employed workers, while Spain features the smallest share of regularly employed workers (Eurostat, 2022). Figure 1 shows the share of regularly employed workers in agriculture in 2013 in the European Union.

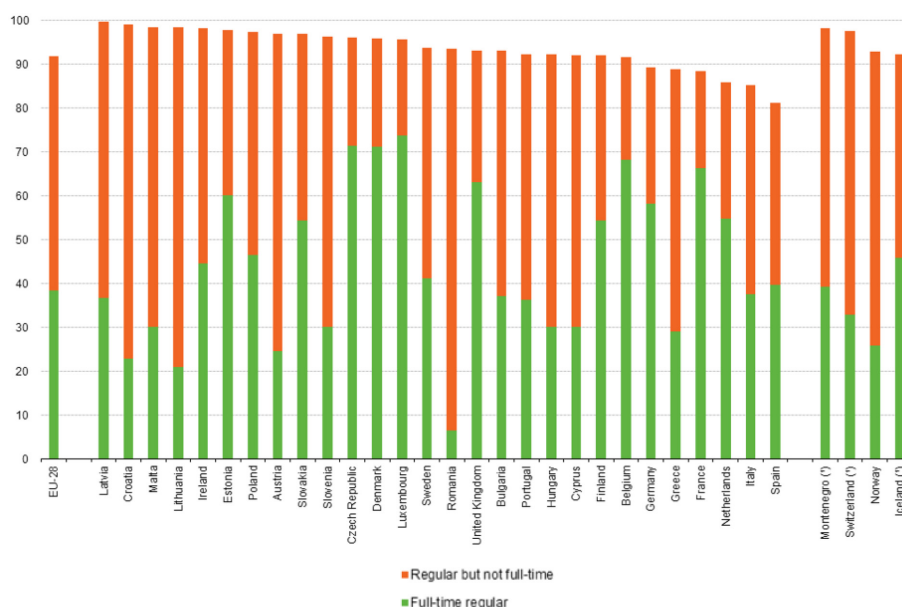


Figure 1. Presentation of the share of regularly employed workers in the agricultural economy in 2013.

Source: Eurostat, 2022.

Figure 2 shows the age structure of farmers in the European Union in 2016.

Age classes of farm managers, EU-28, 2016

Source: Eurostat (online data code: ef_m_farmang)

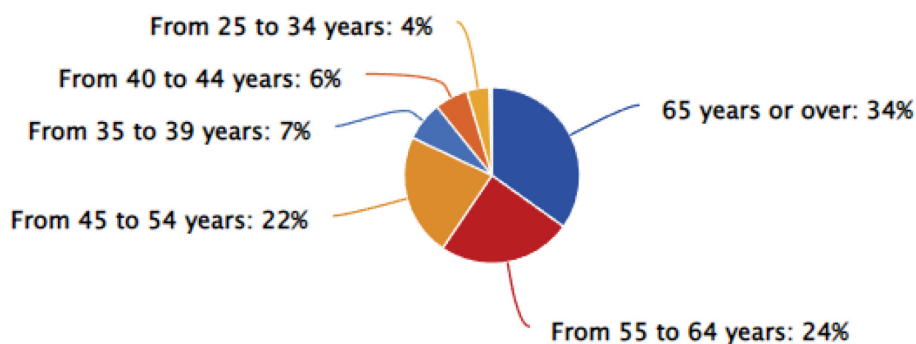


Figure 2. Age structure of farmers in the European Union in 2016.

Source: European Commission, 2022.

From Figure 2, it can be seen that the largest share of individual farmers is older than 65 years of age, which is certainly not a good sign for future events, as even 34% of those over 65 years of age are engaged in agricultural activities. Also, there is a large percentage of workers between 45 and 64 years of age, which amounts to 46%, which means that, according to these data, as

many as 80% of those over 45 years of age are engaged in agricultural work, while the youngest (up to 25 years) is only 2%, which does not represent a good situation for the European Union and sets before it a great challenge to encourage young people to engage in farming. Figure 3 shows the average size of farms in the European Union.

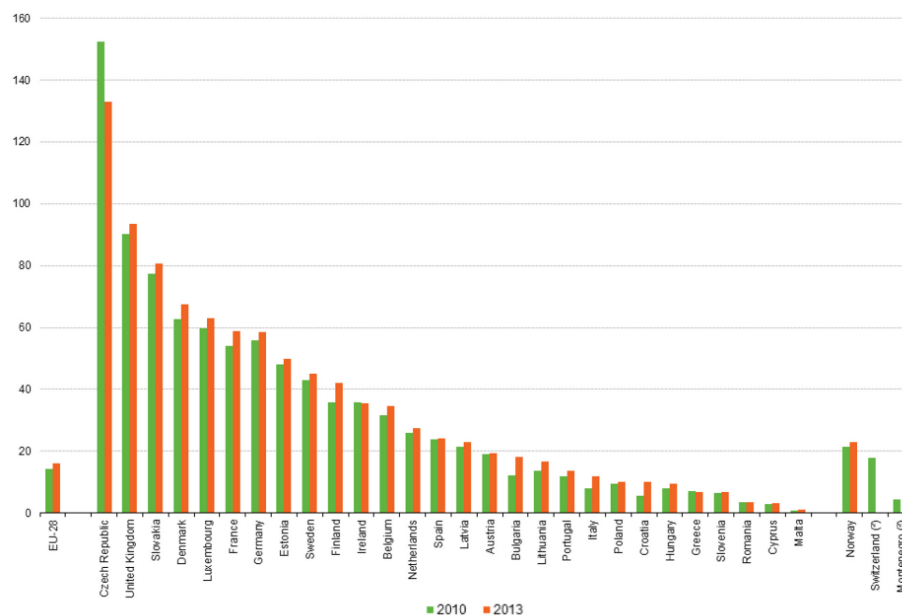


Figure 3. Average size of agricultural holdings in the European Union

Source: European Commission, 2022.

Following the main statistical findings in 2013, 10,8 million observed agricultural holdings were recorded. The analysis found that 6,5 million or 59,8% of these farms achieved a regular result of more than 2000 Euros. The member states of the European Union used approximately 175 million hectares of agricultural land, which is approximately 40% of the total land area. France and Spain have the largest share of used agricultural land, with 15,9% and 13,3% shares, respectively, while the shares of Germany and the now former member of the European Union, the United Kingdom recorded to be below 10%. Romania has the largest number of agricultural holdings with 3,6 million and one-third of all agricultural holdings were present in Romania. From Figure 3, it can be seen that the Czech Republic has the largest agricultural holdings in 2013 with 133 hectares while the United Kingdom was behind it and even six member states have the size of agricultural holding that was less than 10 hectares in size. When compared to 2010, it can be seen that almost all of the member countries have experienced an increase in the size of their agricultural holdings except for the Czech Republic, whose agricultural holdings fell by approximately less than 20 hectares, and Greece and Ireland, which experienced a slight decrease. In 2013, the total utilized agricultural area amounted to 40% of the total land area observed in the group of EU member states. The rest of the land, which amounts to 9%, belongs to the agricultural economy for types of land that have not been used (2,3%), or in the form of forest areas (6,7%).

The largest share of the production of plant products that belong to farming is the production of cereals and oilseeds. The cereal group includes the production of corn, wheat, barley, oats and other grains, while the oilseed group includes the production of rapeseed, sunflower, soybeans and others. According to data, cereals are being produced in the largest quantities, especially wheat (the total amount of wheat produced for 2022 amounts to 134.000 tons). Wheat is followed by corn with almost 60.000 tons produced, and barley with slightly more than 50.000

tons produced (European Commission, 2022). Almost two-thirds of the produced grains are used for animal feed, one-third for human feed and a very small share is used for producing bio-fuels (3%). The most commonly used oilseed is rapeseed, represented by almost 60% that is followed by sunflower and soybeans. Oilseeds are used for food products, animal feed, industrial needs and fuel (European Commission, 2022). According to data from 2021, the number of livestock in the EU amounted to 142 million pigs, 76 million cattle, 60 million sheep, and 11 million goats. Per Eurostat, most of the cattle are raised in several member states, and Spain, France and Germany own most of the cattle. Spain leads the list with 24% of pigs, 25% of sheep and 23% of goats in the EU, while France leads the list with 23% of cattle in the EU. The Republic of Croatia, when compared to the EU in terms of the percentage of cattle is at the very bottom, together with Latvia, Estonia, Luxembourg, Cyprus and Malta. When observing at the percentage that is related to pigs, the Republic of Croatia is slightly below the average (Agroklub, 2022). According to data from the European Commission for 2016, the EU exports most of its beef to Turkey, followed by Bosnia and Herzegovina and Switzerland. The EU is closely related to imports from other countries from South America. Most beef is imported from Brazil, followed by Uruguay and Argentina. The problem was in the relationship between imports and exports, because until 2015 the EU's trade balance was negative, and after that period the relationship between imports and exports began to gain back the balance (Agroklub, 2022).

According to data from 2018, Estonia and Italy have the largest number of people employed in fisheries in the EU. The European Union imports much more seafood than it exports them. Given that Estonia has the largest number of employees in fisheries, it was expected that it would also have the largest allocated funds from the European Maritime and Fisheries Fund. The Republic of Croatia is in the average field in terms of allocated funds from the EU fund (European Parliament, 2022).

The Common Fisheries Policy (CFP) has been first formulated when the Treaty of Rome was agreed. In the beginning, it had a connection with CFP, but over time it has become independent. The main goal is to ensure sustainable fisheries and provide permanent income and jobs. According to the last reform of the CFP from 2013, an effort has been made to ensure the long-term ecological sustainability of activities in the fishing sector, with the goals of ensuring the realization of economic and social benefits, and also benefits for employment (European Parliament, 2022).

4. PROMOTION OF AGRICULTURAL PRODUCTS IN THE EU

The European Union wants to help its farmers (producers) sell their own agricultural products, given the current situation on the large market, and at the same time to help them with the creation of new jobs that will result in the growth of agricultural products and security of diet in the EU in the future time. Promotional campaigns are designed to provide new opportunities on the market to farmers and the food industry, and to help the development of existing businesses. There are two types of promotional activities (European Commission, 2022): promotional activity carried out by a European trade or inter-trade association that is co-financed by the EU and promotional activity that is executed directly from the EU such as, for instance, participation in communication campaigns and fairs and diplomatic offensives by commissioners in third countries, due to the development of trade in agricultural and food-stuff products. Policy rules dictate that EU funds can be used for promotion and information initiatives in EU member states and also in non-EU countries.

In 2022, the European Commission has allocated 185,9 million Euros to promote activities about agricultural and food products from Europe on the domestic and foreign markets. Campaigns that

are aimed at countries outside of the European Union mainly take place in the markets that are characterized with high growth potential, such as: South Korea, Mexico, Canada and Japan. The financial amount that the European Commission has prepared for promoting the activity is quite large, but it indicates that they want to ensure a secure future for the member countries of the European Union (European Commission, 2022). The European Union invests considerable resources in the promotion of ecological agriculture. Ecological agriculture is a complete system of agricultural management that encourages the natural activity of the soil, ecological system and people, and also ecological processes, biodiversity and natural cycles (Srpak & Zeman, 2018).

5. CONCLUSION

The advantages of agricultural production in the EU are as follows: production tradition, diversification of culinary traditions and modernized production. The biggest problem of agricultural production in the EU is the old population that is engaged in agriculture production, and the departure of young people from the countryside.

One of the European Union's goals is to motivate young people to work in agriculture, in order to maintain a more secure future in terms of feeding the population. It is difficult for farmers to secure wages that will keep workers in the countryside, but this is exactly where the European Union brings help with its subsidies. By means of the common agricultural policy, the EU strives to achieve its goals: to modernize agricultural production, co-finance investments in agriculture, adopt the measures that would incite interest in young people to engage in agriculture, increase exports, ensure further quality and diversity of its products, etc. The EU invests considerable resources in the promotion of the quality of its agricultural products, in order to gain even more access to large markets, such as Mexico, Canada, South Korea, and others. Due to diverse climatic conditions, modernization of farmers, fertile soil and the quality of its products, the EU is one of the largest producers and exporters of agricultural products in the world.

References

- Agroklub. (2022). <https://www.agroklub.com/stocarstvo/vecina-eu-stoke-se-uzgaja-u-nekoliko-drzava-clanica/77183/>, retrieved September 10, 2022.
- European Commission. (2022). [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Average_utilised_agricultural_area_per_holding,_2010_and_2013_\(%C2%B9\)_\(hectares\)_YB16.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Average_utilised_agricultural_area_per_holding,_2010_and_2013_(%C2%B9)_(hectares)_YB16.png), retrieved July 10, 2022.
- European Commission. (2022). https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/new-cap-2023-27/key-policy-objectives-new-cap_hr, retrieved June 16, 2022.
- European Commission. (2022). https://agriculture.ec.europa.eu/common-agricultural-policy/income-support/young-farmers_hr, retrieved June 20, 2022.
- European Commission. (2022). https://agriculture.ec.europa.eu/common-agricultural-policy/market-measures/promotion-eu-farm-products_hr, retrieved July 22, 2022.
- European Commission. (2022). https://agriculture.ec.europa.eu/common-agricultural-policy/income-support/young-farmers_hr, retrieved July 20, 2022.
- European Commission. (2022). https://agriculture.ec.europa.eu/farming/crop-productions-and-plant-based-products/cereals_hr, retrieved September 6, 2022.
- European Commission. (2022). [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Share_of_regular_workers_in_the_farm_labour_force_and_distribution_by_work_intensity,_2013_\(%25\)_YB16.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Share_of_regular_workers_in_the_farm_labour_force_and_distribution_by_work_intensity,_2013_(%25)_YB16.png), retrieved July 20, 2022.

- European Parliament. (2022). <https://www.europarl.europa.eu/factsheets/hr/sheet/122/euop-sko-ribarstvo-u-brojkama>, retrieved September 6, 2022.
- European Parliament. (2022). <https://www.europarl.europa.eu/factsheets/hr/sheet/114/zajednic-ka-ribarstvena-politika-nastanak-i-razvoj>, retrieved September 7, 2022.
- European Union. (2022). https://european-union.europa.eu/priorities-and-actions/actions-topic/agriculture_hr, retrieved June 16, 2022.
- Eurostat. (2022). https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Farm_structure_statistics/hr&oldid=418310, retrieved June 20, 2022.
- Petrač, B. (2002). *Agrarian economy*. Osijek, Croatia: Ekonomski fakultet u Osijeku.
- Srpak, M. & Zeman, S. (2018). Ecologically sustainable agriculture. *Zbornik radova Međimurskog Veleučilišta u Čakovcu*. Vol 9, No 2, 68-75.

