

CONCEPT NOTE

**Introductory material for discussion
at the informal meeting of EU agriculture ministers (Warsaw, 15-17 June 2025)
on the topic of
'Generational renewal as a basis for innovation and modernisation in agriculture'.**

Most EU countries are experiencing a declining generational replacement rate, and this trend is more pronounced in rural areas, especially those far from larger urban centres, including areas where agriculture is of significant economic importance.

Agriculture is more affected by negative demographic changes than other economic sectors¹. According to Eurostat, in 2020 only 11.9% of farmers in the EU were under 40 years of age (6.5% under 35). As many as 57.5% of farmers were over 55 years old, with almost one in three farmers (30.4%) aged 65 or over. The deteriorating demographic situation is a key challenge for the competitiveness of the agricultural sector and for maintaining food security in Europe.

Counteracting the adverse effects of the current demographic situation (ageing population, migration to cities and low proportion of women in the rural areas) and adapting to them is necessary to maintain the vitality of rural areas and to conduct agricultural production in a manner that ensures its profitability, competitiveness and sustainability. The success of generational renewal in agriculture is a prerequisite for maintaining the European model of agriculture, which is often based on family farms and aims to be competitive while respecting the environment.

The process of generational change in agriculture is determined by:

- objective processes (demography, migration, increasing demand among rural residents for non-agricultural jobs in rural areas);
- the reluctance of young people to take up farming (e.g. difficult working conditions, income disparities, threats related to climate change, limited access to land, capital and labour);

¹ OECD (2020). Rural Well-being: Geography of Opportunities, OECD Rural Studies, OECD Publishing, Paris.

- the reluctance of older farmers to discontinue their professional activity (farming).

Many horizontal factors related to the standard of living in rural areas influence the tendency to remain or settle in rural areas and take up professional activity in agriculture. Access to technical infrastructure (roads, railways, power transmission, water supply and sewage systems) and high-quality public services (health, education, culture, crèche and childcare, facilities for elderly and disabled people) is crucial. Good transport links to local and supra-regional centres and universal access to high-speed internet are important.

The takeover of farms by successors will be possible thanks to ensuring an adequate level of technical and social infrastructure in rural areas, introducing institutional support for older farmers, increasing the mobility of agricultural land and facilitating access to capital, including in the form of preferential loans.

A natural and expected consequence of generational renewal in agriculture should be an increased willingness of farm managers to restructure the farms they take over by introducing new, including innovative, solutions in the organisation of the production process, production methods, the use of modern technologies, and the marketing of new or improved products. Young farmers' farms are more often characterised by steady growth in the scale and efficiency of agricultural production, resulting from the implementation of innovative organisational, production or product solutions.

Innovation is one of the most important elements in building competitive advantage, especially sustainable (strategic) advantage, and is the main factor stimulating development and optimising the use of the agricultural sector's potential. The introduction of innovation in agriculture is necessary to meet the global increase in food demand, growing environmental and climate challenges, pests and diseases control. Sustainable intensification of agricultural production is necessary, accompanied by rationalisation of the use of available production resources. The changes introduced should take into account automation, digitisation and the use of AI. In order to exploit the opportunities offered by innovation and technology, appropriate skills and technological and economic knowledge are needed. Financial support is needed to replace existing solutions with new ones.

Apart from economic factors, the implementation of innovation in agriculture is limited by the relatively unfavourable age structure of farmers. The age of farmers is a significant factor

determining the production and economic performance of agricultural activities and their development potential, as young people tend to have a higher level of education and are more involved in the development of the farm they manage.

Lack of investment in farm modernisation results in stagnation and ultimately the collapse of the farm. The younger generation of farmers provides the impetus, initiative and energy needed for change and development on farms.

There will be no large-scale innovation and modernisation of agriculture without generational renewal. However, in order for young people to remain in rural areas, it is necessary to ensure appropriate economic (financial security), social and infrastructural conditions that will allow young people to choose agriculture as a career path.

Questions to guide the discussion:

1. How can generational renewal affect the implementation of innovation, and how can innovations contribute to generational renewal in agriculture?
2. How can young people be encouraged to stay or settle in rural areas and take up work in agriculture? What measures are most effective?