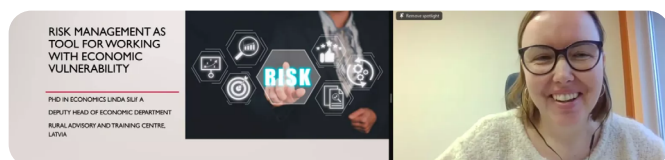





Linda Silina, LLKC (Latvian Rural Advisory & Education Centre), Latvia, completed the suite of presentations focusing on work that LLKC has been doing for farmers on risk management. Their work involves making assessments to determine losses arising from weather events, e.g. frost, hail and storms. Experts make calculations (based on a methodology developed by LLKC and partners) before sharing the data with the authorities. LLKC then prepare and submit the funding applications on behalf of farmers. LLKC also apply their knowledge in this area to help farmers understand how to better plan for and manage risk.

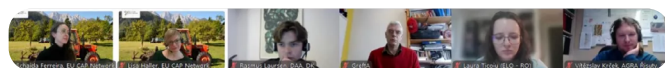


Group Discussion Highlights

Members were split into three groups over two discussion rounds.

The first round focused on identifying current and emerging drivers of economic vulnerabilities of farming, with TG members offering insights from their various perspectives.

 Members recognised that farmers are currently experiencing more difficulties, especially with resources and administration, and that this is particularly acute for those businesses without economies of scale in their operations. Members also appreciated that for many small farmers, diversification of their activities was essential to enable business growth. The geographic dimension of farming, with revenue depending on the area and natural constraints, was also cited as a key factor in economic vulnerability, e.g. transportation costs for food production on islands.



Members highlighted the economic exposure of farmers to market volatility in areas including market prices, imports, prices, input costs, labour availability and production costs. More generally, the wider geo-political arena was cited in terms of how global trade, differing standards and differing methods of production impact European farms. It was acknowledged that this was concerned with market utility and structure, e.g., small markets with incomes that cannot keep pace with changes in price. It was also suggested that market structure, coupled with farmers' position in the value chain, is often fragile, with farmers having little bargaining power in the supply chain.

Extreme weather events and climate change (e.g. rainfall, drought, late spring frosts) along with increasingly frequent outbreaks of animal diseases and their associated impacts were also cited by members as a significant external driver of economic vulnerability, impacting different areas and causing significant damages across the farming sector.

There was a feeling that the CAP, whilst welcome, was also a factor in economic vulnerability. Members felt that the administrative burden, the complexities of guidelines, and ambitious policy expectations were frustrating business decisions and adding unnecessary costs. Members were also frustrated at the lack of consistency in the policy landscape more generally in terms of shifting priorities, multiplicity of outcomes, and the relatively short timescales for delivery.



Members also highlighted various issues for businesses, including how lack of access to and availability of knowledge, training, advice and reliable data can compromise the ability of farmers to make the right decisions for their businesses, including in business management and finance. Members also acknowledged that lack of co-operation (in all its forms) between businesses is also a factor, particularly for smaller farmers.

The discussions then moved on to how Member States, farmers and others are addressing or may address the challenges associated with the economic vulnerability of farming.

Members highlighted the key role of the CAP and its tools for addressing many issues associated with economic vulnerability, e.g., income support for farms in specific areas, eco schemes and investments. Some indicated that national funding was also being used to increase support available in the CAP. Members indicated that small farms that diversify and innovate generally tend to become more resilient - notwithstanding the fact that support via the CAP, alongside other funding, was important in supporting business responses. Such responses, especially for small farmers, require increased collaboration to enable cost reductions and better use of CAP instruments, such as investments in new technologies and diversification.



CAP Objectives & sustainability dimensions



Members recognised the need to build an understanding of current risks and establish longer-term tools and strategies, e.g. for insurance and risk management. They suggested potential new tools for linking investments and insurance, including an increased variety of services and options to provide better cover.

Addressing the complexities of economic vulnerability of farming demands a wide response with a multi-entrepreneurial approach in rural areas that considers use of land, buildings and people to develop new businesses and connect with other sectors.

Members acknowledged the key role of advisory services in supporting business resilience and growth, highlighting the potential for this, including risk management and leveraging relevant expertise to support farm businesses to be more productive and efficient.

Feedback and Next steps

Moderators from each of the 3 groups were invited to offer reflections from the groups on next steps for the Thematic Group. Issues highlighted included:



Risk management across a multiplicity of issues with some debate around the various management tools, policy instruments and business responses required to enable farmers to manage the risks to their business.



The need for **greater coherence** of policy between EU and national levels, and between public and private sectors (e.g. insurance, mutual funds) to enable better integrated approaches to addressing economic vulnerability.



Ensuring that **farmers**, irrespective of farm size, can **make their businesses more resilient, sustainable and profitable**, e.g., through increased co-operation, diversification and preventive actions. How to empower farmers and their responsibility should be further explored.

In terms of next steps, it was agreed that the CAPI CP team would:

- Work with TG members to elaborate on the strong examples highlighted with a view to their inclusion in the next meeting and/or as final outputs from the thematic group.
- Work with TG members to develop topics for potential inclusion in the 2nd meeting.
- Interrogate outputs from the MA survey on Economic Vulnerability of Farming to be shared with TG members at the next meeting.

