

## **CHARACTERISTIC OF FAMILY FARMING IN THE EUROPEAN UNION**

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**Abstract.** The aim of the paper is characteristics of the role of family farming within the European Union's countries. Authors pointed out that the definition of family farming within the EU countries is affected by the numbers of holdings, land areas and economic significance of the farm sector. Due to the availability of data the analysed period covers the years 2005-2010. In the research paper the descriptive and comparative methods were used, as well as the simple statistical method.

Family farming is the most common operational farming model in Europe, and thus, of great importance in the EU. Eighty seven percent of the EU's farms are family farms, passed down from one generation to another, and contribute to the socio-economic and environmental sustainability of rural areas. There is a high diversity of family farms in the EU, in terms of their size, activities they engage in, availability of resources, degree of market integration, competitiveness, etc.

**Key words:** family farming, sole holders,

**JEL code:** Q1

### **Introduction**

The United Nations announced the year 2014 as the International Year of Family Farming. It was done in an effort to highlight the potential family farmers (FFs) have to eradicate hunger, preserve natural resources, and promote sustainable development. According to the UN Food and Agriculture Organization (FAO), there are an estimated 500 million family farms which represent up to 80% of all farm holdings across the developed and developing world. These farms produce the food that feeds billions of people and rely primarily on family members for labour and management (Sourisseau J.M., 2015; FAO, 2014).

The family farming is the most popular functioning farming model also in Europe, and thus, of great importance in the European Union. The majority of the EU's 12 million farms are family farms, passed down from one generation to another, and contribute to the socio-economic and environmental sustainability of rural areas.

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The aim of this paper is to characterize the family farming and their role within the European Union economy. The following problems are examined:

- definition of the family farming within the EU;
- function of family farming;
- as well as diversity of family farms in the EU.

Analyses, carried out in the paper, cover the period of 2005-2010. The information and data about the analysed issues are taken from the applicable literatures, legal acts as well from the EU's Farm Structure Survey (FSS) and the Farm Accountancy Data Network (FADN). The used data illustrate the examined problems, show the scale of changes, their tendency and differences between the EU countries.

The descriptive and comparative methods were used in the research paper, as well as the simple statistical method in order to analyse the problem from the economic point of view.

## **Research results and discussion**

The crucial question is who family farmers are. Within the EU and world-wide can be find the various definitions of "family farm" and "family farmer".

FAO defines that family farming "includes all family-based agricultural activities, and it is linked to several areas of rural development. Family farming is a means of organizing agricultural, forestry, fisheries, pastoral and aquaculture production which is managed and operated by a family and predominantly reliant on family labour, including both women's and men's. The family and the farm are linked, co-evolve and combine economic, environmental, social and cultural functions" (FAO, 2013).

The family farmers have been the main target group for policy support of the Common Agricultural Policy. However, the European Commission has never defined the concept precisely. Definition can be based on:

- share of farm labour<sup>1</sup>;
- on ownership and control (and thus, succession between generations)<sup>2</sup>;
- on legal status (sole holders)<sup>3</sup>;
- or on who bears the business risk<sup>4</sup>.

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<sup>1</sup> It considers the operation of the farm - the use of family labour and confines the family farm to a household, which normally lives under the same roof, whilst members of an (extended) family can live in different places, rural and/or urban.

<sup>2</sup> In family farming, farm ownership is combined with managerial control by the so-called principals. These may be the farmer alone, the farmer and spouse, the parents and children, brothers and sisters, i.e. related by kinship or marriage. Another specific feature is often residence: usually, the household lives on the farm or in the neighbouring village, and therefore family farmers help to populate rural areas, even the remotest ones.

<sup>3</sup> In the FSS, Eurostat differentiates three types of holdings – sole holder, group holding (partnership) and legal entity. Normally, the family farmer is a sole holder, often (but not always) registered for statistical and policy purposes as a farmer but not constituting a legal business entity.

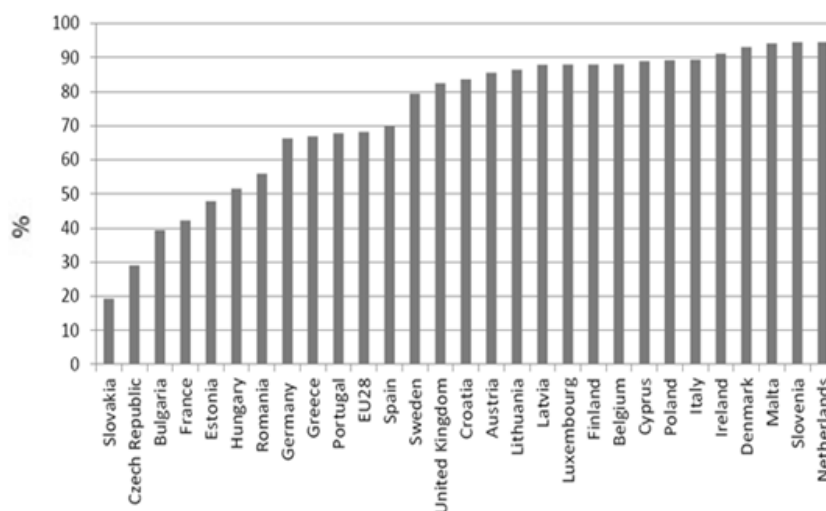
<sup>4</sup> Europeans generally consider a family farm as a farm business. A clear signal in this direction was given in the answers to the public consultation organised by the EC on family farming: "Family farming is more than business but still a business".

Definition has a substantial impact on role of the FFs in the European Union, their specific challenges, future prospects and needs for policy support and should respect the diversity of the family farm sector in Europe (Council of the European Union, 2013; European Parliament 2014; Tańska-Hus B., Orlewski M., 2006).

Simultaneously with the general development of civilization (especially industrialization) family farms are a subject to significant changes. They relate to the loss of features of "peasant", crushing the historical integrity of the farm and the family (household). Particular impact on it had the inclusion of family farms into the market forces, which are dominated by competition forcing competition, specialization and intensification. Nevertheless, in the values sphere the motive of economic benefits took the first place. The competitive market enforces the continuous expansion of production scale through the farm size to satisfy economic needs of the family and to maintain economic viability of the farm. Expansion of them may be achieved by the fall of others. It is not easy because of the relationship of the household and the family farm through habitat, land market imperfections (high transaction costs of land trading) as well as the limited demand for labour from farms. Within the factors that are important for successful development of family farming can be pointed out: agro-ecological conditions and territorial characteristics; policy environment; access to markets; access to land and natural resources; access to technology and extension services; access to finance; demographic, economic and socio-cultural conditions; availability of specialized education among others (Parlinska M., Grzejszczyk B., 2014; Zegar J., 2011).

Family farming has an important socio-economic, environmental, and cultural role. The various studies indicate that the model of the family farming by above reasons congruent to the requirements of sustainable agriculture, by entering into the concept of multifunctional development of agriculture and the countryside. The family farm is not only a factory of food but also a home, a family, an important element of the landscape, and a preservation of the cultural heritage (regional and national traditions and values) (Council of the European Union, 2013; European Commission, 2013; FAO, 2014).

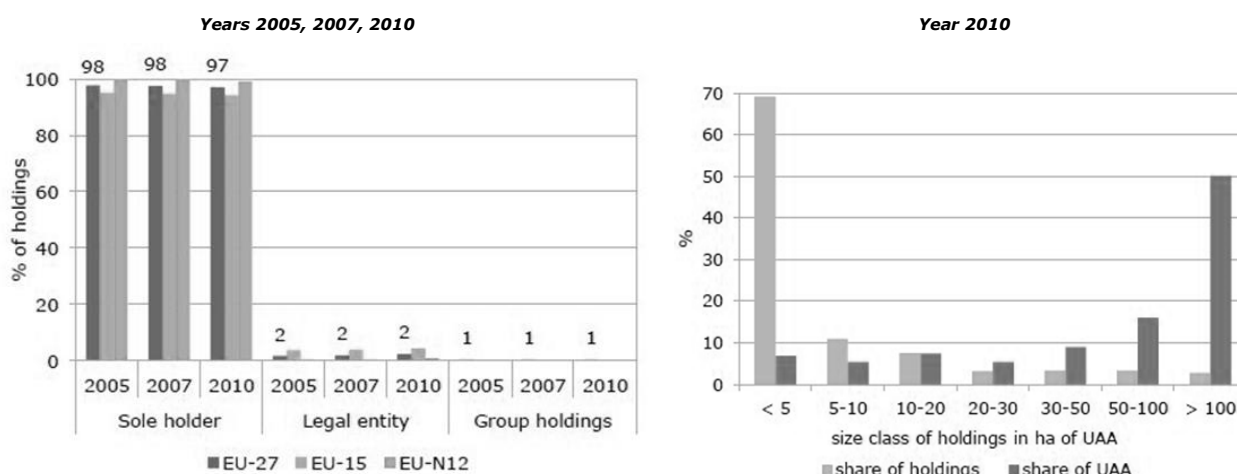
In 2010, in the EU countries were about 12 million farms/holdings with an average size of 14.2 hectares. The majority of these farms (97%) are classified as a family farms which are operated as family-run businesses in which the farm is passed down from generation to generation. Such farms managed 120 million ha of utilised agricultural area (UAA) which is 68% of the total UAA in the Union with the average size of 10 ha. In 23 countries of the member's states, sole holders manage over half of UAA, including over 80 percent of UAA in 16 member's states. Non-sole holders cultivate the largest proportion of UAA only in a small number of member's states (Slovakia, the Czech Republic, Bulgaria, France and Estonia) (Figure 1).



Source: Eurostat, FSS data from years 2005-2010; Family Farming in Europe: Challenges and Prospects, 2014, p. 19.

Figure 1. The share of holdings by legal status in 2005, 2007 and 2010 and in utilised agricultural area (UAA) by UAA size class in 2010 in the European Union countries

Family farmers vary widely by size, whether measured in land area or economic size. Among the EU countries one can observe a large number of very small farms (5.7 million of all holdings with less than 2 hectares in size) that farmed a small proportion (2.5%) of the total land area used for farming in 2010. At the same time there can be noticed a small number of very large farms (2.7% of all holdings with over 100 hectares) that farmed one-half (50.2%) of the farmland in the EU. This farm size distribution within the EU countries shows that family farming is not always a small-scale agriculture. (Figure 2.)

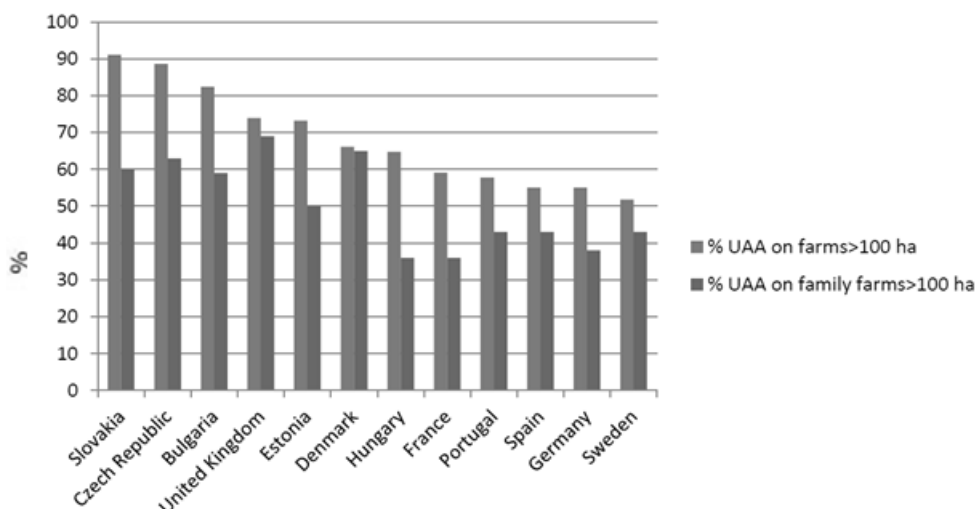


Source: Eurostat, FSS data from years 2005-2010

Figure 2. The share of holdings by legal status in 2005, 2007 and 2010 and in utilised agricultural area (UAA) by UAA size class in 2010 in the European Union countries

Figure 3 displays some of the EU's countries where farms of 100 ha or above occupied more than 50% of the UAA in 2010. It also shows the share of UAA on the large family farms. In Denmark and the United Kingdom (UK), almost all the land area on large farms was managed

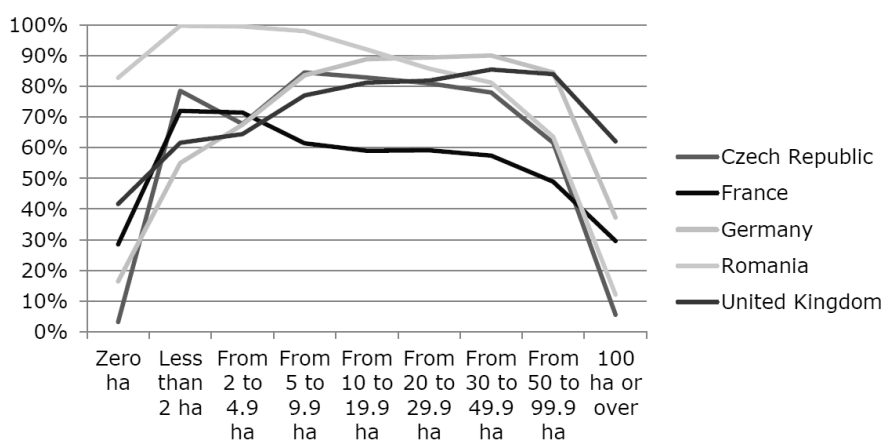
by family farmers. However, in Bulgaria, the Czech Republic, Estonia, Hungary, Slovakia, and France and to a certain extent Germany higher proportions of land on the large farms were in the non-family sector.



Source: *Family Farming in Europe: Challenges and Prospects (2014)*, p. 21.

Figure 3 . Proportions of total UAA on farms of 100 ha and over (total and family farms) in selected EU member’s states, 2010 (%)

Within the EU’s countries, family farmers are the main agricultural employers, and rural populations rely on family farming for their livelihood. According to the Eurostat data in 2010, there were 25.5 million persons engaged as regular labour force in the EU farming; of these, 24 million were engaged by family farmers. Family farmers engage 88% of the total regular EU farm labour force (the number of persons is translated into full-time equivalents (Annual Work Units, AWU)).



Source: Eurostat, FSS data from year 2010; *Family Farming in Europe: Challenges and Prospects (2014)*, p. 26.

Figure 4. Proportion of family labour in total regular farm labour in full-time equivalents (AWUs) according to size of the farm in ha in selected EU member’s states, 2010 (%)

The importance of family farming is that about three quarters (77.8%) of the labour input in agriculture came from the holder or members of his/her family in 2010. For some countries,

such as Ireland and Poland, the proportion is over 90%. There are only a few Member States (France, the Czech Republic, Slovakia) where non-family labour accounted for a majority of the labour force in 2010.

Large incorporated farms operated mainly using existing wage labour, especially in confined livestock enterprises and in the successors to the former state and collective farms in the countries of central and eastern Europe that previously had centrally-planned economies. But, apart from a few EU member's states, they account for a relatively small share of the area farmed or of agricultural output.

## **Conclusions, proposals, recommendations**

The numbers of holdings, land areas and economic significance of the farm sector affect the definition of family farming within the EU's countries.

Family farming is the most common operational farming model in Europe, and thus, of great importance in the EU. The majority of the EU's 12 million farms are family farms, passed down from one generation to another, and contribute to the socio-economic and environmental sustainability of rural areas.

There is a high diversity of family farms in the EU, in terms of their size, activities they engage in, availability of resources, degree of market integration, competitiveness, etc. They operate in different economic, agro-ecological and social contexts, ensuring food security while meeting rising societal expectations for food safety, quality, value, origin and diversity of food, and thus, contribute to smart, sustainable and inclusive growth.

This model of farms protects local products as well as supports and develops local traditions and culture.

Family farmers are often part-time, and frequently pluriactivity and/or diversified.

Therefore the importance of farming in total household income varies widely, from being almost the sole source to being only a minor component.

Family farmers make multiple contributions to the EU and its rural economy which confirmed their multi-function. Within their functions the most important are that they are:

- a main contributor to food security;
- providing an uninterrupted supply of high quality diverse produce;
- enhance the vitality of the rural economy;
- have strong interests in long-run environmental care of the land.

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