GO BIG OR GO BUST

How the EU's farmers are pushed to produce more to stay in business

1. INTRODUCTION

The first months of 2024 saw a wave of protests by farmers across Europe, blocking roads, impeding border crossings, and demonstrating outside government buildings and European Union institutions. The images of these protests, particularly of angry farmers in Brussels, sent a powerful message that penetrated the agendas of many politicians just ahead of European elections.

Most of the concerns raised by farmers centred on social and economic hardship and poor income. However, powerful interest groups, such as Copa-Cogeca, the European confederation of farming lobbies, and conservative and far-right politicians, seized the opportunity to scapegoat the EU's environmental regulations. In the months following the protests, politicians in the European Commission, the European Parliament, and national governments managed to scrap plans to cut pesticide use, improve animal welfare, raise nature protection standards in the Common Agricultural Policy (CAP), and nearly succeeded in freezing EU plans to restore nature. All the while, the EU failed to adopt any major policy under its 'farm-to-fork' sustainable food strategy.

This political response has diverted attention away from key concerns raised by farmers, and overlooks the fact that farmers rely on a healthy natural environment and are on the frontlines of the climate crisis.

So what's really going on?

This briefing, commissioned by the Greenpeace European Unit, analyses the data and trends in the EU farming sector that most politicians are reluctant to address. It highlights macroeconomic trends in the EU farming landscape, examining categories of farms according to their economic output. The analysis reveals that the current food and farming system forces farmers to industrialise and ramp up production to stay in business, squeezing many small-scale farmers out of business. This vicious cycle, which depletes rural job opportunities and livelihoods, is sustained by the unequal distribution of public subsidies that favour the largest farms, and by the political failure to address these inequalities.

Pushing farmers to go big or go bust does nothing to address the market power of big retailers and food companies, who can impose low prices on farmers for what they produce, maintaining the unfair distribution of profits from food production. It also risks driving pollution, with worsening animal welfare and increasing impacts on health.

Newly elected European Commission president Ursula von der Leyen has promised to balance sustainability and competitiveness in food and farming, but so far has failed to guarantee a fair income for farmers, and has done nothing to support a transition to sustainable farming in harmony with nature. Unless politicians change the course of EU farming policies, the European countryside will continue to be plagued by unemployment, pollution and nature-destroying industrial agriculture.

2. SMALL-SCALE FARMERS LOSE GROUND

In recent years, the number of farms in the EU has been plummeting at an alarming rate. In 2020, there were 9.1 million farms left, according to Eurostat about 5.3 million fewer than in 2005, representing a 37% decline in 15 years. Shocking as this headline number is, it also conceals a significant disparity: it's mostly small-scale farms that are disappearing.

Out of the 9.1 million farms in the EU, only about 3.6 million are estimated by the European Commission to be 'commercial farms' those large enough to provide the farmers' main employment and a sufficient income to support their families[1]. This briefing focuses on these commercial farms, many of which are experiencing the social and economic hardships highlighted by protesting farmers. For the purpose of this analysis, commercial farms have been further categorised based on their annual economic output[2]: small-scale farms, medium-to-large farms, and large agricultural enterprises or mega-farms.

The remaining 5.5 million non-commercial farms in the EU, which are not covered by this analysis, are mostly considered subsistence farms, where a significant portion of produce is consumed on the farm itself and does not provide the main income for the owners[3].

1 In practical terms, to be classified as commercial, a farm must exceed a minimum economic size, defined by its economic output. As there are different farm structures in different countries of the European Union, there is a different threshold of minimum economic size for each country.

2 The economic output or standard output of a farm is calculated based on the average monetary value of a farm's agricultural output at market price, in euro per hectare or per head of livestock. It does not include subsidies.

3 These farms are not part of the Food Accountancy Data Network (FADN) dataset, which was used for this briefing and are thus not included in the analysis.

Table 1. Categories of commercial farms as analysed in this briefing

Analysis of the number of farms within each category demonstrates that small-scale farms, even those classified as commercial, are a dying breed.

In 2007, there were 4.3 million small scale commercial farms in the EU, but by 2022, only 2.4 million remained, a decrease of 44% in just 15 years. Nevertheless, small-scale farms still constitute two-thirds of the EU's commercial farms and account for more than 75% of farms in Bulgaria, Cyprus, Greece, Croatia, Hungary, Lithuania, Latvia, Malta, Poland, Portugal, Romania, and Slovenia. The number of non-commercial subsistence farms has also declined, with roughly 4.6 million lost between 2005 and 2020.

This trend is reversed for the largest categories of farms. The number of mega-farms - those with an economic output of more than €250,000 per year - grew by more than half (+56%) between 2007 and 2022. These are largely concentrated in seven EU countries: Belgium, Denmark, Germany, France, Luxembourg, the Netherlands, and Slovakia, where more than 25% of the farms are very large.
A closer look at the category of mega-farms shows that the largest mega-farms have experienced the most significant growth. Within the group of mega-farms, the number of largest mega-farms with an output exceeding €500,000 almost doubled, growing by 96%. There are now close to 117,000 of these larger mega-farms.

	NUMBER OF FARMS				CHANGE IN NUMBER OF FARMS 2007 - 2022
	2007	2012	2017	2022	
SMALL-SCALE FARMS	4,265,150	3,733,730	3,372,670	2,401,020	-44%
MEDIUM TO LARGE FARMS	840,630	901,950	910,800	871,410	+4%
MEGA-FARMS	190,150	255,040	303,880	295,810	+56%

Table 2. Trends in the number of commercial farms between 2007 and 2022

Even though there are now fewer commercial farms, they are producing more when measuring the average economic value of their production.

The economic output per farm grew between 2007 and 2022, with the largest commercial farms particularly driving this increase, boosting their output by 51%.The only group of farms excluded fromb this development are those with the lowest economic output of below €25,000 per year.

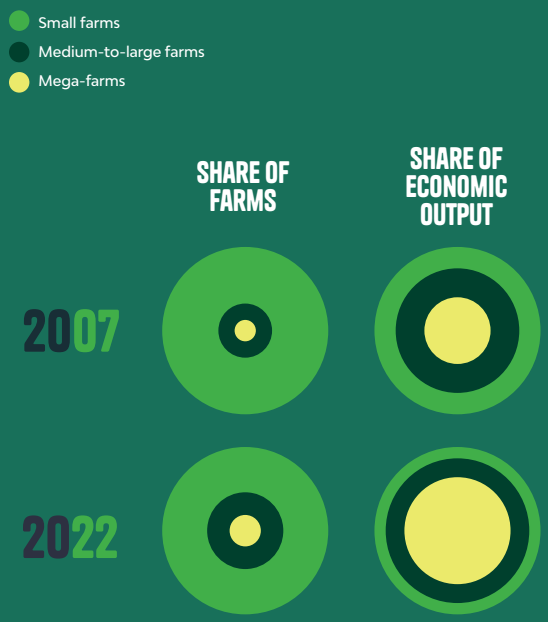
	SMALL-SCALE FARMS 33%	MEDIUM TO LARGE FARMS 12%	MEGA-FARMS 51%
2007	€19,223	€131,867	€575,277
2022	€25,600	€148,088	€866,516

Table 3. Trends in average economic output per commercial farm category between 2007 and 2022

The pressure on farms to increase their economic output, which is often followed by more destructive industrial farming practices, also means that economic power in farming continues to be concentrated in the hands of a few farms.

In 2022, a group of roughly 250,000 of the largest farms in terms of economic output, which represent only 8% of the total number of farms, produced nearly 60% of total economic output. Zooming in further on this category reveals that just 3% of farms, namely the 117,000 most economically powerful, with an output exceeding half a million euro per year, account for 39% of the overall economic output of the EU's agricultural production. Countries particularly impacted, where mega-farms account for at least 50% of the output, include Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, France, Hungary, Luxembourg, the Netherlands, Sweden, and Slovakia.

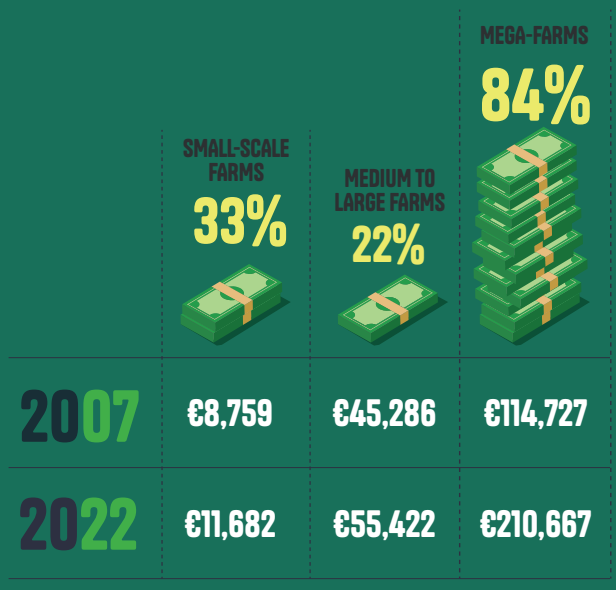
The economic power of this group of mega-farms is substantial and continues to grow. While the number of these farms increased between 2007 and 2022, their share of the overall agricultural economic output grew even more. The portion of overall economic output by farms producing over €250,000 per year grew by 134%, while the number of these mega-farms increased by just 56%.



Graph 2. Change in the share of overall economic output by different categories of commercial farms between 2007 and 2022

3. MORE FOR THE FEW

Alongside the growing economic output of most farms, the average income of all commercial farms has more than doubled between 2007 and 2022, but unevenly. While the average income in small-scale and medium-to-large farms grew by 33% and 22%, respectively, for mega-farms it grew about three times as fast (84%).
A closer examination of the smallest farms reveals that the average income of farms with less than €15,000 of annual economic output has actually declined by 18%, leaving the smallest farms in the worst position. A farm's income reflects what farmers earn from their production, as well as any public subsidies, in return for the labour they put in, after subtracting costs and investments. Costs related to pesticides, fertilisers, labour costs, and investments in equipment, as well as the value of production, all



	SMALL-SCALE FARMS 33%	MEDIUM TO LARGE FARMS 22%	MEGA-FARMS 84%
2007	€8,759	€45,286	€114,727
2022	€11,682	€55,422	€210,667

Table 4. Trends in average income per commercial farm category between 2007 and 2022

impact a farm's overall income, along with the scale of production.
In the current food and farming system, many farmers are forced to increase production if they want to raise their income. Some find the capital to do this, others do not. In addition to the unequal growth of income, farmers' access to finance and public subsidies is also highly unequal, with mega-farms having the best access to both subsidies and private finance.

The EU's Common Agricultural Policy (CAP) is the primary source of public subsidies for European farmers. It accounts for over 30% of the EU's total budget, and over two-thirds of the CAP budget is disbursed as direct payments, mostly based on the amount of land farmed. Given the disproportionate share of land controlled by farms with the largest economic output (see data below), these farms also receive a disproportionate share of public subsidies. Even though mega-farms represent only 8% of farms in the EU, they receive 37% of direct payment subsidies for commercial farms, all the while increasing their income (as shown above). Small-scale commercial farms receive only 25% of subsidies, despite over two-thirds of commercial farms in Europe being small-scale.

Similarly to public subsidies, access to private finance is skewed in favour of the largest farms. An analysis by the European Investment Bank (EIB) of financing for agriculture and agri-food enterprises found that larger farms also have the best access to private finance. The analysis for this briefing shows that in 2022, mega-farms held 70% of the total debt in the EU farming system. Small-scale farms have the largest financing gap needing credit but unable to access it. The EIB report highlights that young farmers and those seeking to make environmentally friendly investments particularly struggle to secure loans.

Overall, reliance on bank finance is growing in the farming sector, which empowers private financiers to determine the direction of European farming. These players are far more likely to prioritise quick profits and rapid returns on capital, over the health and resilience of the food system or the well-being of rural areas.

While the net income of many mega-farms has increased, so too have their debt repayments. Overall, farms now carry 30% more debt than in 2007, but not all farms have enjoyed similar access to capital. Small-scale and medium-to-large farms have actually reduced their debt, while mega-farms have increased their loans by nearly 90%. This can create a vicious cycle, further fuelling the drive to "go big or go bust," as farms need to scale up production in order to repay their loans.

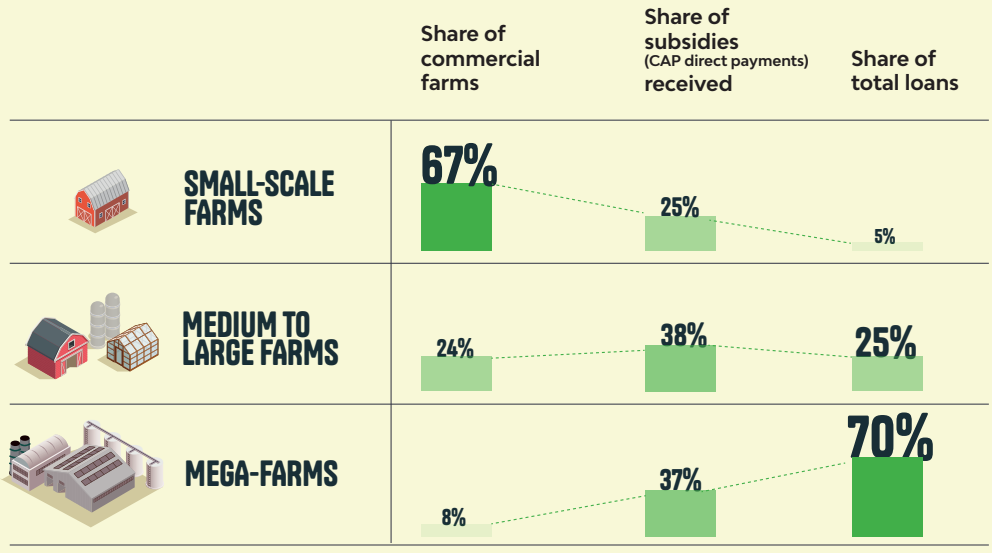


Table 5. Shares of public subsidy payments and private loans for different commercial farm categories in 2022

4. A DECLINING COUNTRYSIDE

Even though economic output and monetary income have increased in the EU farming sector overall, this has not translated into more jobs or less precarity in rural areas. Instead, a dwindling number of farmers are increasingly exploiting an already severely depleted and suffering environment, with economic power in farming remaining highly concentrated.

The total number of 'annual work units'[4] (including paid and unpaid work) in agriculture in the EU decreased by almost 38% between 2007 and 2022, resulting in

loss of approximately
3.6 MILLION
FULL-TIME JOBS

The vast majority of these losses occurred on small-scale farms, which saw a 58% decrease, from 6.5 million jobs in 2007 to 2.7 million in 2022.

Small-scale farms also account for 60% of unpaid workforce on farms, typically made up of family members. The unpaid workforce has decreased by 44%, twice as rapidly as the paid workforce on all farms, which fell by 21%, eroding the foundation of family farming, often cited as the primary form of farming in the EU.

Meanwhile, these Jobs have also been lost on medium-to-large-scale farms, and on mega-farms employment grew by only 306,000, from 1,219,000 to 1,525,000 jobs between 2007 and 2022.

While the farming sector workforce declines and overall economic output increases, livestock, measured in livestock units[5], and farmed agricultural land[6] are increasingly concentrated. The top 8% of highest-producing farms now control 63% of the livestock in the EU and 36% of the EU's agricultural land. This leaves two-thirds of EU farms the 67% with the lowest economic output with only 11% of livestock and 25% of farmland.

4 An annual work unit represents full-time equivalent employment on a farm, i.e. total hours worked, divided by the average annual hours worked in full-time jobs in each country. One annual work unit corresponds to the work performed by one person who is occupied on an agricultural holding on a full-time basis.

5 A livestock unit measures different species and ages of livestock animals, from cows to poultry, in a uniform manner, describing the economic value of the animal. One unit therefore does not correspond to a single animal.

6 Farmed agricultural land (or utilised agricultural area) is defined as the total area taken up by arable land, permanent grassland, permanent crops, and kitchen gardens used by the farmholding, regardless of the type of tenure or of whether it is used as a part of common land.

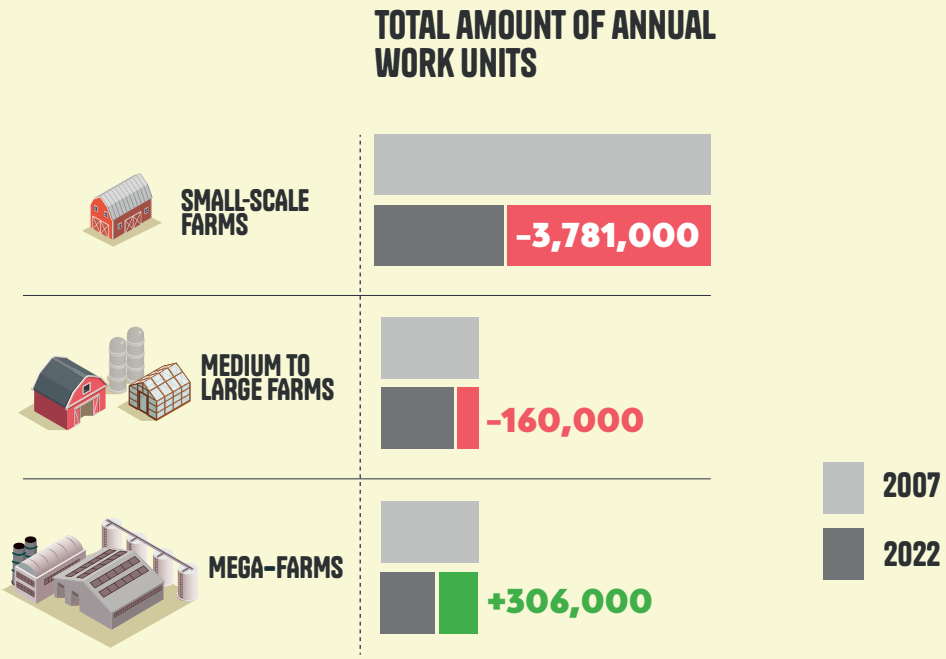


Table 6. The amount and change in annual work units in different categories of commercial farms between 2007 and 2022

5. CONCLUSIONS

Europe is rapidly losing farmers and farming jobs, with millions of small-scale farms disappearing. Since 2007, the EU has lost almost two million commercial farms, most of them small-scale operations that have either closed or scaled up to industrial levels of production. Meanwhile, the number of mega-farms has grown by more than half. On average, all remaining farms are generating more economic output and income for farmers (subsidies included), but the group of mega farms has seen the most significant increases in both output and income.
Despite these increases, many farmers still struggle, underscoring that not all producers share the economic hardships which have fuelled recent farmer protests. The current food and farming system, driven by public subsidies, private finance, and political pressure, forces farmers to scale up to survive.

This shift towards larger, industrial farms has serious consequences, including increased control of food production by a few large entities, rising rural unemployment, a growing divide between urban and rural areas, a further decline in animal welfare and the destruction of the nature farmers rely on.

This situation is a result of political failure. The relentless focus on maximising agricultural production, often championed by conservative and populist politicians, has disproportionately benefited large farms, while doing little to safeguard smaller ones or improve rural livelihoods. Narratives around food security and feeding the world have primarily served the interests of the largest farms, which already dominate economic output and production capacity.

So far, little political attention has been paid to the economic factors behind the rapid decline of small-scale farming. The EU's biggest farmers' lobby, Copa-Cogeca, and those speaking on behalf of farmers at the political level, have claimed it just isn't "realistic" for many small-scale farmers to survive in the current context.

Addressing the economic challenges facing small-scale farming requires a deep change in how the agriculture and food sector is structured, enabling a shift towards more sustainable practices and plant-based diets, alongside improved financial support for small and ecologically-minded farmers. Profits across the entire food supply chain can be redistributed to ensure farmers receive fair compensation for what they produce. Better incomes for farmers should also be achievable by producing fewer, high-quality products through shorter supply chains, rather than simply ramping up ever-cheaper production.

European politicians have the power to reshape public subsidies under the EU's Common Agricultural Policy to support this change, to enforce rules against unfair trading practices, and regulate private sector finance to support small-scale and ecological farming. True leadership and political will are essential to address the structural issues driving the decline of small-scale farming and the rise of environmentally harmful industrial agriculture.
These conclusions match the recommendations of the Strategic Dialogue on the Future of EU Agriculture, a process launched by European Commission president Ursula von der Leyen in January 2024, where the main actors in food and farming reached a consensus on a vision and large set of recommendations on the future of the sector[7].

Among the wide-ranging recommendations, the Strategic Dialogue concluded that the EU must move away from direct subsidies based on the amount of farmland. Instead, the recommendations say support should be restricted to farmers who need it most, and in particular to those actively protecting and restoring nature. Other recommendations call for: the enforcement of measures against unfair trading practices; better mobilisation of capital for projects that enable small-scale farmers to transition towards sustainable practices; a reduction of animal farming impacts in regions with high livestock concentration; and a shift towards healthier and less resource-intensive diets, with higher consumption of plant-based food.

7 Participants included representatives from the main farming unions, food companies and retailers, seed and fertiliser producers, traders, agricultural workers, the European Investment Bank, as well as environmental NGOs, animal welfare groups and consumer associations.

ANNEX: METHODOLOGY

The data analysis was conducted by data analysts Kaas&Mulvad. Statistics were compiled using the Farm Accountancy Data Network (FADN). FADN collects annual surveys carried out by EU countries. It is the only source of microeconomic data that is harmonised at the European level. The annual sample covers approximately 80,000 farm holdings, which represent a population of about 3.5 million commercial farms in the EU, covering about 90% of farmed agricultural land (utilised agricultural area). In FADN, holdings are categorised into groups based on their economic size (defined by the holdings' gross production at farm gate prices, also known as total standard output/SO), region, and specialisation. Each holding in the sample is representative of similar holdings and are given a weight according to the number of farms they represent to derive an average. Approximately 5.5 million very small subsistence farms are not covered.

The overall national and EU data for this briefing is compiled by multiplying figures for the average farms in the various economic sizes by the number of farms they represent. The processing of data aims to demonstrate how EU agriculture has developed structurally. The FADN database is designed to show economic development within groups and sectors, not structural development, but the data are the most recent available and the best way of describing the situation. The figures are subject to uncertainty and should be seen as indicative rather than precise.

FADN data are available for 12 different farm sizes, which are grouped in this briefing into three main farm categories. The breakdown into the three groups is made to show how large agricultural holdings have developed compared with medium and small holdings.

The figures for 2022 in FADN are still incomplete, lacking data for six EU countries, and have therefore been estimated using data from the six countries from 2021.

Holdings in the UK are included in the data until 2020, which means that approximately 100,000 farms, 200,000 annual work units and 15 million hectares are removed from the data from 2021 onwards. However, this does not change the overall trends between different farm categories described in this briefing. If the number of UK farms is deducted, the trend with concentration on larger farms becomes even more visible.

In the FADN dataset, farm sizes are categorised into economic categories based on the standard output, which is regularly adjusted to align with price developments in agriculture. However, the economic sizes defined for the farms are not adjusted. Therefore, part of the increase in the larger groups can be explained by some farms growing in economic size as a result of price developments. However, this situation cannot explain the entire growth in the larger groups.

The lower limit for what is considered a commercial farm is set by the various EU governments.. In some countries, this threshold has been adjusted over time. This means that not all farms that disappear from FADN data have been closed down; some are simply no longer considered commercial operations. To see the full picture of farms disappearing, it is necessary to supplement the FADN data used in this analysis with data from the Farm Structure Survey (FSS), which also includes other parameters and shows a sharp decline in the number of all (not only commercial) agricultural holdings in the EU, while the size of the area used for production has remained stable.
However, full analysis of the FSS database was not carried out as part of this research.

The numerous definitions of thresholds and the ongoing changes to them present a challenge when using data to describe structural development. Legislative work in the field of agriculture requires updated data on the situation for farmers, which is currently unavailable. It would be beneficial to have additional data and more detailed analysis to better describe developments in agriculture.