

Press Release

BPCE L'Observatoire study: farmers are more confident about their economic prospects, in a context of changing business models

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For the very first time, BPCE L'Observatoire is publishing a research on “Agriculture, the challenges of a changing market” based on a questionnaire carried out with 1,381 farmers covering 300,000 medium- and large-sized farms¹. The data gathered in this survey show that farmers are more confident about their economic prospects. The diversification of activities emerges as a well-established trend in the world of agriculture, as well as the development of agro-ecology, which is creating a real leverage effect on investment. The study also tackles farmers' ageing, which represents a main challenge for the future of agriculture and, more particularly, for the success of the agro-ecological transition.

Diversification and transformation of agricultural models

From 1988 to 2016, the number of farms in France declined from 1 million to 437,000 (including 300,000 medium- and large-sized farms): a wave of concentration that is still continuing and playing a role in modifying the contours of the farming industry in France.

Two trends stand out in this new environment. First of all, farmers are more confident about their future economic prospects: 71% of them plan to invest over the next two years (2.4 types of investment on average). These positive prospects must be qualified, however, by the observation that the world of farming is running at different speeds: the largest farms are planning a greater number of projects and investments, while the smallest ones remain more fragile. At the same time, viticulture is one of the agricultural sectors that appears the most optimistic about the positive development of its economic prospects (29%).

The second trend is the increasing diversification of activities. 42% of farms pursue several activities, including direct sales (22% and 7% plan to adopt it over the next five years) and the production of energy (13% and 18% plan to start it over the next five years). This trend is also reflected in a diversification of sources of income within the couple: 42% of farmers have a spouse working in the public or private sector; a rate that rises to 66% among those under the age of 40.

These transformations reveal a change in the challenges facing the banking industry with respect to support services and financing solutions. 80% of farmers have taken out a loan on a professional basis. As with other small enterprises, their requirements in the area of general and provident insurance are increasing, as are their needs for solutions such as cash collection (direct sales, farm holidays) or complementary health insurance (63% of respondents).

Agro-ecology: entrenched momentum

51%: this is the proportion of farmers who claim they have already adopted an agro-ecological approach. 14% plan to make a commitment over the next five years and 30% plan to make at least one investment related to agro-ecology over the next two years. These statistics show that agro-ecology has already built up a strong

¹ Survey carried out by the research and consulting firm BVA in January and February 2019 (by telephone)

momentum and should see its adoption expand even further. As a result, faced with the development of agro-ecology, farmers tend to adopt one of four different attitudes:

- Reluctant (34% of respondents): unconvinced or too economically fragile to adopt this approach, these farmers are older than average and are not particularly interested in new investment projects.
- Strategic (35% of respondents): these farmers, often in their maturity, adopted certain agro-ecological practices early on, particularly soil-conservation agriculture; agro-ecology is seen, above all, as a lever for greater competitiveness.
- Determined (20% of respondents): in order to respond to market changes, these late converts, in the same age group as 'strategic' respondents, are considering a shift to agro-ecology.
- Activist (11% of respondents): younger than average, these are the 'proactive believers' at the forefront in terms of organic farming (54%) but also in terms of soil conservation, environmental certification and agroforestry: their main concern is "to move towards greater agro-ecology."

Aging population and farm sale/transfer: the challenge of renewal

Ageing farmers and the related problem of the sale or transfer of their businesses represent a challenge for the competitiveness of all business sectors in France. Agriculture is no exception.

The older farmers become, the less they want to invest, ultimately leading to the risk that their farming equipment will become obsolescent and jeopardize their economic efficiency. 45% of farmers older than 55 have no investment plans (compared with 11% of those under the age of 40). Older farmers are also the least likely to embrace the agro-ecological transition: 42% of those over the age of 55 are not committed and have developed no plans to make this change (compared with 28% of farmers younger than 40). These findings are all the more worrying as nearly half of the farmers running medium- and large-sized farms are over 50 years old and will be of retiring age in 10 to 15 years time.

These challenges are reflected in the concerns harbored by farmers themselves. While health protection remains a major issue (46% of respondents), retirement and the sale/transfer of their farms become a priority concern beyond the age of 55. In this age group, these questions are major issues for 55% and 48% of farmers respectively, undoubtedly revealing a lack of anticipation and visibility in this area.

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