Use of farm level data to better assess trends of structural changes of French farms

Alexis Grandjean
-
Centre for Studies and Strategic Foresight
French Ministry of Agriculture

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Family farming:

- a broad concept that concerns most countries
- … because it includes smallholders' farming, peasant farming,
- and that goes further in developped countries ... but how far?

Proposal of a definition for a « family farm » (the notion varies in different contexts)
(HLPE Report (2013) and Sourisseau eds. (2014))

- 1) **LABOR**: an important part of the labor factor is provided by family members
- 2) **ASSET CONTROL**: the family owns the operating assets and controls the land on the long term
- 3) **DECISION MAKING**: the operational & economic decisions come from the family, which is responsible for the incurred risks and lives off the land it works on

How can farm level data (agricultural census, structure & FADN surveys) help us understand possible changes in France

Farm level data & …

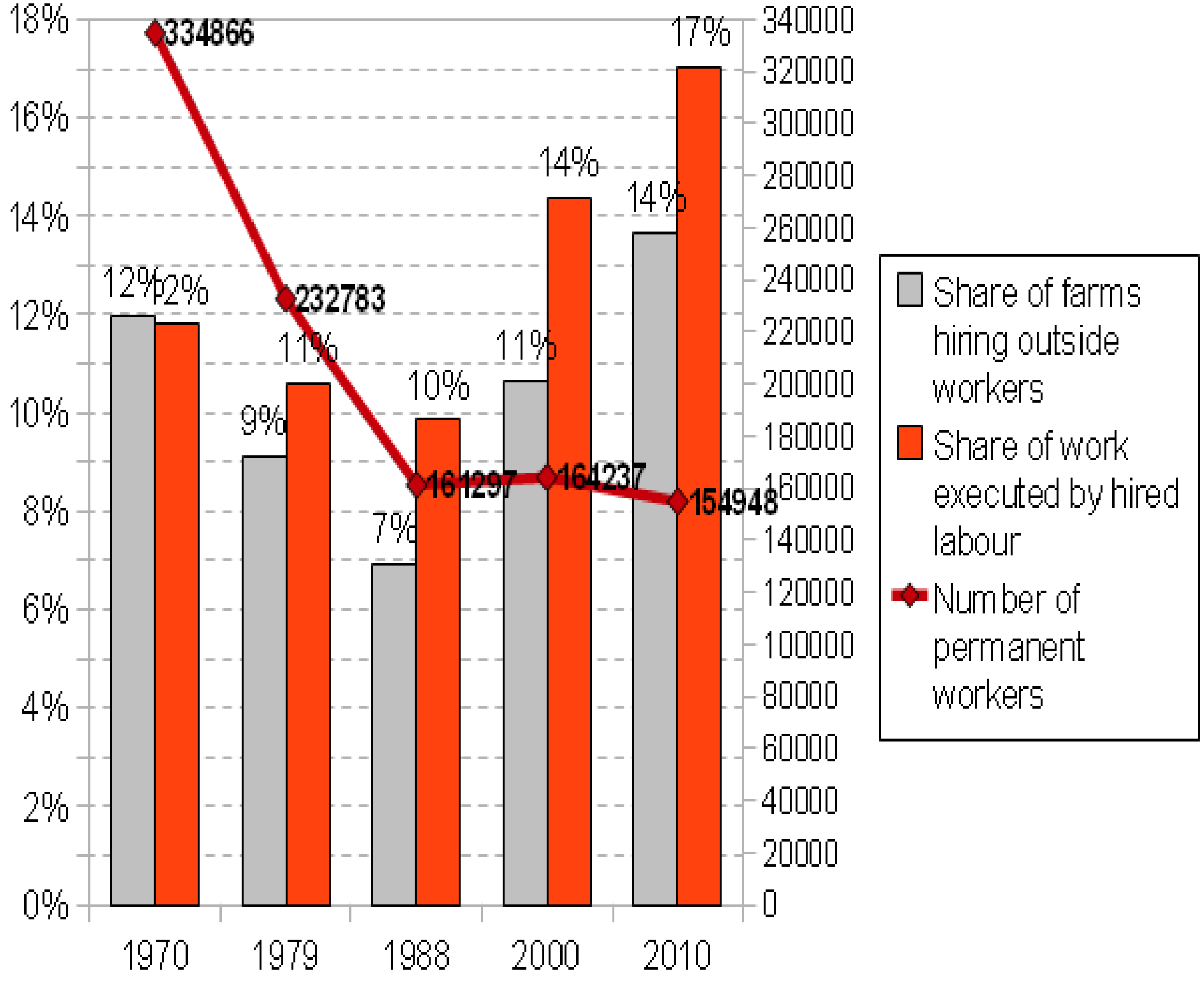
1. Labor

2. Land control

3. Asset control

4. Decision making and risk managment

1. Labor: what we know



French Agricultural censuses - SSP - Agreste

There are 154 000 permanent hired jobs for 490,000 farms (17% of labor volume)

Stability since the late 80's after a sharp decline

While the number of farms decreases, the share of farms with hired labor increases

But farmers operate bigger farms thanks to more efficient capital and technologies, not more hired workers: the substituting of labor for productive capital continues

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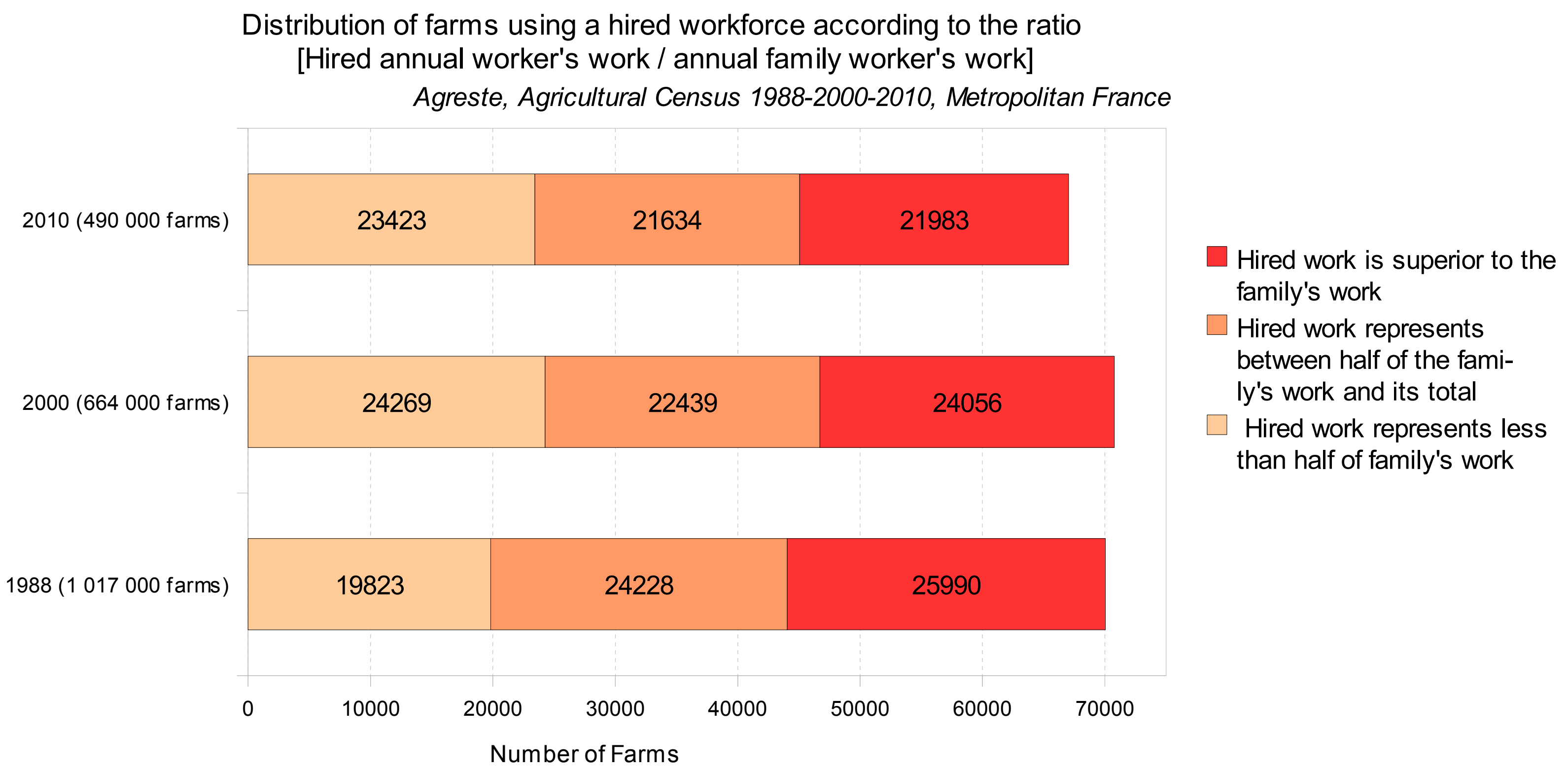
- 14% of farms employ hired workers
- Permanent hired work tops family's work in less than 4% of farms
- In the case of jointly run farms, most of the work is still carried out by related family members

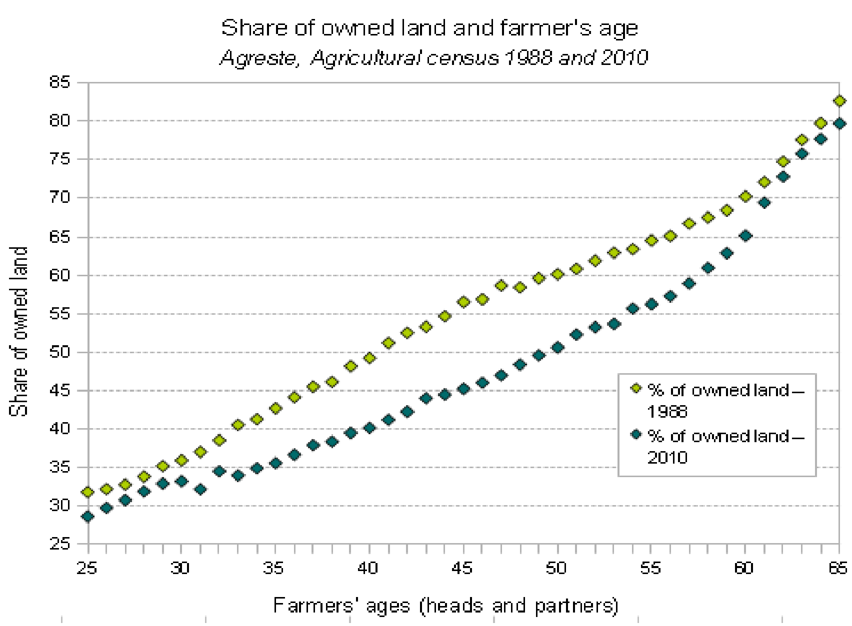


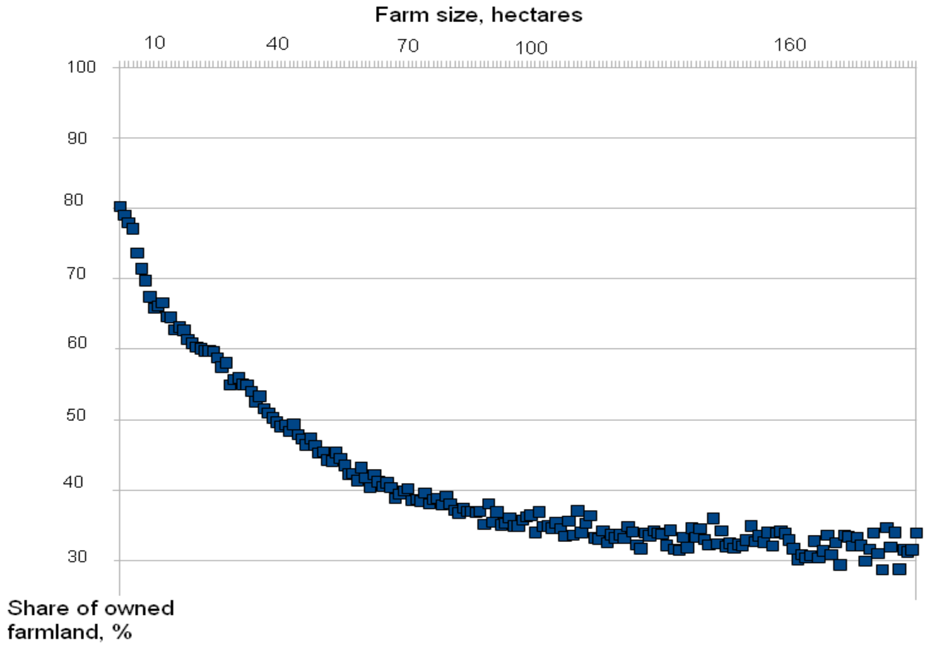
1. Labor: what we do not know

- The data capturing farmers' relation with their coworkers could be made more accurate in the Census

- The FADN could be improved, for it does not provide information regarding family ties in agricultural enterprises (apart from

2. Land control – what we know *(Source : SSP - Agreste)*





- 63% of the land is rented in France, 68% of farmers rent some land - these figures are increasing

- The share of land in ownership increases with the age of the farmers (left) and decreases with the size of the farm (right) – this shows a gradual access to land property

- The tenant's rights are strong in the case of *fermage contracts*: the tenants usually control the leased land as if they were owners (rent control, life long term lease contracts, right of first refusal, transmisable to the next generation)

2. Land control – what we do not know

• With the appearance of a new type of farm (limited responsability farming enterprises, EARL), selflease of land became a common occurrence that was not captured in the data: owners of land lease it to their enterprise

=> This bias has taken into account in 2003, and the surveys differentiate self leased land and land that is actually leased to another entity – 15 % of French land is self-leased

=> This bias has not been taken into account in the FADN, which may cloud our understanding of farm profitability

2. Land control – what we do not know

The data collected cannot capture the new land lease contracts that have been possible in the last 20 years (census, structure survey), or correctly assess land lease costs (FADN) :

- Information on short term leases is not available
- agricultural work done by a third party, and still get subsidies tied to that land, provided he or she sells the produce – that phenomenon cannot yet be quantified
- The actual cost of land tenure is difficult to capture, for the FADN data does not differentiate land and building rent costs

3. Asset control – what we know

- There is a growing share of corporate agricultural firms: 13 → 23% in ten years
- Operating assets are still supposed to be owned by active farmers
- For Individual farms and GAEC, all operating assets must belong to the farmers
- For EARL, at least half of the operating assets must belong to the farmers

	2000		2010	
	Share of farms	Share of land under control	Share of farms	Share of land under control
Individual farm enterprise	81%	58%	69%	43%
GAEC (jointly run farm)	6%	18%	8%	20%
EARL (private limited agricultural company)	8%	17%	16%	28%
Others	5%	7%	7%	9%

2000 & 2010 censuses (Source : SSP - Agreste)

3. Asset control: unanswered questions

Who owns operating assets in EARLs apart from farmers?

For the 7% of structures classified as ''others'', who owns the assets?

There used to be more accurate questions about machinery in the Ag. censuses

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The 2013 structure survey will include questions about who owns operating assets

It will give information about the share of assets owned by active farmers/ third parties

4. Decision making and risk managment

Possible new trends may need to be analyzed: epiphenomenons or possible evolutions?

- External services, with the outsourcing of agricultural work:

  - Work carried-out by service firms doubles between 2000 and 2010
  - It represents from 5 to 10 days' work for farms that use it, but only 1,4% of total work
  - Harvest operations were and are commonly outsourced, whereas pesticide application (for non organic farms) could be the sign of a new trend
    - This trend is limited by the fact that a farmer working another's land and selling the produce can enter a lease contract if he can prove that money has been exchanged

- « Farmer integration »: the case of a farmer who no longer owns assets of the farm or of an operation, but still operates the farm: the surveys do not provide the necessary information to assess this trend

- Money earned on futures markets?

Increasing volatility implies that farmers use evermore futures markets for hedging crop production. Almost 40 % of crop producers use them directly. What does it represent for crop growers? => in the FADN, gains and losses associated with hedging are not dissociated from other financial costs and benefits – we don't have access to a ''full'' product price (which is important to study marketing strategies)

- « Hobby » and retired farmers: what part of their income is actually coming from working the land & subs. / other non ag. activities?

Conclusions
What we can get from the farm level data:

''Family farming'' remains the largely dominant form of organisation in French agriculture

Family led GAECs and EARLs are progressing

Large diversity

The trend of substituting assets for labor carries on, hired labor doesn't replace family labor

But,

New trends may announce further change to farm structures

These new trends may call for a need for improved censuses and surveys, and their crossing with administrative data

Thank you for your attention

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