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Answer given by Mr Hansen
on behalf of the European Commission
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The Commission is aware of the challenges that farmers face to access loans and has taken comprehensive action to improve the situation. Through its technical assistance platform on financial instruments fi-compass¹ and in cooperation with the European Investment Bank (EIB), the Commission has conducted studies and market analyses² on access to finance for farmers and EU agricultural enterprises. The studies show that the EU financing gap for agriculture³ increased to EUR 62 billion in 2022 with young farmers accounting for 22% of the total shortfall. Several obstacles in accessing loans have been determined, also for individual Member States. These findings were taken into account by the Member States in the preparation of their Common Agricultural Policy Strategic Plans.

To address these difficulties, the Union provides support through the European Agricultural Fund for Rural Development via an efficient toolbox for Member States, which allows them to create and efficiently use financial instruments⁴. To bolster their use, the Commission proposed recently to increase the maximum amount of aid for working capital finance from EUR 200 000 to EUR 300 000 for a period of three fiscal years and has made value-added tax explicitly eligible when support is provided through financial instruments. Their combination with grants can give access to more affordable and cheaper financing (lower interest rates, lower collateral, longer repayment periods, etc.) for farmers.

In addition, in follow-up to the report of the Strategic Dialogue on the future of EU agriculture, the EIB offers EUR 3 billion in loans for agriculture and other bioeconomy activities in the period 2025- 2027, with a focus on young farmers, gender equality and green investments.

¹ <https://www.fi-compass.eu/>.

² Available at fi-compass website under the EAFRD section: Market analysis publications on financial instruments: <https://www.fi-compass.eu/library/market-analysis?fund%5b%5d=47&fund%5b%5d=44>.

³ The unmet credit demand due to constrained or absent access to bank financial products.

⁴ In total 12 Member States programmed financial instruments under the CAP Plans 2023-2027, amounting to EUR 1.1 billion total public support. Additional support by the end of 2025 will be provided through financial instruments created under the rural development programmes 2014-2022.