

# EU launches billion-euro loan plan for young farmers

April 29 2019

---



Banks rejected 27 percent of the loan applications submitted by young EU farmers in 2017, compared to only nine percent for older applicants

The European Union on Monday launched a plan to give up to one billion euros in cheaper loans to young farmers, who are often turned

away by banks.

The European Commission, the EU'S executive arm, and the European Investment Bank want banks to match the loans, bringing the total to two billion euros (\$2.2 billion).

"Access to finance is crucial and too often an obstacle for [young people](#) wanting to join the profession," Agriculture Commissioner Phil Hogan said.

"With 11 percent of European farmers under the age of 40 years old, supporting young farmers in the sector is a priority for the European Commission."

Banks rejected 27 percent of the loan applications submitted by young EU farmers in 2017, compared to only nine percent for older applicants.

Those under 40 years old accounted for 11 percent of the EU's 10.3 million farmers in 2016, while the over 65s represented 32 percent, according to Eurostat.

Young farmers are especially rare in Cyprus (3.3 percent), in Portugal (4.2 percent) and in the United Kingdom (5.3 percent).

They are better represented in Austria (22.2 percent), in Poland (20.3 percent) and in Slovakia (19 percent).

The EU's 28 countries will offer young farmers lower interest rates, a five-year moratorium on repayments and then up to 15 years to pay back the whole loan.

The scheme also allows for flexibility in tougher times by offering grace periods of several months.

Senior EIB official Andrew McDowell said agriculture "is the backbone of the EU economy," producing [healthy food](#) and protecting the environment.

© 2019 AFP

Citation: EU launches billion-euro loan plan for young farmers (2019, April 29) retrieved 29 June 2024 from <https://phys.org/news/2019-04-eu-billion-euro-loan-young-farmers.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.