



REGERINGSKANSLIET



**Ministry for Rural Affairs,  
Sweden**  
L2012/122

**Ministry of Agriculture and Forestry,  
Finland**  
113/21/2012

17 January 2012

Mr Silva Rodríguez  
DG Agriculture and Rural Development  
European Commission

**Mr Silva Rodríguez,**

Please find enclosed the common views of Sweden and Finland concerning the proposed greening requirements in northern climate conditions.

We would be very grateful if you and your services could take these proposals into consideration.

Yours faithfully,

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## **Greening requirements in the northern climate conditions - common views of Sweden and Finland**

Discussion paper

17.1.2012

### **Proposals from Sweden and Finland**

In Sweden and Finland, agricultural land only make up a small fraction of total land, which otherwise is dominated by forest, bogs and mires. Due to the harsh conditions, only a few crops are possible or feasible to grow. Grassland for fodder production makes up a large share of agricultural land, especially on cattle farms (dairy and beef farms). A large number of farms would have to adjust to the greening requirements, although this adjustment would lead to very small or even negative environmental impacts.

Consequently, the proposed greening requirements are not suited for the specific conditions in northern regions, and thus need to be modified. Without prejudice to Sweden's and Finland's general view on greening, Sweden and Finland propose that the following amendments are made to the Commission's proposal, in order to make the requirements more feasible in northern regions.

#### **1) Crop diversification**

*1A) The requirement to have three crops is highly problematic in the northern conditions and it should be made more flexible. Thus, two crops should be enough in LFA-regions. A higher maximum share of the main crop should also be considered. In any case, farmers with a high percentage (e.g. more than 50 %) of grassland, green fallow and/or perennial crops should be exempted from the crop diversification requirement.*

*1B) The 3 ha limit should be increased to a substantially higher level. One idea is to allow the limit to reflect the structural differences in the Member States. This could be done by defining the limit as a percentage (e.g 50 %) of the average farm size as defined in annex VI of the Commission proposal.*

#### **2) Permanent grassland**

*This requirement should be more flexible. An option could be to keep the national reference level and to allow the greening requirement to enter into force when the national reference level falls below a set threshold. Other options, such as the possibility to move permanent grassland between different fields and farms or replacing this with regional reference level, could also be examined.*

#### **3) Ecological focus area**

*The requirement for ecological focus area of at least 7 % of farmers' eligible hectares should be lower in LFA-regions. In any case, farmers with a high percentage (e.g. more than 50 %) of grassland and/or perennial crops should be exempted from this requirement. Another option would be to include areas used for grass production (permanent and temporary) to the ecological focus area.*

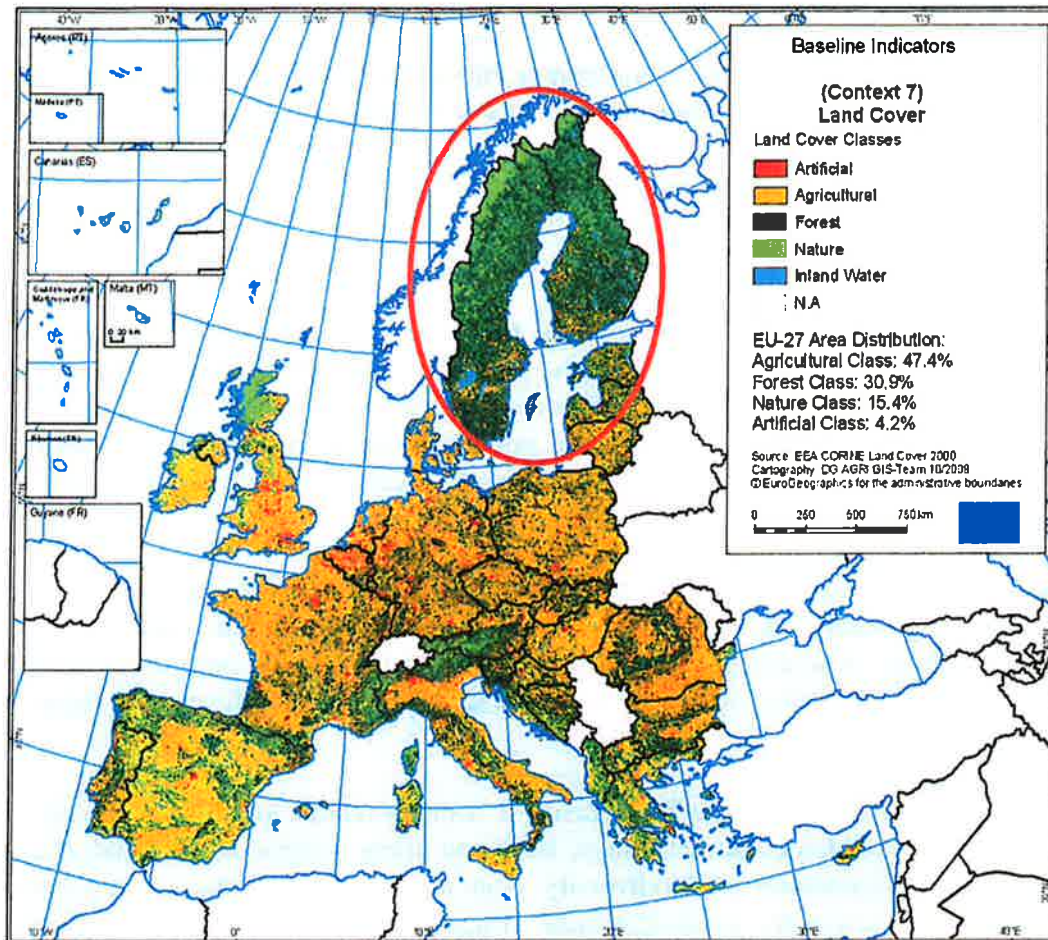
***4) Farmers that perform agri-environmental measures***

In general, Sweden and Finland believe that the greening proposal could be further improved in order to make the greening more efficient and cost-effective, while minimizing additional administrative burden and taking into account the differences in Member States. One way of improving the greening proposal could be to consider the following:

***It should be examined if the farmers that perform agri-environmental measures could be entitled to the greening payment in the same way as proposed for organic farms (Art 29(4) of the DP proposal).***

## Reasons for the proposals from Sweden and Finland

### Natural conditions in Sweden and Finland



### Types of land

	Arable land in % of total land	Forest in % of total land
Sweden	6,4	69
Finland	6,7	76
EU average	24	37

## **Crop diversification**

### **Greening requirement according to the proposal of the Commission**

Article 30(1): “Where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year, cultivation on the arable land shall consist of at least three different crops. None of those three crops shall cover less than 5 % of the arable land and the main one shall not exceed 70 % of the arable land.”

### **Adjustment at farm level and environmental effects**

#### *The requirement to have 3 crops*

In parts of Sweden (the northern regions and the forest districts) and in all of Finland the conditions for agriculture make it hard to fulfil the greening requirement mentioned in Article 30(1). In these regions, the harsh conditions limit the number of crops that can be grown, and many farms have a large share of grassland and a small share of grain crops (quite often only oats or barley are grown). Compared to more favourable regions in Europe, the choice of possible crops is very limited.

In northern regions and forest districts the negative environmental impacts of cultivation are lower than in high yielding regions because of the high share of grassland and the lower intensity of production. For example, the use of pesticides is lower compared to more favourable regions. The positive impact of the proposal of crop diversification is therefore negligible or even negative.

In northern regions and forest districts biodiversity is strongly related to agricultural activity, because of the general predominance of forests, bogs and mires. Animal rearing and grazing of pastures contribute significantly to biodiversity. High adjustment costs due to the proposal of crop diversification lessen the competitiveness of agriculture in these areas even further, which might lead to lower agriculture activity.

A large proportion of grassland has positive environmental effects, especially on water protection, soil structure, biodiversity and climate. This is also the case for perennial crops, such as perennial berries and fruits in the northern conditions. If a farmer has to reduce the area of grassland or perennial crops because of the greening requirements, this may result in a negative impact on the environment. Thus for farmers with a high proportion of grassland or perennial crops the requirement to have three crops is not defensible from an environmental perspective.

Example 1: A dairy farm with 50 ha of temporary grassland and 15 ha of barley would either have to give up barley production or decrease grass production and introduce a new crop. If the farm does not need 100 % grassland, one likely adjustment is a decrease of grassland and introduction of a new annual crop. A decrease in grassland is not in line with the purpose of the crop diversification requirement. It is also inconsistent with the greening requirement to maintain permanent grassland and with the overall aim of greening direct payments. With less area of grassland, intensified grass production and/or a decrease in the number of animals would be a likely consequence. Hence the environmental effect might be negative due to the

proposal of crop diversification. Because of the questionable environmental impact it is not reasonable to hinder farmers from growing fodder for their animals.

In Sweden, 14 000 farms with grassland would have to adjust as described above<sup>1</sup>. Of these farmers, 80% are located in northern regions or forest districts. The northern regions and forest districts are dominated by forests and 65% of the arable land is grassland.

In Finland the number of cattle farms with 100 % of grassland is 840, which is 6 % of all cattle farms (14 200). The number of cattle farms with less than 3 crops<sup>1</sup> is about 8 400, which is 59 % of all cattle farms. On the cattle farms in the whole of Finland approximately 60 % of the arable land is grassland. The percentage is 47 in the southernmost parts of Finland and 87 in the northernmost regions. The number of crop farms with less than 3 crops is about 20 200, which is 64 % of all crop farms (31 000).

***1A) For the reasons explained above, the requirement to have three crops is highly problematic in the northern conditions and it should be made more flexible. Thus, two crops should be enough in LFA-regions. A higher maximum share of the main crop should also be considered. In any case, farmers with a high percentage (e.g. more than 50 %) of grassland, green fallow and/or perennial crops should be exempted from the crop diversification requirement.***

### ***The 3 hectare limit***

As proposed by the Commission, it is necessary to exempt very small farms from the requirements. However, the exemption needs to reflect the structural differences between the Member States. Small farms cannot be expected to grow several crops each year. This would be a burden and increase the costs in farming as well as in the selling of products, because transportation of, for example, cereals in very small lots would be very costly. Increased transportation also causes more negative environmental impacts.

In Sweden farmers that have less than 4 hectares eligible land are not eligible for support. In Finland the limit is 3 hectares in the payments for rural development. As stated in annex VI of the DP proposal, the average size of agricultural holding is 43 hectares in Sweden and 34 hectares in Finland.

In Sweden, ten times as many small farms (5-20 ha) would have to adjust to the crop diversification requirement compared to big farms (> 100 ha). At the same time small farms contribute to creating a diverse landscape, with different crops often grown at adjacent farms and with comparable more field margins, leading to diversity on the landscape level.

***1B) For the reasons explained above, the 3 ha limit should be increased to a substantially higher level. One idea is to allow the limit to reflect the structural differences in Member States. This could be done by defining the limit as a percentage (e.g 50 %) of the average farm size as defined in annex VI of the Commission proposal.***

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<sup>1</sup>Separate kinds of cereals are seen as different crops.

## Permanent grassland

### Greening requirement according to the proposal of the Commission

Article 31: “Farmers shall maintain as permanent grassland the areas of their holdings declared as such in the application made pursuant to Article 74(1) of Regulation (EU) No XXX(HZ) for claim year 2014, hereinafter referred to as “reference areas under permanent grassland”.

The reference areas under permanent grassland shall be increased in cases where the farmer has an obligation to reconvert areas into permanent grassland in 2014 and/or in 2015 as referred to in Article 93 of Regulation (EU) No [...] HZR.

2. Farmers shall be allowed to convert a maximum of 5 % of their reference areas under permanent grassland. That limit shall not apply in the case of *force majeure* or exceptional circumstances.”

### Adjustment at farm level and environmental effects

Restricting land use depending on historic production to specific fields hampers development on farms that want to change production, creates obstacles for active farming and thus reduces the opportunities for rural development. This is especially negative in areas where the conditions for agriculture are less favourable (as in parts of Sweden and in all of Finland) and where agriculture is important for biodiversity. Here the cost for complying with the requirement is therefore high.

The requirement does not consider the need for flexibility at the farm level. A possibility to move permanent grassland between different fields or farms would lower the costs for farmers. Over time, this would also yield positive environmental effects, but with less administration for farmers and authorities.

*2) If a greening requirement to maintain permanent grassland is introduced it should be more flexible. An option could be to keep the national reference level and to allow the greening requirement to enter into force when the national reference level falls below a set threshold. Other options, such as the possibility to move permanent grassland between different fields and farms or replacing this with regional reference level, could also be examined.*

## Ecological focus area

### Greening requirement according to the proposal of the Commission

Article 32(1): “Farmers shall ensure that at least 7 % of their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland, is ecological focus area such as land left fallow, terraces, landscape features, buffer strips and afforested areas as referred to in article 25(2)(b)(ii).”

## **Adjustment at farm level and environmental effects**

In parts of Sweden (northern regions and forest districts) and in all of Finland the effect of the adjustments is similar to that of the crop diversification requirement.

In northern regions and forest districts forest, bogs and mires are predominant. Arable land, often scattered and surrounded by forests, contributes to important landscape and biodiversity values. Landscape features, as meant in cross compliance, are less common on arable land in Sweden and Finland than in some other Member States. Based on the proposed features within the ecological focus areas, it seems that fallow would be the main way to fulfil the requirement in these regions. In Sweden 60% of the farms with less than 7% fallow are located in northern regions and forest districts. In Finland 53 % of the farms have less than 7% fallow.

Farmers in northern regions and forest districts use a substantial share of their land for fodder production (mainly grass). The farmer has to lower his grass production due to this proposed requirement, which means negative impacts on the environment as well as higher costs (the farmer has to reduce the number of animals or has to increase the purchases of fodder).

As for the crop diversification requirement, this change in land use will not increase biodiversity, because biodiversity is strongly related to agricultural activity, nor have any positive environmental impact. Also, it creates obstacles for active farming and reduces the possibilities for rural development. The high share of grassland, and the natural variation in the landscape, means that the proposed requirement has a small or no added value in these regions. Consequently, these areas, or these farmers, should be exempted from this requirement.

We are concerned that the requirement of ecological focus area leads to additional administrative costs. This is due to the assumption that some small ecological focus areas, now included in the eligible area, may have to be measured separately and the land parcel identification system (LPIS) should also be updated.

*3) For the reasons explained above, the requirement for ecological focus area of at least 7 % of farmers' eligible hectares should be lower in LFA-regions. In any case, farmers with a high percentage (e.g. more than 50 %) of grassland and/or perennial crops should be exempted from this requirement. Another option would be to include areas used for grass production (permanent and temporary) to the ecological focus area.*

## **Farmers that perform agri-environmental measures**

Farmers that perform agri-environmental measures under the second pillar comply widely with the good farming practices, which are beneficial for the environment and climate. These farmers should not be required to undertake the greening measures under the first pillar, because on these farms the greening measures would not provide any further value as regards environmental protection. This is why a similar derogation in respect of greening measures should be granted to farms covered by the agri-environmental measures as has now been proposed for organic farms in Article 29(4). Through this suggestion, the administrative burden of farmers committed to the agri-environmental measures would not increase from the

present. This derogation would also give farmers a higher incentive to commit widely to the agri-environmental measures.

A benefit with agri-environmental measures is that they can be developed to reflect the environmental needs in the Member States and can be targeted to farms where the measures are the most effective. Thus, these measures have a high potential to be efficient and cost-effective and, if these benefits could be taken advantage of, this would strengthen the aim of the greening.

*4) It should be examined if the farms that perform agri-environmental measures could be entitled to the greening payment in the same way as proposed for organic farms (Art 29(4) of the DP proposal).*

