



The CAP, small farmers, our environment, and Denmark.

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FBLL / NOAH Conference on the Common Agricultural Policy

Christiansborg, 7 December 2017



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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

The Future of Food and Farming

Common Agricultural Policy

Den fælleseuropæiske landbrugspolitik

- A possibility for helping small farmers: capping and redistribution of payments
- A problem for small farmers: per hectare payments foster corporate farming

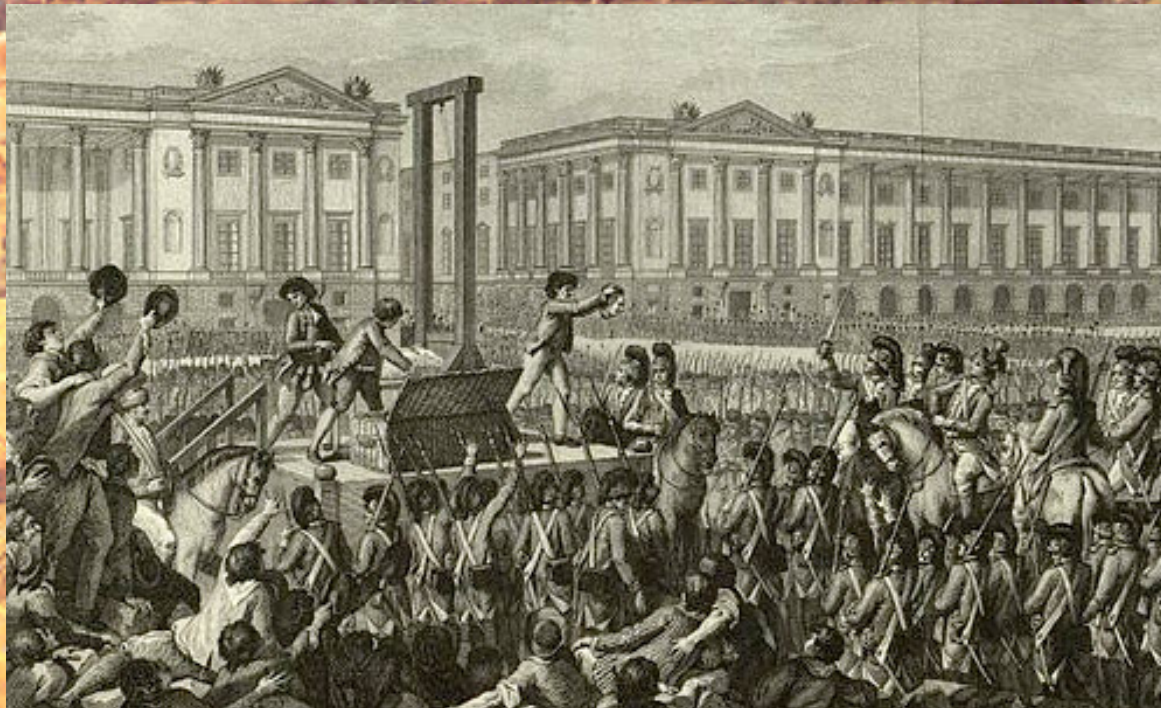
Arguments for small scale and large scale farming

	Small scale	Large scale
efficiency (energy)	farming system	farming system
economy of scale	low	high
productivity	low	high
food sovereignty safety, security (incl. military)	high	low
biodiversity	low if conventional	very low if conventional
soil management	often better	often worse
rural culture	better	worse
profitability	?	?

In 18th century, 700 big estates
and thousands of tenant farms

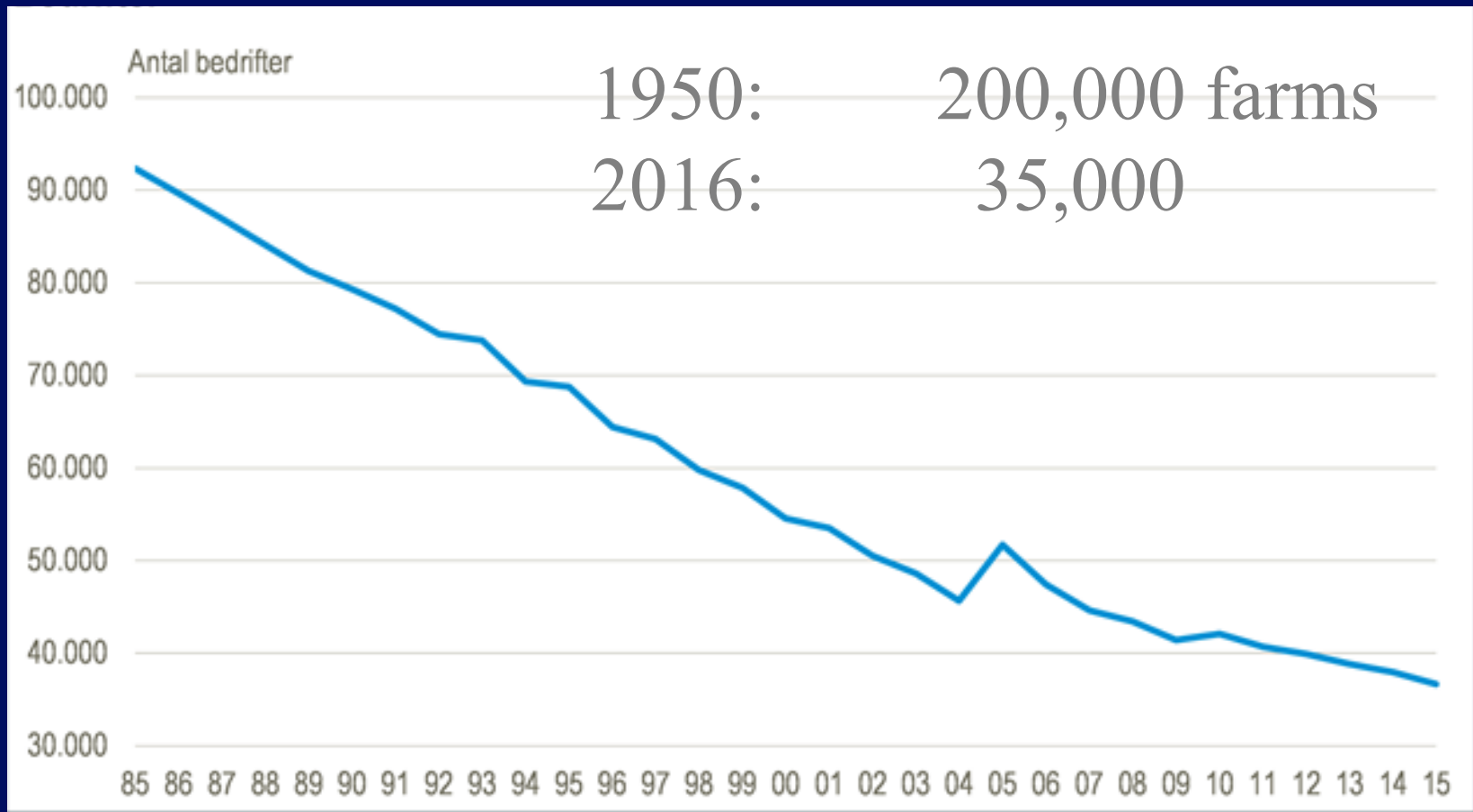


In 19th and early 20th century,
gradual land reform: freeholder
farmers and smaller estates



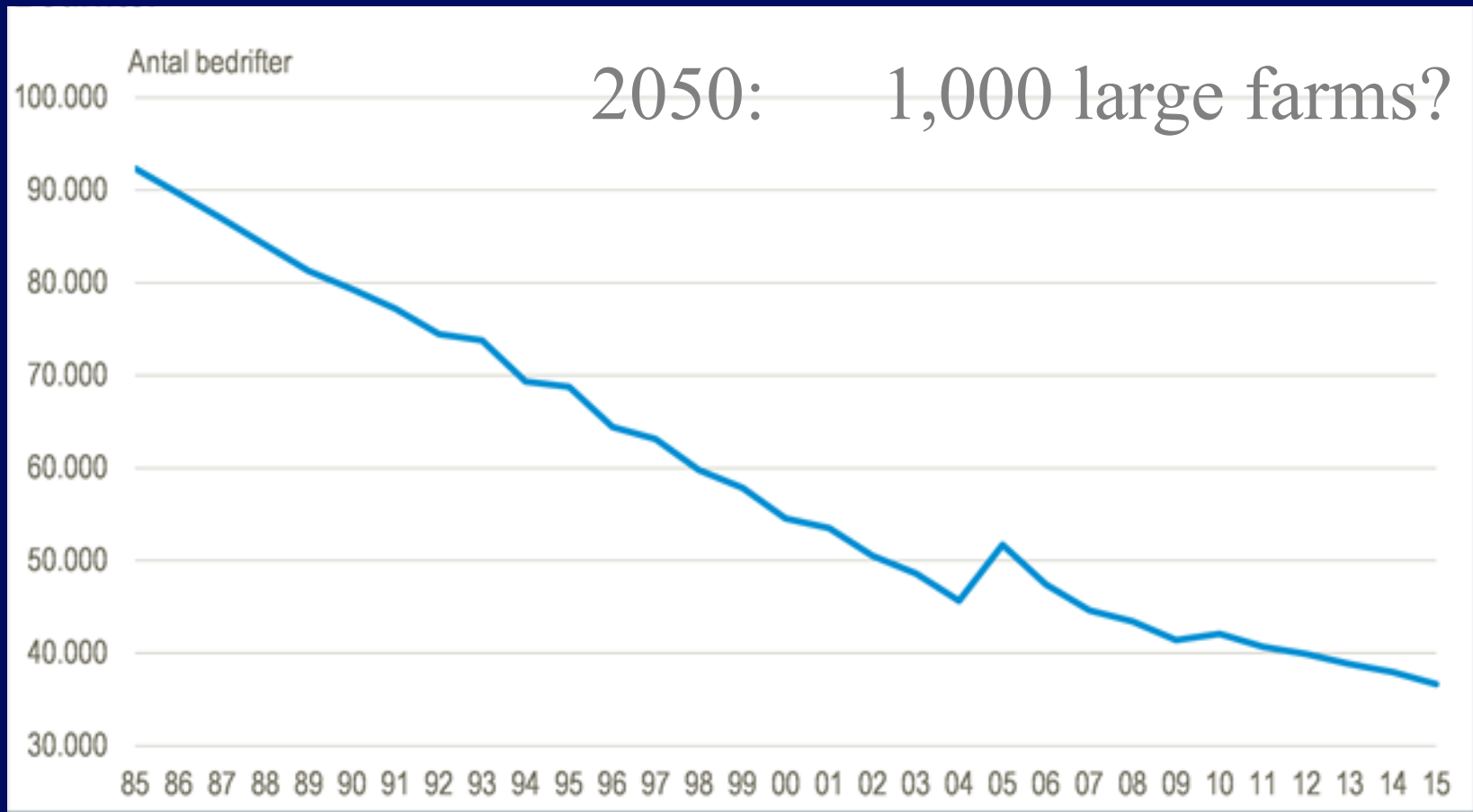
Number of farms in Denmark

www.dst.dk/da/Statistik/NytHtml?cid=21902



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“Structural” evolution of farming

- Technology treadmill (Cochrane, 1958)
- Politics

“Structural” evolution of farming

1) Technology treadmill: Anders buys a better tractor → bigger yields → more grain to market → prices fall → Bent goes broke → less grain to market → prices rise → Anders buys Bent's land and a better tractor.

2) Politics: Anders tells government what to think and do.

“Structural” evolution of farming



In 1961, Anders Andersen, president of Landbrugsrådet, persuades prime minister Viggo Kampmann to promise farmers subsidies (450 million kr / year).

“Structural” evolution of farming

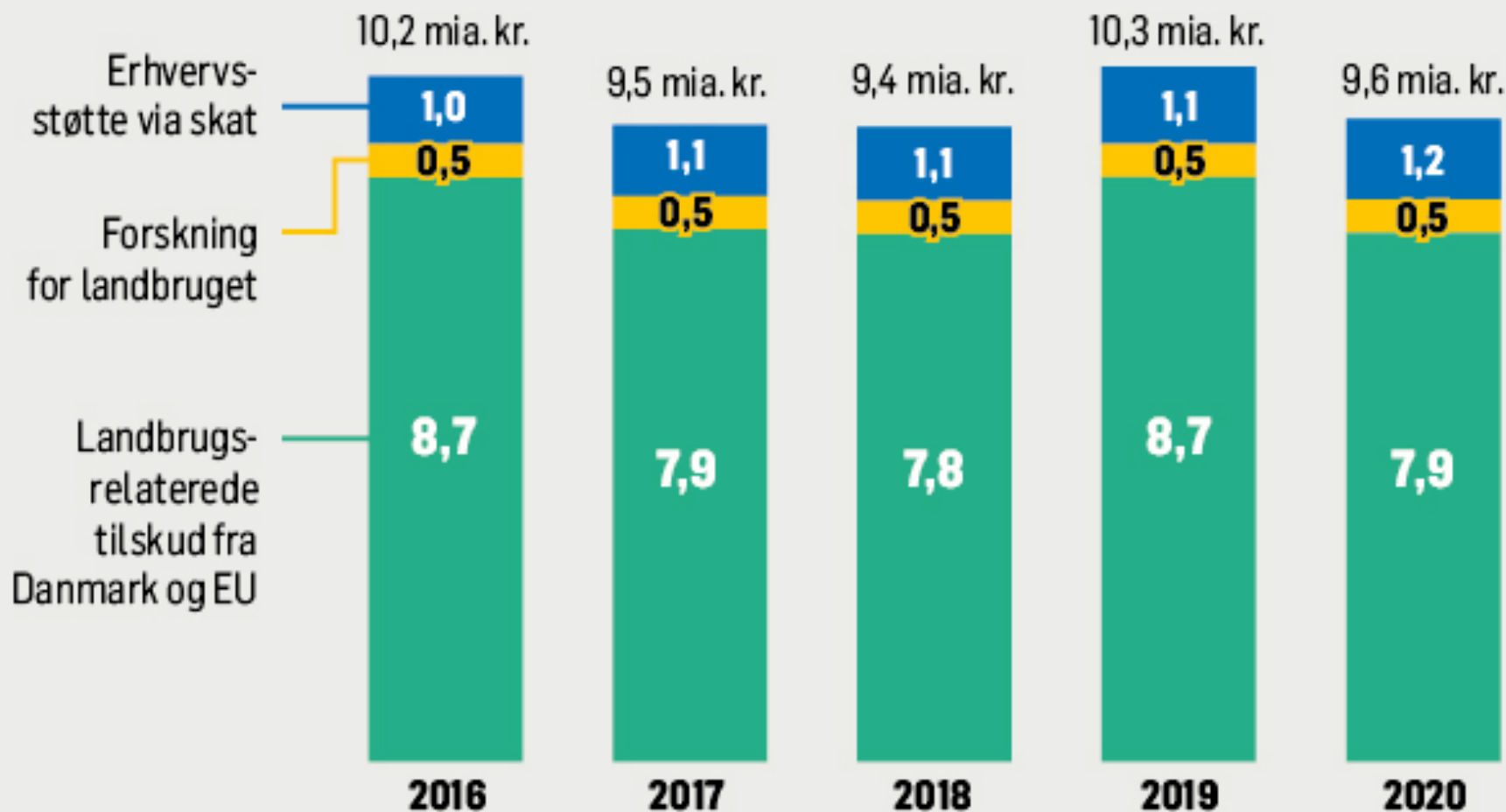


In 1961, Anders Andersen, president of Landbrugsrådet, persuades prime minister Viggo Kampmann to promise farmers subsidies (450 million kr / year): State supported agriculture.

Statsstøtte til landbruget

Politiken d. 17. marts 2016

Miljø- og Fødevareministeriet har lavet en oversigt over forventet statsstøtte til danske landbrug i perioden 2016 til 2020. Statsstøtte forstås som midler fra Danmark og EU, der direkte eller indirekte går til landbrugs- og fødevaresektoren.



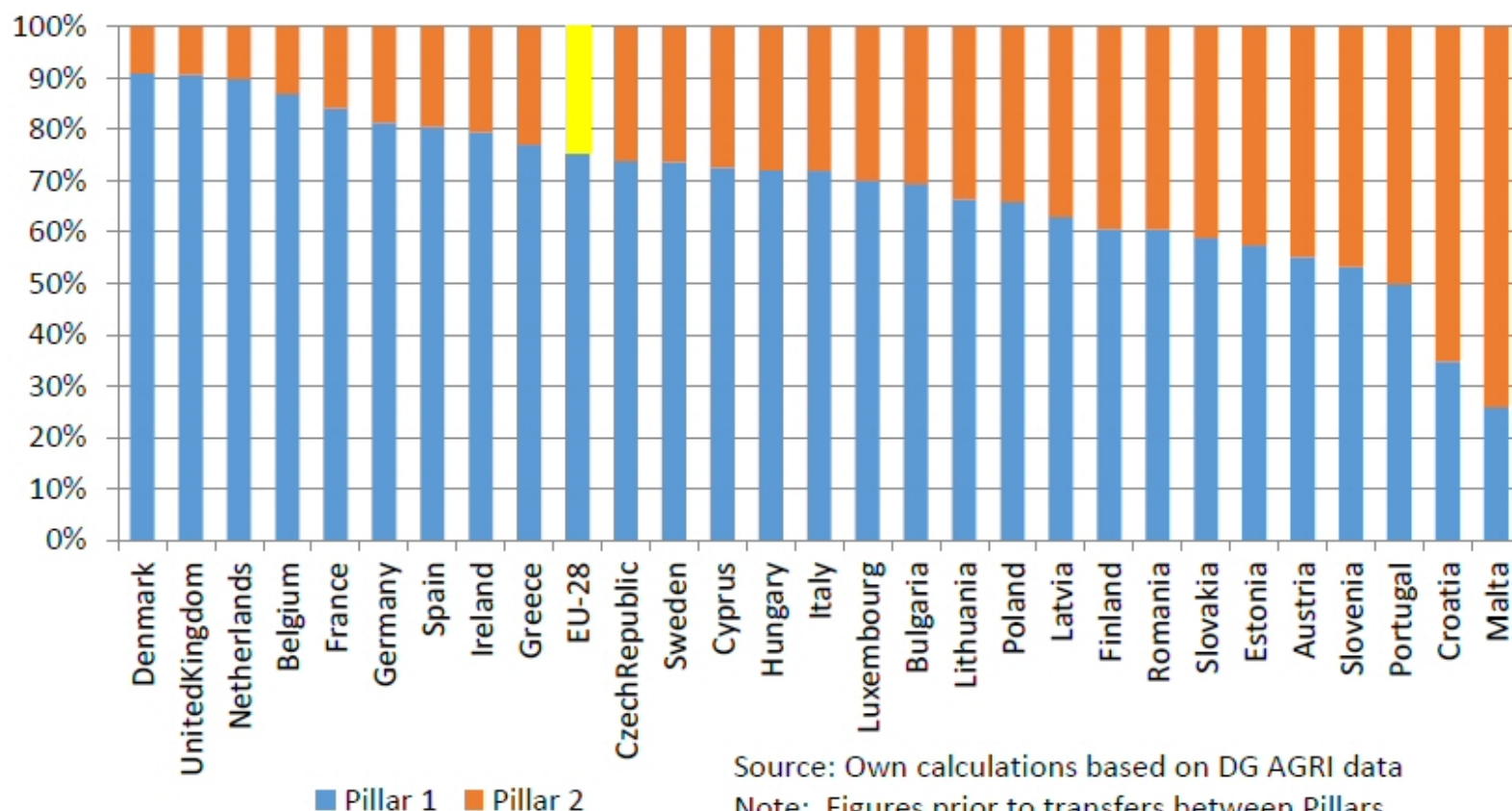
Kilde: Miljø- og Fødevareministeriet

CAP payments to Denmark

(Landbrugsstyrelsen)

- Pillar 1: direct payments 84%
- Pillar 2: rural development 16%

Relative importance of direct payments and rural development funding by Member State, 2015-2020



Pillar 1: How Denmark chooses to allocate EU direct payments (approx. 6.3 billion kr) 2014-20

Obligatoriske ordninger	Valgfrie ordninger
grundbetaling ca. 2/3	omfordelingsbetaling
grøn støtte ca. 1/3	betalinger til (i Danmark) øerne
støtte til unge landmænd	koblede betalinger

Redistributive payment exemplified

DKK 1000 more per hectare to farmer's first 30 hectares would in Denmark mean DKK 300 less per hectare for all hectares and thus $\text{DKK } 1000 - 300 = \text{DKK } 700$ more per hectare for the first 30 hectares.

Redistributive payment exemplified

- Advantage diminishes as acreage increases, and net disadvantage for farmer with more than 100 hectares.
- Redistributive payments would benefit most farmers, since 63 hectares is average farm size in Denmark.

Første 30 hektar får $30 \times 700 \text{ kr.} = 21.000 \text{ kr. mere.}$

Næste 70 hektar får $70 \times 300 \text{ kr.} = 21.000 \text{ kr. mindre.}$

78,4% of farms smaller than 100 hectares

Landbrugs- og gartneritælling 2016

Nyt fra Danmarks Statistik

nr. 218, 22. maj 2017

Alle bedrifter	35 674
0-49,9 ha	23 250
50,0-99 ha	4 724
100,0 ha og derover	7 700

In February 2015, Folketinget
unanimously decided that
Denmark would not use
redistributive payments.



Dybvad, d. 29. februar 2016

Miljø- og fødevareminister Esben Lunde Larsen
Slotsholmsgade 12
1216 København K

Kære Esben Lunde Larsen,

Idet jeg ønsker dig tillykke med udnævnelsen til Miljø- og Fødevareminister tillader jeg mig at foreslå, at du senest d. 1. august d.å. meddeler EU Kommissionen, at Danmark har besluttet, i henhold til Artikel 41 i EU Forordning 1307/2013, at anvende den maksimalt tilladte andel af det nationale rammebeløb til danske landbrugeres første 30 hektar, evt. første 63 hektar, som er den gennemsnitlige bedriftsstørrelse i Danmark.

Frie Bønder Levende Land uddyber gerne forslaget, evt. ved et møde.

Med venlig hilsen

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Dybvad, d. 29. februar 2016

Miljø- og fødevareminister Esben Lunde Larsen
Slotsholmsgade 12
1216 København K

Kære Esben Lunde Larsen,

Det er min vurdering, at der ikke er sket ændringer i ønsket om mindst mulig omfordeling af støtten. Derfor finder jeg ikke grundlag for at gå videre med jeres anmodning om indførelse af omfordelingsordningen i Danmark på nuværende tidspunkt.

Med venlig hilsen

Esben Lunde Larsen



**Miljø- og
fødevareministeren**

Den 25. maj 2016

Familielandbruget stemt ned i sag om omfordeling af EU-støtte

MARK · ØKONOMI | Tirsdag 19. april 2016 | 17:41

Skrevet af **Helle A. Christensen**



"Vi vil forfølge sagen om omfordeling af EU-støtte," siger Lone Andersen. Arkivfoto: Polfoto

Familielandbruget stemt ned i sag om omfordeling af EU-støtte

MARK · ØKONOMI

Tirsdag 19. april 2016 | 17:41

Skrevet af **Helle A. Christensen**



Landbrug & Fødevarers primærbestyrelse ikke indstillet på at omfordele fem pct. af EU-støtten til de første 60 hektar.

"Vi vil forfølge sagen om omfordeling af EU-støtte," siger Lone Andersen. Arkivfoto: Polfoto

Landbrugsavisen 19.4.16

GLÆDE I STØRRE JORDBRUG.

I Landbrug & Fødevarers sektion for Større Jordbrug er formand Frederik Lüttichau modsat særdeles godt tilfreds med, at forslaget om omfordeling af EU-støtten blev stemt ned.

Sektionen har forlængst erklæret sin »indædte modstand mod denne skævvridning af hektarstøtte", som efter sektionens opfattelse vil betyde »helt urimelige tab for de større jordbrug."

Landbrugsavisen 19.4.16



EU Commission's proposals not clear about

- Ecosystem protection
- Climate change mitigation / “root causes of migration”
- Rural development

Flyvende insekter reduceret med 76% over 27 år
(i 63 naturbeskyttelsesområder omgivet af landbrug, Tyskland. Hallmann
et al., PlosOne 10. oktober 2017)



EU Commission's proposals include

- Compulsary capping of direct payments
- Degressive payments
- Focus on redistributive payments
- Support to genuine farmers

Because 20% of farmers receive 80% of payments

EU Commission's proposals specific about

- Protection of market system / exports
- Increased subsidiarity
- Technology
- No change in Pillar 1 and 2 structure

From price supports to direct payments

- MacSharry: from price supports to coupled payments 1992.
- Agenda 2000 og 2003 reforms: support decoupled from production and given in stead as direct payments per hectare.
- Capitalisation of direct payments in land prices. So who can buy a farm?

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- Capitalisation of direct payments in land prices. So who can buy a farm?

Frank Øland, chief economist in Danish Agriculture and Food Council (L&F):

- Any removal of Pillar 1 must be gradual, for example over the course of 50 years
- Immediate removal would
 - entail
 - approx. 37% reduction in farm incomes
 - approx. 60% fall in land prices
 - require one time compensation to farming of 230 billion kroner (31 billion euros).

Conclusions

- Structural evolution of Danish farming is politically as well as technologically determined.
- Denmark chooses intentionally not to exploit CAP mechanisms to help small farmers.
- Pillar 1 direct payments are capitalized in soil prices, and corporate farms therefore replace family farms.

Conclusions

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- but this seems unlikely to happen.

Conclusions

as long as Pillar 1 exists,

- Restitutive payments should be increased, and they should be **mandatory** for member states.
- Direct payments should be capped, e.g. at 60,000 – 100,000 euros per farm.
- Degressive payments should be (re)introduced.

COMMISSION

proposes
legislation

COUNCIL

PARLIAMENT

codecision

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Conclusions

- The EU Commission's "Future of Food and Farming" fails to be clear about farming, climate change and the destruction of ecosystems.
- Does hope now rest with The Council of the European Union and the European Parliament?

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- The EU Commission's "Future of Food and Farming" fails to be clear about farming, climate change and the destruction of ecosystems.
- Does hope now rest with The Council of the European Union and the European Parliament?
- Or does it rest with informed, public debate?

