



DENMARK

CAP IN YOUR COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion in EU funds with EUR 308.73 billion intended for Direct Payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).

DENMARK

- covers an area of **42 916 km²** of which **51% is rural**. Of the rural area, 66% is agricultural land and 14% cover forests.
- has a total population of more than **5.5 million**, of which **28.9%** live in rural areas.
- has a farming sector characterised by **rather big farms** (67.5 hectares compared to the EU-28 average of 16.1 ha).

INVESTING

in Denmark's agriculture 2014-2020



In the period to 2020, the new CAP will invest more than **EUR 7 billion**¹ in Denmark's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same time, Denmark has flexibility to adapt both Direct Payments and the Rural Development Programme to its specific needs. In this context, the Danish government decided to transfer funds from its original Direct Payment envelope to its Rural Development funds – 5% in 2015, 6% in 2017, and 7% thereafter (EUR 287 million in total).

Fairer and greener direct payments

The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, putting an end to allocations on the basis of "historical references". Given the difficulties of such redistribution, Member States also have more flexibility to take into account specific sectors in particular regions.

The new [Basic Payment Scheme](#) (replacing the Single Payment Scheme) will see a gradual convergence in payments per hectare to a national 'flat rate' by 2019 (continuing the process which Denmark had already started some years ago). As well as allocating 0.3% of the envelope for areas with natural con-

straints (for up to 100 hectares for farms on small islands), the Danish authorities have decided to earmark 2.7%-2.8% of the Direct Payments envelope for voluntary coupled support targeting beef and veal. Under the modulation rules, Denmark will reduce by 5% the amounts above EUR 150 000 per individual beneficiary.

A key change in the new CAP is the application of new '[Greening](#)' rules, in order to highlight the benefits farmers provide to society as a whole on issues such as climate change, biodiversity loss and soil quality. Under this system, 30% of the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5% of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

Other changes introduced in the 2013 CAP reform include stricter rules on **active farmers** eligible for Direct Payments and a new 25% aid supplement for **young farmers** for the first 5 years, in addition to already existing installation grants.



¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).



Farmers at the heart of the food supply chain

To improve the balance of the food supply chain in Denmark, EU instruments (such as [Producer Organisations](#)) help farmers to get better organised and to market their products better. Cooperatives have a strong tradition in Denmark, with the farmer-owned Arla (dairy) and Danish Crown (pigmeat) among the largest cooperatives in the EU.



Moreover, the EU organic logo helps consumers choose food produced in a sustainable way.

Supporting key priorities for Denmark's Rural Development

With a total contribution of EUR 919 million for measures benefiting its rural areas, the [2014-2020 Rural Development Programme for Denmark](#) focuses on the following priorities:

-  better management of natural resources and encouraging climate friendly farming practices and to double organic farming areas;
-  investments to improve the environmental performance of farms, restructuring farms in the pig and cattle sector;
-  boosting innovation and creating jobs in rural areas.

These priorities aim to tackle Denmark's challenges such as high debt levels of agricultural holdings: Annual gross investment in the Danish agricultural sector has decreased by 50% in the last five years, while the debt levels of agricultural holdings have more than doubled.



KEY ACHIEVEMENTS



Between 2007 and 2013, the CAP invested more than EUR 7.7 billion² in Denmark's farming sector and rural areas with the objective of stabilising farmers' income, modernising and increasing the sustainability of Denmark's farms and securing the supply of safe, affordable and quality food for its citizens.

Danish farmers benefit from the CAP

In 2014, some 44 270 beneficiaries received EUR 917 million in direct payments, 44.4% of which received a payment below EUR 5 000. In 2014, the EU spent around EUR 9 million on market measures in Denmark. The biggest share went to fruit and vegetables and the dairy sector.

Fostering growth and jobs in Denmark's rural areas

In the period from 2007 to 2013, the CAP invested more than EUR 450 million in a whole range of different activities supporting agricultural production and benefitting Denmark's rural areas by preserving its diversity and enhancing its economic strength, cultural richness and social cohesion. In concrete terms, Rural Development funds provided support to:

- Create over 100 new products by co-operation between different actors in the food and forestry sectors.
- Create more than 1 400 new jobs, both in agriculture and in other sectors.
- Provide improved services for nearly 600 000 inhabitants in rural areas.

Rural Development funds have also encouraged a more sustainable agriculture:

- Over 5 000 organic farmers (corresponding to 150 000 ha) were supported.
- More than 160 000 ha are covered by measures contributing to improved biodiversity and soil quality, while 35 000 ha are cultivated with methods contributing to water quality and climate change mitigation.

Danish organic market is well developed as total retail sales were worth, in 2014, EUR 912 million (4% of the total EU of EUR 23.9 billion). Among the EU consumers, Danish consumers spend the most on organic products (average EUR 162 per person) and the share of organic sales on the total sales is estimated to 8% (the highest in the EU).



Example of a Rural Development project supported by the CAP

Organic Academy - Training Programme for Consultants and Agricultural School Teachers

Denmark aims to double its organic agricultural land by 2020, which involves a conversion of roughly 18 000 hectares per year. Organic agriculture has increased and evolved in recent years, but this knowledge has not always been passed on to agricultural schools and consultancies. The overall objective of the "Organic Academy" is to keep consultants and agricultural school teachers up to date with organic farming practices and the results achieved through research on organic production.

[More information.](#)

EU contribution: EUR 99 541.00 (Total project cost: EUR 199 081.00)

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), of the CAP, the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protect local knowledge, skills and jobs.



At present, Denmark has [6 products registered](#) as PGI.

Responding to new market difficulties

Following the prolongation of the [Russian ban on the EU agricultural imports](#) and the specific market conditions of the summer 2015, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to help those farmers affected most by the difficulties. A total budget of EUR 420 million was made available for national envelopes to support especially the **dairy and livestock sectors**, with flexibility to Member States to decide how to target this support. The remainder was earmarked for other short and medium term measures such as the provision of private storage aid for certain products and to promote the expansion of export markets. Under this package, Denmark is getting more than EUR 11 million, allocated to the milk sector and other sectors (cross-sectorial).

In spite of the Russian ban, global **EU agri-food exports** to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months after the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains were achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea.

What do the Danes think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, Danes consider that farmers should **ensure the welfare of farmed animals** (50% compared to 35% EU-28) and **protect the environment** (44% compared to 30% EU-28). In addition, 61 % of Danes (compared to 43% of EU-28) think that the EU should ensure a "sustainable way to produce food". The Eurobarometer survey 440 "Europeans, Agriculture and the CAP" can be consulted [here](#).

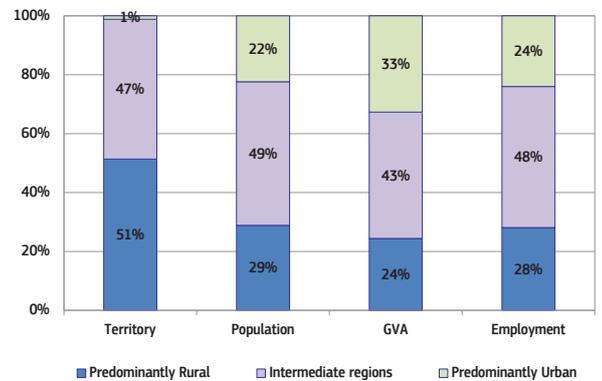


DENMARK'S AGRICULTURE AT A GLANCE

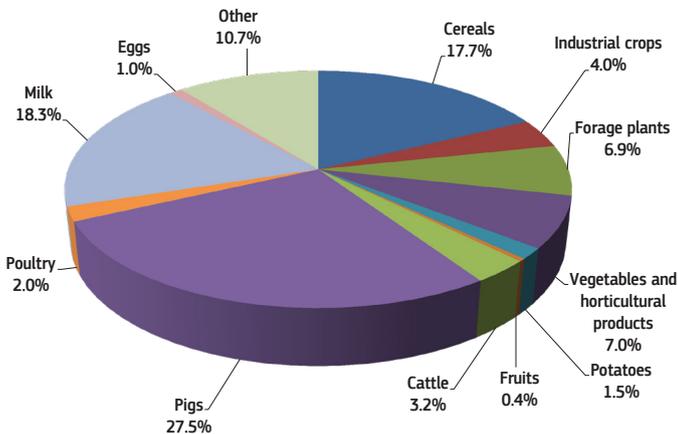
Denmark's agriculture is characterised by:

- **Predominantly large holdings:** 20.3% of holdings (38 830 holdings in total) have more than 100 hectares compared to 3.1% in EU-28.
- **Younger farmers than in EU-28:** 2.5% of farmers are under 35 years old (5.9% in EU-28), while only 24% are older than 64 (30.6% in EU-28).
- **Low employment:** The primary sector accounts for 1.6% of the country's economy (total GVA) and for 2.5% of total employment. This is the same as the European average in economic terms (1.6% in EU-28) but lower for employment (4.7% in EU-28).

Importance of rural areas

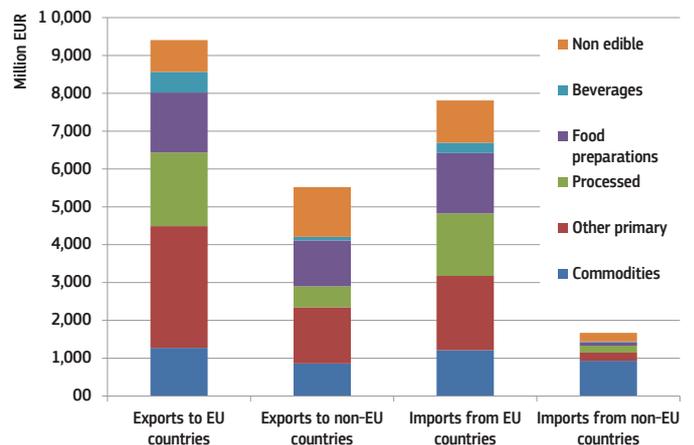


A very diversified production



Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for Denmark (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors

