



FINLAND

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 and life in rural areas. The CAP also provides a range of market measures, including tools to address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.



- covers an area of **390 903 km²**, of which 95 % is rural. Of the total land area, 86 % is covered by forests and 7.6 % is agricultural land
- has a **low proportion of built-up environment**, about 3 % of the total surface area
- has a total population of **5.5 million**, of which more than **1.6 million** (or **30 %**) live in rural areas
- has an agricultural sector with many **family farms**, and with strong links to the forestry sector
- has an agricultural sector that faces **difficult climatic conditions and a short, intensive growing season**, and where all farming land is situated in areas with **natural constraints**

INVESTING

in Finland's agriculture 2014-2020



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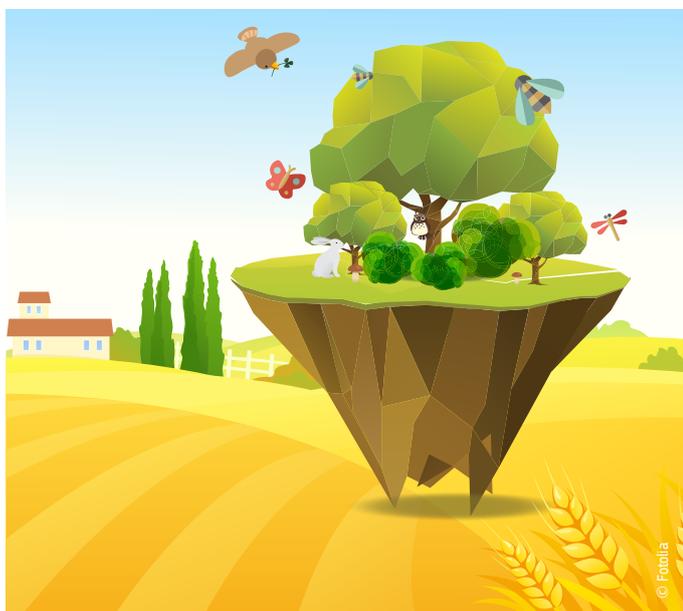
In the period from 2014 to 2020, nearly **€6.1 billion**¹ is expected to be invested in Finland's farming sector and rural areas through the CAP. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality.

Fairer and greener direct payments

Finland's direct payment allocation for 2014-2020 amounts to around **€3.7 billion**.

Farmers in Finland, as they are across the EU, are subject to so-called 'greening' rules, designed to ensure that they farm in a sustainable way and help contribute to EU efforts to tackle climate change, biodiversity loss and soil quality. Under this system, 30 % of the direct payment allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5 % of arable land to environmentally friendly measures (so-called 'ecological focus areas').

The Finnish authorities have also decided to earmark 20 % of their direct payments for voluntary coupled support – i.e. linking payments not only to the number of hectares farmed but also to specific products or processes – in this case beef and veal, cereals, fruits and vegetables, milk and milk products, protein crops, sheep meat and goat meat, starch potato and sugar beet. In addition, Finland opted for applying only the minimum reduction of 5 % on amounts of basic payments above €150 000.



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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

Through the CAP, the EU also supports [producer organisations](#) that can help farmers to get better organised and to market their products more effectively, strengthening their position in the food supply chain.

Supporting key priorities for Finland's rural development

For 2014-2020, a total public contribution of **around €8.3 billion** (€2.3 billion from the EU, €5.8 billion from the national budget) has been allocated for measures that will benefit **mainland Finland's** rural areas. An additional **€59 million** has been allocated for the Swedish-speaking **Åland Islands** (€20.7 million from the EU budget and €38.4 million in national funding).

The [2014-2020 rural development programme for mainland Finland](#) focuses on **three main priorities**:

- restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- promoting social inclusion and economic development and reducing poverty in rural areas;
- promoting the food chain organisation, including the processing and marketing of agricultural products, animal welfare and risk management in agriculture.

Given the difficult climatic conditions, the biggest share of Finland's funding is targeted at agricultural areas with natural constraints (ANC) to help ensure the continuity of farming activities there at the same time as supporting the landscapes that are so important for biodiversity.

The [2014-2020 rural development programme for Åland](#) has a **particular focus on**:

- restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- the competitiveness of the agriculture sector and sustainable forestry;
- promoting the food chain organisation, including the processing and marketing of agricultural products, animal welfare and risk management in agriculture.

The main farming challenges in Åland not surprisingly are linked to the conditions on the archipelago, in particular the cold climate and the thin, infertile soils, which impact farmers' profitability. Farming, however, brings a number of **environmental benefits** to the islands, such as increased biodiversity, open agricultural landscapes and a diverse cultural landscape.



KEY ACHIEVEMENTS



Between 2007 and 2013, the CAP invested **more than €5.9 billion²** in Finland's farming sector and rural areas to stabilise farmers' income, modernise and increase the sustainability of Finnish farms and to secure the supply of safe, affordable and quality food for its citizens.

Fostering growth and jobs in Finland's rural areas

In the period from 2007 to 2013, **nearly €8 billion** of public funds (€2 billion from EU funds topped up with national/regional and private funding) was invested via rural development programmes in a range of different activities supporting agricultural production and benefitting Finland's rural areas, preserving their diversity and enhancing economic strength, cultural richness and social cohesion. In concrete terms, rural development funds helped:

- increase the number of rural enterprises and diversifying economic activities to boost rural employment
- rural development networks to bring people and groups together in order to identify development opportunities

Rural development funds have also encouraged more sustainable agriculture by:

- offering training for activities designed to reduce climate change
- supporting cooperation initiatives to improve energy efficiency and promote innovative water management



Example of a rural development project supported by the CAP

Superfoods from the Finnish Arctic

A Finnish start-up company has developed nutritional supplements based on traditional herbs and plants from Lapland to meet the growing market for natural, energy-giving foods. The worldwide market for their products has given a major boost to the local economy.

The company, Arctic Warriors, has developed a network of local farmers to supply it with raw ingredients. It also uses the network to promote the exchange of information between farmers in the network, and the sharing of best practice on the farming of herbs. [More information \(p. 18\)](#).

Total costs: €30 890 (EU contribution:€15 129)

More project samples: [European Network of Rural Development and EU results](#)

2 Total expenditure for direct payments, market measures and rural development (payments) for the period 2007-2013 (in current prices).

Adding value with quality schemes

Through the [quality policy 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 protects local knowledge, skills and jobs.



At present, Finland has [10 food products registered](#), including [five PDOs](#) (such as *Kitkan visas* or *Lapin Puikula*), [two PGIs](#) (*Puruveden muikku* and *Kainuun rönttönen*) and [three TSGs](#) (*Karjalanpiirakka*, *Kalakukko* and *Sahti*).



In addition to the registered products, the EU also helps highlight food that has been produced in a sustainable way with a clearly recognisable organic logo.

Responding to market difficulties

Following the prolongation of the [Russian ban on the EU agricultural imports](#) and difficult conditions in certain markets, in October 2015 the European Commission agreed a [support package worth €500 million](#) to help those farmers most affected by the difficulties, including €420 million in national allocations to support the **dairy and livestock sectors** in particular, with flexibility for member states to decide how to target this support. Sweden opted to use all of its €8.2 million

allocation for the milk sector. Finland opted to use all of its €8.9 million allocation for the milk and pig sector.

In July 2016, the European Commission agreed a [further solidarity package](#) worth €500 million, including aid worth €350 million aimed at the dairy sector in particular. Of this, roughly €7.5 million was earmarked for Finland.

What do the Finns think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, 72 % of Finns consider **agriculture and rural areas** as "very important for our future". In addition, most Finns think that "ensuring that agricultural products are of good quality, healthy and safe" (62 % compared to 56 % in EU28) and "securing a stable supply of food in the EU" (62 % compared to 40 % in EU28) should be the main objectives of the EU in terms of agriculture and rural development policy.

Source: Eurobarometer survey 440 "[Europeans, Agriculture and the CAP](#)"

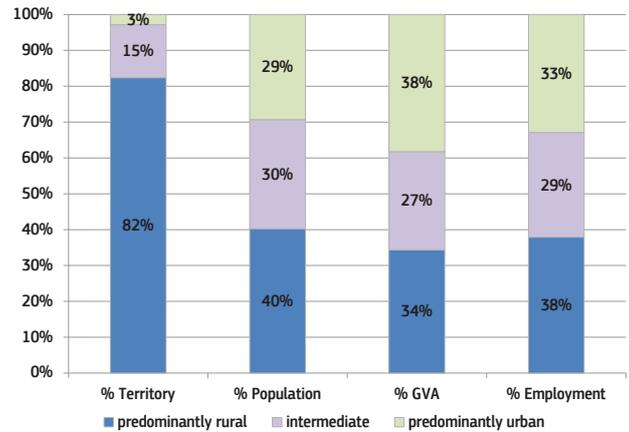


AGRICULTURE AT A GLANCE

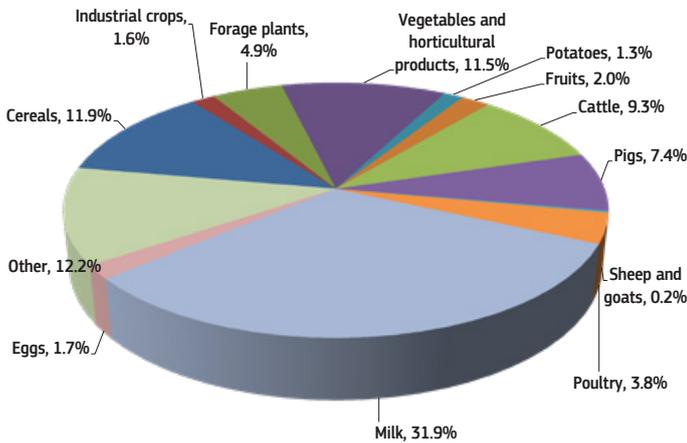
Finnish agriculture is characterised by:

- **large sized farms:** Finnish farms have an average of 42 ha, compared to 16.1 ha in EU28
- **relatively young farmers:** 8.5 % of farmers are aged below 35 (EU28: 6 %), and 10.2 % are aged 64 or above (EU28: 31.1 %)
- **a relatively high contribution to the economy:** agriculture, forestry and fishing accounts for 2.5 % of total GVA (compared to 1.5 % in EU28).

Importance of rural areas

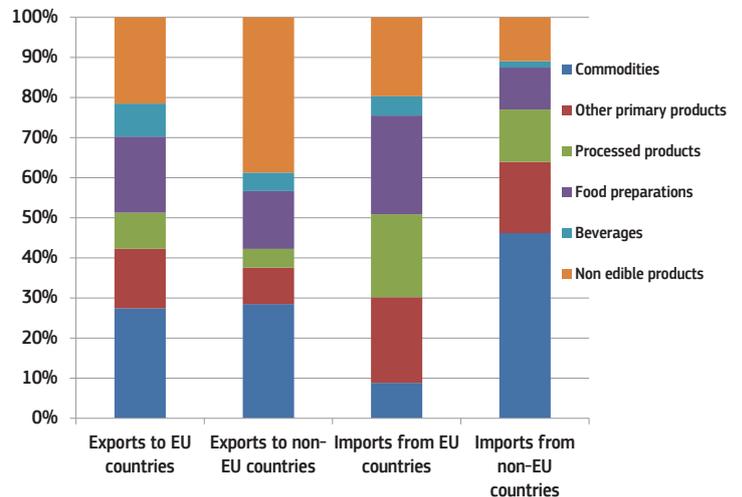


A very diversified production



Output components (2014-2016 average); values at constant producer prices

Finland exports mainly non-edible products to non-EU countries (2016 data)



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

