The EU and the green sector

The views of the Federation of Swedish Farmers

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The EU is facing an increasing number of major choices and challenges. Our standpoint is that land and forests are resources that need to be used even more in order for us to create a society that is sustainable in the long-term. Developments in the EU have major significance. There is a constant stream of EU decisions that affect businesses in Sweden. In this publication, the position of the Federation of Swedish Farmers (LRF) regarding relevant issues affecting the EU and the green sector is presented.

Lars-Göran Pettersson

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President of the Federation of Swedish Farmers (LRF)

The green sector on the doorstep to the future

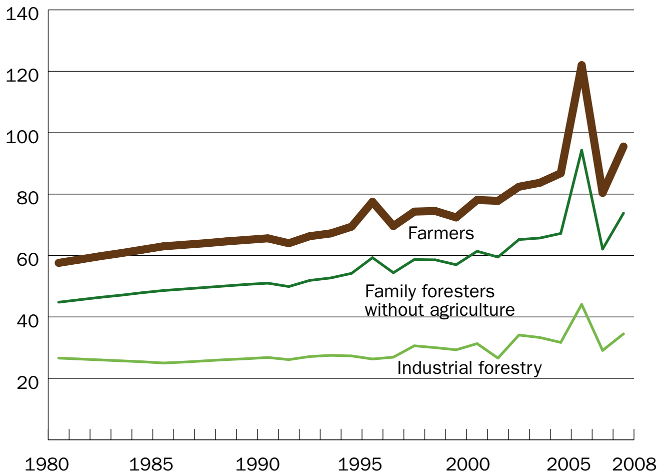
For businesses in the green sector, EU membership has brought new opportunities on a larger market with increased exports and a change towards more equitable operating rules in relation to competitors in other Member States. However, it has also led to increased competition, resulting in lower prices for many products. Since 1995, for example, Swedish production of food has decreased. With the exception of grain, Sweden is becoming increasingly dependent on imports of a number of agricultural products. The changes in the beef sector have been particularly dramatic. Since 1985, Swedish production has declined by 20 % while consumption has increased by 80 %. The vision of the green sector is to reverse this trend and adopt a leading position on the question of growth, profitability and attractiveness. It is essential to have a level playing field if the green sector is to achieve this vision. One of the challenges for Swedish farmers is to obtain payment for the added value that is created in Swedish production by the high requirements on quality in production, in terms of e.g. animal welfare, environmental protection and food safety.

Changes in the green sector in Sweden, 1980–2008

Through sustainable forest management, annual growth has increased since the 1920s, when the first Swedish national forest assessment started, and now amounts to over 115 million cubic metres of forest, which is considerably more than the felling rate. The strong peak in 2005 was due to the storm 'Gudrun', which in a few hours blew down almost the same amount of trees as are harvested in a year in Sweden!

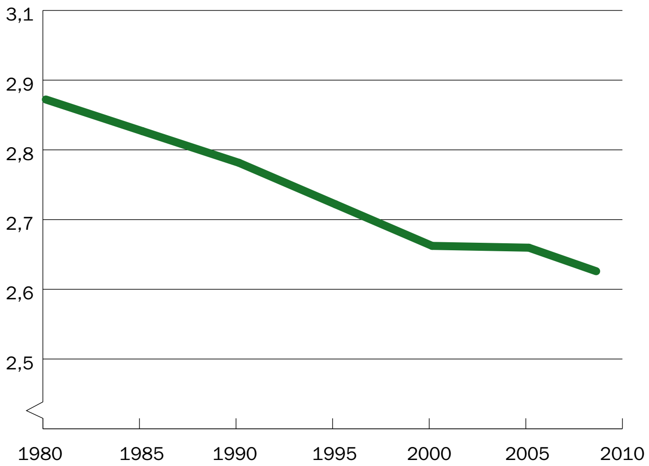
Logging

Stem volume over bark, million m^3



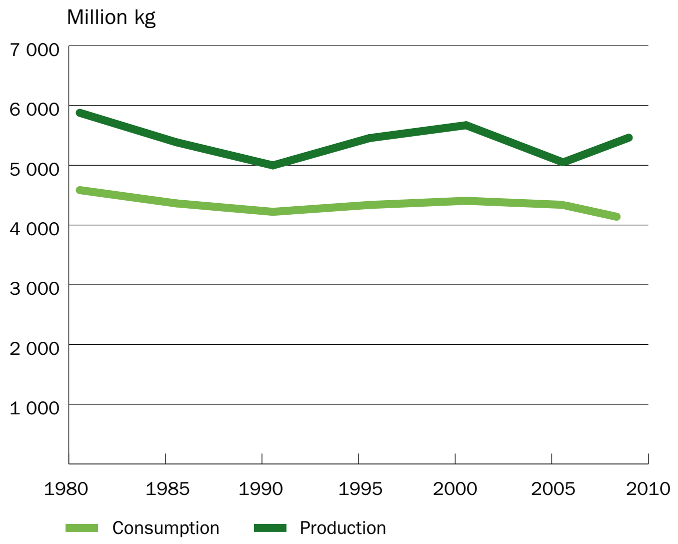
Arable land

Million hectares



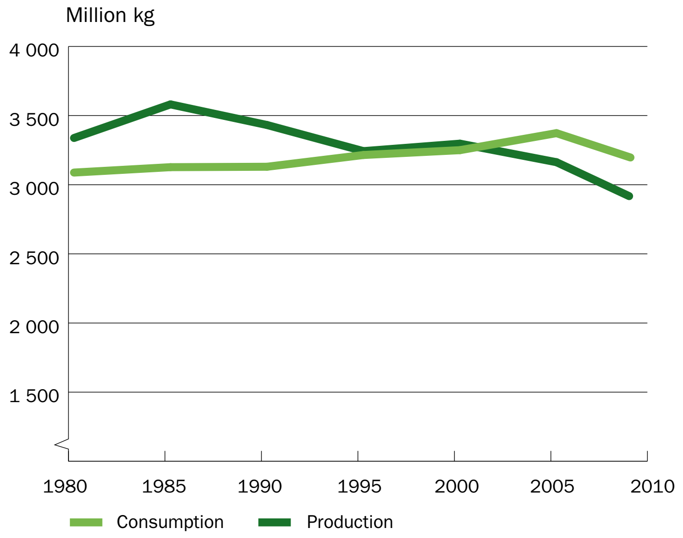
Swedish arable land has decreased in area by over 10 % since 1980.

Grain



Sweden is traditionally an exporter of grain, mainly wheat. The decrease in grain acreage has been compensated for by higher yields and production exceeded consumption in the period 1980–2008.

Milk

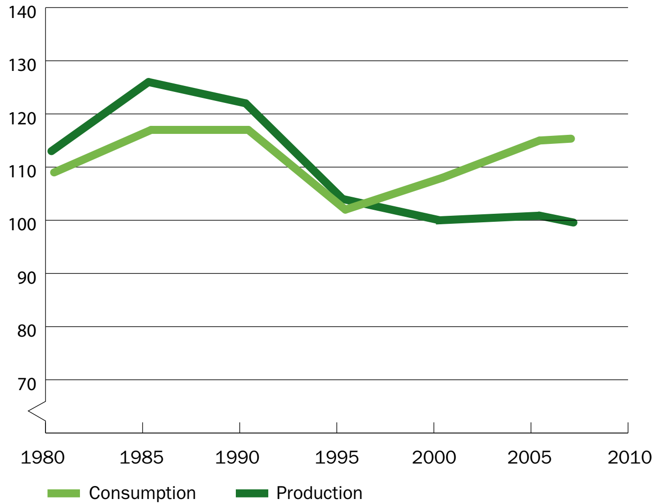


Today Sweden produces less milk than it consumes. Around 10 % of Swedish consumption is imported, the major part consisting of cheese.

Swedish egg production has declined since the mid 1980s. A 15 % increase in consumption since 1995 has been met by imports from other EU countries.

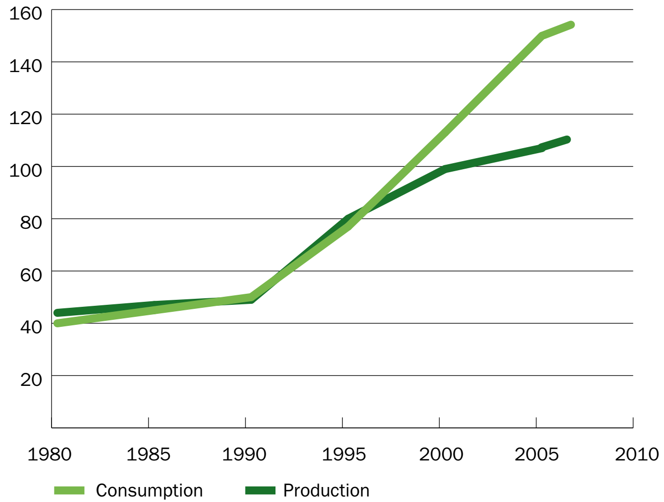
Eggs

Million kg



Poultry meat

Million kg

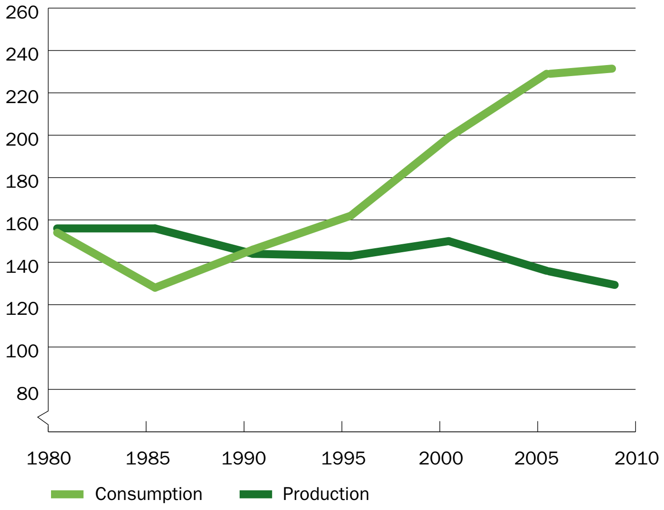


Swedish production and consumption of poultry meat has increased since 1990. Since entry into the EU the increase in production has levelled off, while consumption has continued to grow rapidly. The increase in consumption has been met by imports, which currently represent 40 % of consumption.

Swedish consumption of beef has increased strongly since the early 1990s. At the same time, Swedish production is declining. Imports currently represent over 40 % of consumption.

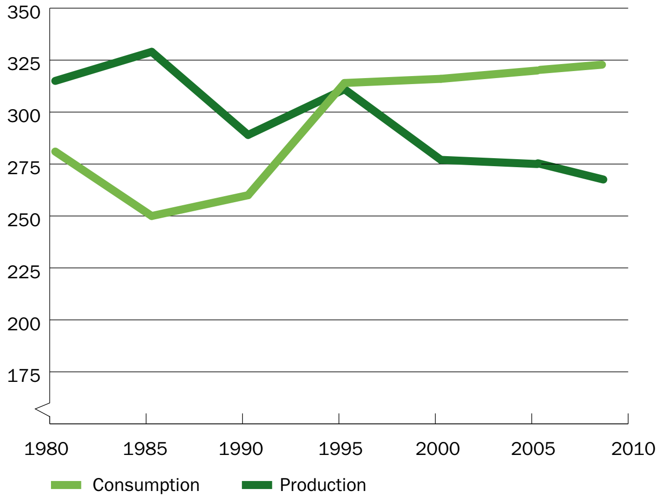
Beef

Million kg



Pork

Million kg

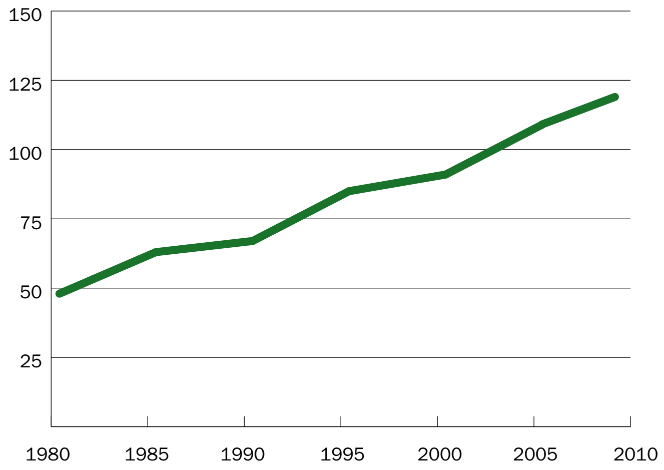


Swedish production of pork has decreased by almost 20 % since 1985. Today, imports comprise 20 % of consumption.

Bioenergy comprises 28 % of Sweden's total energy consumption. Of this, forest fuel makes up the largest fraction. The majority is used for heating and electricity production in heating and power plants. Over 60 % of Swedish heating comes from forestry. By the year 2020, it is estimated that forest energy will provide an additional 25 TWh.

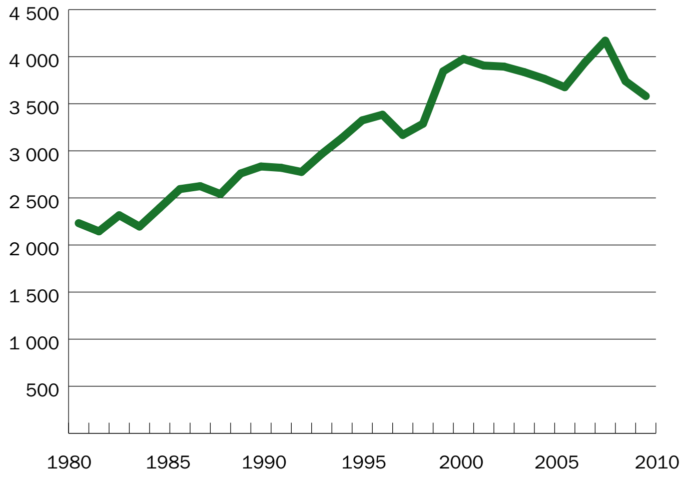
Biofuel

TWh



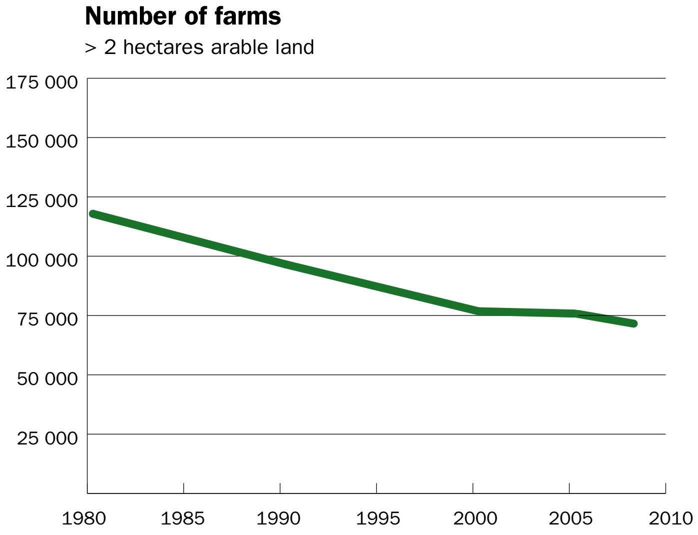
Horticultural products

Million Swedish crowns at 2008 prices



The value of Swedish production of fruit and vegetables increased up to the beginning of the 2000s. Since then, production has stayed at around the same level, with variations between years.

The number of farm businesses has decreased sharply. Compared with the 1970s, the number has more than halved. Farm size in terms of area has increased strongly over the same period. In 2005 the number of farm businesses increased slightly due to the reform of EU agricultural policy.



EU topics for sustainable growth

The EU Lisbon Agenda, adopted by heads of state and governments in 2000, aims to enhance the competitiveness and growth of the EU, increase employment and social stability and ensure sustainable development. If these ambitions are to be realised, in future work the operating rules for businesses must be simple and must stimulate entrepreneurship and development. Having the most equitable rules possible in the internal market is critical for successful business.

There are a number of decisions to be made in the EU in the coming five-year period and it is important that politicians influence these in a direction that is positive for the green sector and for sustainable development. The challenge lies in balancing common EU regulations against flexible national implementation, growth against environmental considerations and the market against political interference. This is achievable, but will require dialogue, patience and a vision for agriculture in the EU.

Budget for increased responsibility

▶ A strong EU with the ability to take action needs a budget that is sufficiently large. Member States objectives as regarding their EU partnership need to control the budget and not the other way round. The budget must promote the common market, not undermine it.

Renewable energy for growth and the environment

▶ LRF believes that the production and use of bioenergy to replace fossil energy should be one of the most important tools in decreasing emissions of carbon dioxide. Renewable energy also creates economic growth and employment opportunities and increases energy security.

▶ The Swedish target of 49 % renewable energy in Sweden by 2020 is a relatively low level of ambition. It will be achieved with current developments and mechanisms.

▶ The EU target of 10 % renewable energy in the transport sector is also too low a level of ambition. The greatest climate challenge is perhaps in the transport sector, and the ambition should be higher.

▶ The EU sustainability criteria should build on a balance between economic and ecological sustainability. This means that regulations must not result in Swedish or European production of bioenergy being encumbered with complexities and costs that do not exist in countries outside the EU. In addition to this are the challenges regarding credibility in the verification system, which lie outside the control of the EU.

A common agricultural policy

- LRF believes that the most important aspect of EU agricultural policy is that it continues to be a common policy, even after 2013. A common policy is vital for a well functioning internal market and limits the risks of inequitable competitive conditions. In order for the EU Common Agricultural Policy (CAP) to continue being common, the Member States must all be satisfied.

- The discussion about future agricultural policy must be based on what the EU wants from its agriculture and then consider the policy and budget needed. If the CAP is to function and fulfil the political targets, a budget in line with the current level is required.

- It is important that the CAP does not restrict the potential of businesses to develop and grow, while at the same time providing stability through buffering the risks of weather and various plant and animal diseases. A balance between stability and development is important.

- Another principle that will be important when designing agricultural policy in the longer term is that the CAP will have to compensate agriculture for the production of collective goods and land stewardship.

- The CAP is required to level out the differences in production requirements between the EU and those countries with which European producers are competing on the world market. Today, there are great differences in the requirements placed on production throughout the world, for example on the issue of environmental legislation and animal welfare.

Simpler regulations create growth

▶ In order to create growth, there is a need for greater emphasis on simplifying the regulations. These simplifications must be apparent in the everyday work of businesses. Efforts are necessary at EU level if national targets are to be achieved.

Regional policy with the focus on the countryside

▶ Rural development should be a top priority for the EU. Prosperous and strong rural areas are of major importance to stimulate the economic growth and to provide employment as well as attractive living conditions. LRF wants to see a continuation of EU common regional policy after 2013, with a budget that supports the objectives of each member state for rural development. The EU common regional policy should also stimulate the creativity of individuals and businesses to make new market opportunities.

Food production quality high on the agenda

▶ In Sweden there is a unique control system for salmonella which has made our products amongst the safest in the world with regards to salmonella. We would like to keep it this way. In most other EU countries the same control system does not exist and the same level of salmonella safety can not be ensured. Therefore LRF wants to retain the guarantees on specific import controls that Sweden received on entry into the EU. However, there are some loopholes in the current regulations on imports of processed meat products and this loophole must be closed in order to keep consumer confidence.

▶ LRF believes that salmonella safety is the basis for ensuring food safety to consumers and therefore we would like to continue influencing other Member States so that they move in the Swedish direction, also in restricting the use of antibiotics.

▶ Food labelling is crucial to inform consumers about nutritional facts, quality properties and production methods so that consumers can make informed choices. Swedish consumer surveys have shown that in Sweden production method is always linked to a notion of quality. Therefore LRF would like to see the current EU labels for quality, for example the EU designations of geographical origin, to also encompass production quality factors such as the environment, animal welfare and animal health.

Origin labelling for informed consumer choice

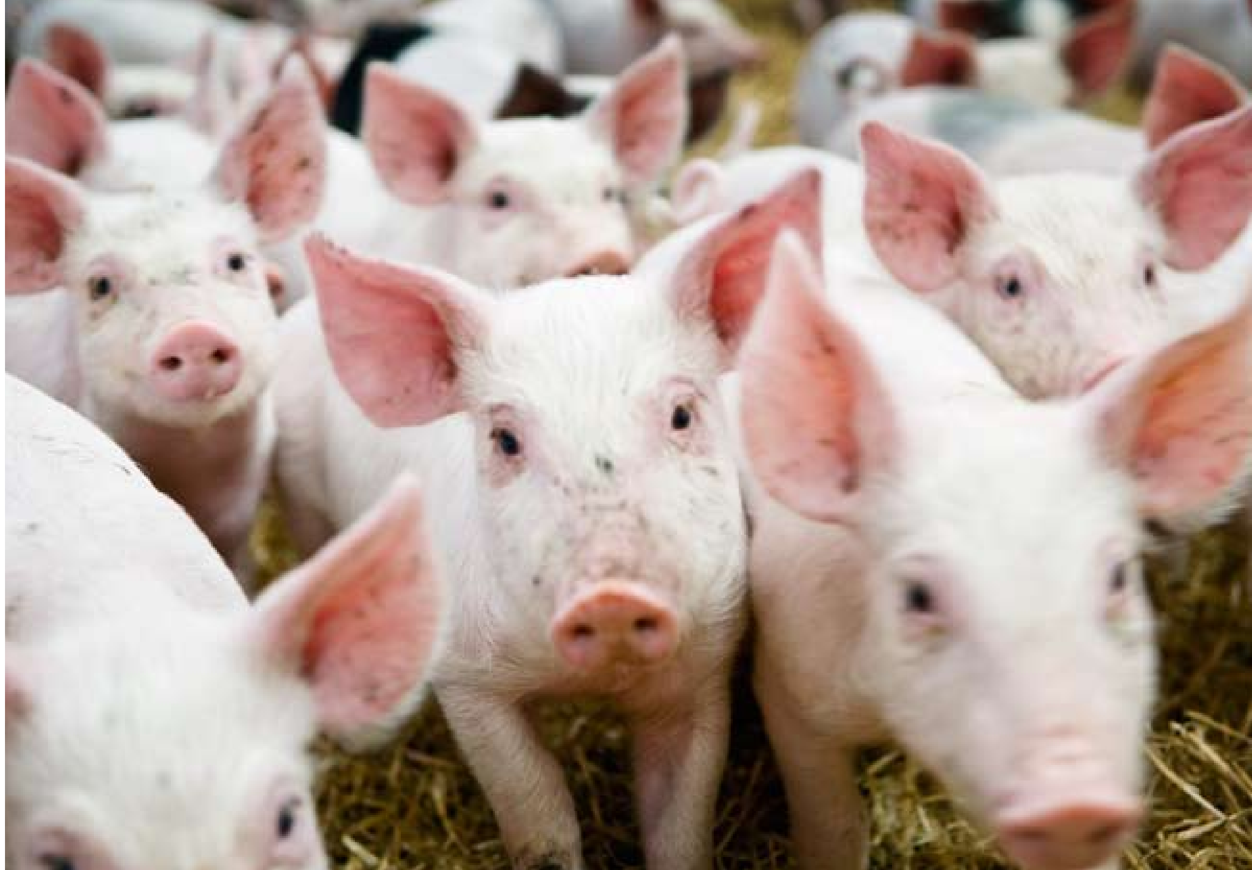
▶ Even though the EU is one single market with common rules, the production methods and national regulations still vary between the member states. Currently there is compulsory origin labelling on a member state level on beef, eggs, fruit and vegetables. But LRF wants compulsory origin labelling on a member state level of all groups of commodities to ensure transparency for the consumers so that they can make informed choices and also for the producers to make themselves visible.

Higher ambition for EU animal welfare

▶ Sweden has one of the highest level of animal welfare in the world and LRF wants this to remain. A high animal welfare level is not just an ethical issue but also ensures good animal health. A high level of animal welfare increases consumer confidence for our products. LRF would therefore like to see that animal welfare regulations on an EU level develop towards the Swedish level.

▶ It is LRF´s opinion that detailed regulations are not a guarantee of good animal welfare. Instead good animal welfare is dependent on the stockkeeper's expertise and deep-rooted interest in the animals, on dialogue between the industry and other interests and on co-operation between farmers and authorities. In our opinion, good animal welfare can be achieved in other ways than through extensive detailed legislation.

▶ In order to further improve the level of animal welfare while at the same time decrease administrative burdens, there is a need for a change in the form of legislation. Currently the animal welfare legislation is sometimes too focused on technical details rather than assessing the whole aspect of animal wellbeing. The Swedish government has taken the praiseworthy initiative for an official investigation to review collective animal welfare legislation. A similar approach at EU level would be critical for the outcome.



Better animal welfare during transport

▶ Sweden's farmers want to ensure good care of animals during transport and there is an ambition to reduce transport times as much as possible. At the same time, it is important to understand that the structure rationalisation undertaken by Swedish abattoirs for competition reasons may make it necessary even in the future to make certain allowances in the maximum transport time for slaughter animals in Sweden.

▶ Politicians should actively work to improve EU transport regulations. The current rules allow animal transport to be repeated an unlimited number of times (when the animals have rested for 24 hours), something that is unsatisfactory from an animal welfare viewpoint. LRF considers that EU regulations should specify maximum transport times.

Baltic Sea is a concern for the entire EU

▶ The Baltic Sea is a unique environment in the EU, hosting many indigenous animal and plant species in its waters. The environmental status has however been negatively affected by pollution. Many sectors in society contribute to this and must take adequate measures to improve the environmental status of the Baltic Sea. Farmers would need to reduce the leakage of nutrients to the sea. More research is however needed on which measures that are the most efficient in each sector.

▶ Swedish scientists consider that it is possible to decrease nitrogen emissions from agriculture by around 20 % without closing down production. LRF welcomes and supports this if competitiveness is maintained and measures are taken also in other areas. For example, separating toilet -flushwater from other wastewater and improving inadequate single-house sewage systems would stop around 30 % of Swedish leaching.

▶ LRF welcomes a combined EU strategy for the Baltic Sea area and has together with other farm organisations around the Baltic Sea proposed a number of projects for the Baltic Sea strategy. One of these projects is about putting best agricultural practices into work by creating a good network for environmental advisory services around the Baltic Sea. There is already existing knowledge about this, for example in Sweden where a large-scale advisory campaign has been running since 2001 with good results.

Many employed within agriculture and forestry

Agriculture and forestry and their associated processing industries contribute 8 % of GNP. Every individual working within the green sector provides employment for an additional three people. In total, it is estimated that more than 400 000 people (2006) are employed within agriculture and forestry or in businesses with a link to land-based production. That represents 9.4 % of the workforce in Sweden, even though only 2.2 % of the population are employed in agriculture and forestry.

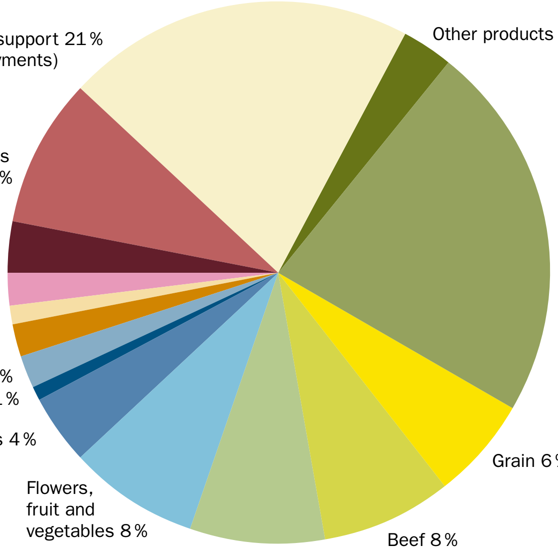
Increased growth would naturally lead to new jobs even outside the sector. These jobs would be available throughout the whole of Sweden, including regions with weak employment.

The foundation for businesses in the green sector is the production of goods and services based on land, forest, horticulture and the rural environment. Increasing numbers of farm businesses are carrying out some other form of income-generating activity in addition to traditional agriculture and forestry. These include contracting, on-farm food processing, farm shops, production of bioenergy, horse enterprises, wood processing and tourism. These activities have an estimated turnover of more than 11.4 billion Swedish crowns (2007). Employment in these new businesses has been estimated to correspond to around 10 000 full-time jobs, but involves considerably more.

The forest industry is one of Sweden's most important exporters. In 2008, exports of the forestry industry's products amounted to 128 billion Swedish crowns. Sweden's 300 000 forest owners contribute to high processing value-added products such as sawn timber goods, pulp and paper, produce renewable energy, create employment and supply ecoservices.

Swedish agriculture 2008

PRODUCTION VALUE: 46 billion Swedish crowns
(4,2 billion euro)



Swedish agriculture and forestry in the economy

CONTRIBUTION
– to gross domestic product (2006) 8.5 %
– to employment (2006) 9.4 %

EXPORTS 2008
Agricultural products and foodstuffs 47 billion SEK (4.3 billion euros)

Forestry products 129 billion SEK (11.7 billion euros)

IMPORTS 2008
Agricultural products and foodstuffs 87 billion SEK (7.9 billion euros)

Forestry products 32 billion SEK

Land and water in Sweden

TOTAL: 45 million hectares

LAND AREA: 41 million hectares
– agricultural land 3 million hectares
– forest 23 million hectares
– other (mountains etc) 15 million hectares

INLAND WATER: 4 million hectares

Swedish agriculture

ACREAGE OF ARABLE LAND	2.7 million hectares (farms with more than 2 hectares)
Pasture	0.5 million hectares
Forest on farms	4 million hectares (total acreage 23 million hectares)
NUMBER OF FARMS	71 600
Grain farms	32 700 1.1 million hectares total
Dairy farms	6 500 average size 55 cows/farm milk production 3.0 million tons total
Pig farms	2 400
AVERAGE SIZE	37 hectares arable land 43 hectares including pasture
ARABLE LAND USE	grain 41 %, green fodder and ley 44 % set-aside 6 %
YIELD	
Winter wheat	6 400 kg/hectare
Rye	5 600 kg/hectare
Milk	9 200 kg/cow

Swedish forestry

23 MILLION HECTARES HIGH PRODUCTIVITY
= (more than 1 m³/hectare per year)

PRODUCTION VALUE

Forest on farms
5 billion Swedish crowns
(0.5 billion euros)

Family-owned forest
12 billion Swedish crowns
(1.3 billion euros)

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The Federation of Swedish Farmers (LRF) is an interest and business organisation for the green sector, i.e. businesses where land, forest, horticulture and the rural environment are basic resources. LRF membership has increased for 12 years in a row, to over 168 000 members in 2009. These members run almost 90 000 businesses and LRF is therefore Sweden's largest small business organisation.

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