



Modern Swiss agricultural policy

ifaj 2005

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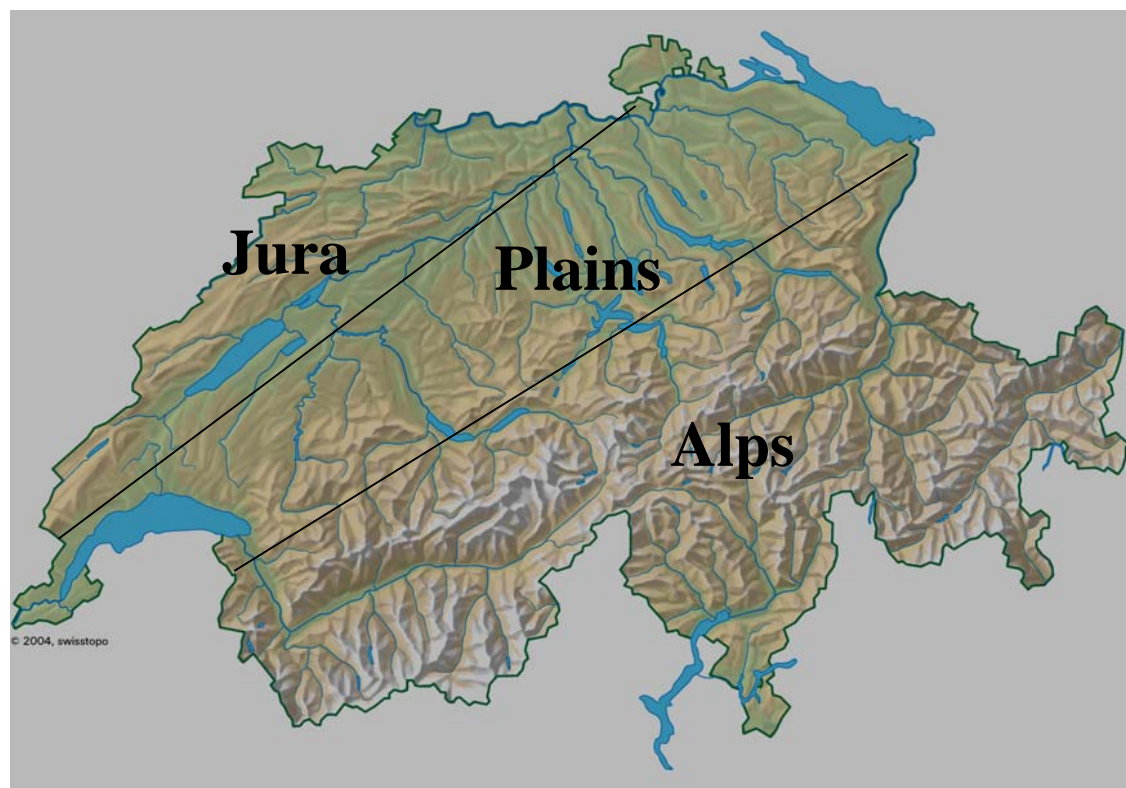


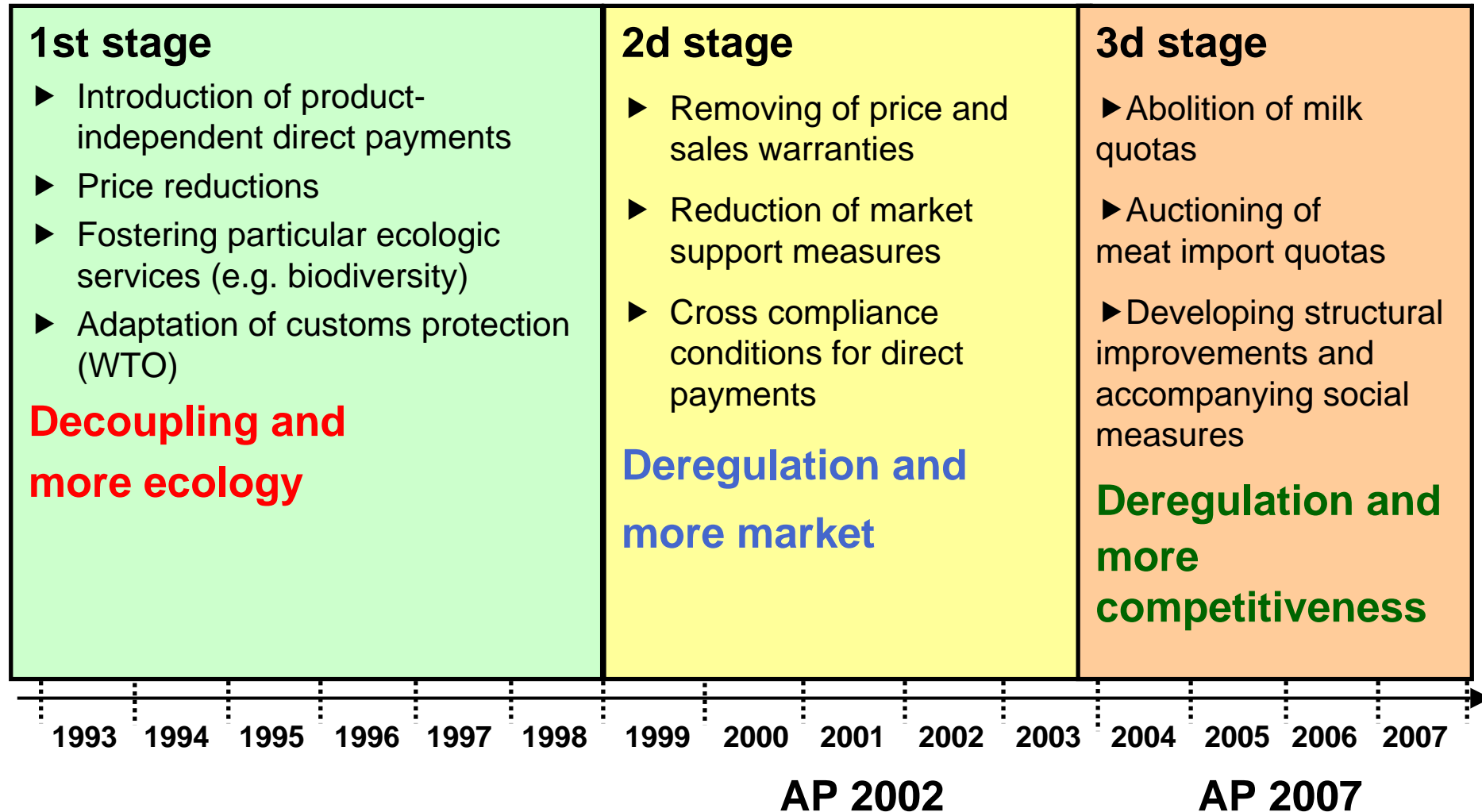
Sustainable agriculture must substantially contribute to the:

1. provision of the population with food
2. conservation of natural resources
3. upkeep of rural landscapes
4. decentralized settlement of the territory



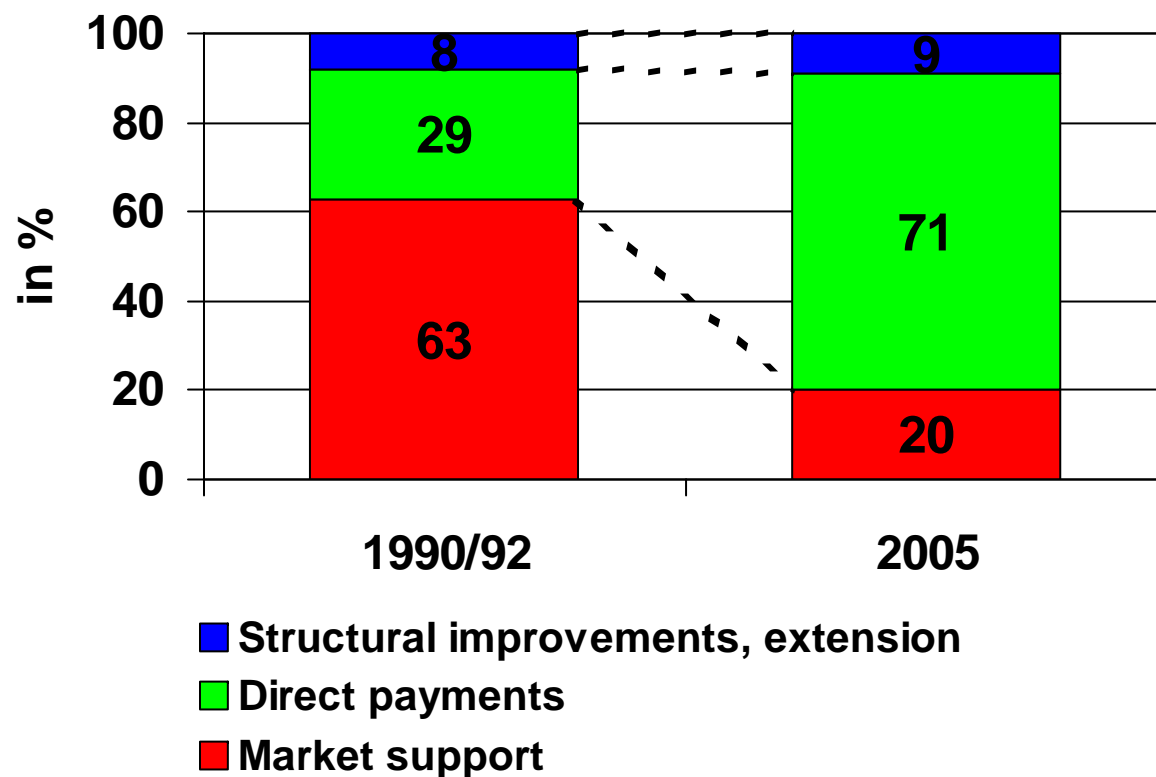
Switzerland is a mountainous country....







Change in the structure of support





Market support

- border protection (within WTO-limits)
- no more guaranteed prices
- no more intervention systems
- all quotas abolished (dairy: phase out between 06-09)



Direct payments

- all payments are contingent on strict cross-compliance conditions:
 - crop rotation
 - nutrients balance
 - ecological compensation areas of 7% etc.
- three types:
 - 1 general direct payments:**
remunerate farmers for their public services



2 additional payments in hills and mountains: compensate (partly) for the difficult production conditions

3 ecological direct payments: for additional ecological services or animal welfare programs (as far as market prices don't compensate extra costs)



Structural improvement measures



- interest-reduced/-free credits or
- grants (only in mountain regions) for
 - farm buildings (not machinery)
 - land improvements
 - water / electricity
 - diversification (e.g. agrotourism)



Research and extension

- efficient production (yield and quality)
- preservation of agro-biodiversity and increasing landscape diversity
- environmentally sound production methods and animal friendly systems

Extension plays a key role in transferring this knowledge...



Economic situation

- ▶ despite increasing competition: overall stable market shares (degree of self-sufficiency at 60%)
- ▶ significant lower incomes than in other sectors
- ▶ however, the best 25% of the farms in the plains and hill regions reach comparable income
- ▶ unequal improvements in competitiveness along the food-chain



Social situation

- ▶ dissatisfaction regarding income (42%) and stability of policy framework (30%)
- ▶ nevertheless satisfaction regarding general standard of living (90%) and job situation (84%)
- ▶ restructuring rate at +/- 2,5% / year => at a socially acceptable level

* representative poll of March 2001



Ecological services

- ▶ organic farms 10% of UAA
- ▶ eligible ecological compensation areas 9% of UAA
- ▶ animals with regular access to open air (RAUS) 57% of LU
- ▶ Animals in especially animal-friendly stables (BTS) 26% of LU





Reduction in environmental loads

- ▶ N-surplus -25% since 1985
- ▶ P-surplus -55% since 1990/92
- ▶ Pesticides (sales of active substance) -33% since 1990
- ▶ Methane emissions per kg milk -26% since 1980

Out of 7 quantified objectives:

- 5 fulfilled
- 1 partly fulfilled
- 1 not fulfilled (nitrogen)





Outlook and conclusions

Swiss agriculture is facing

- trade negotiations (WTO / FTAs) => more competition
- (even more) limited public spending => no compensation
- some regional ecological challenges
- shifts in consumption patterns
- higher production costs



Next step: agricultural policy 2011

- strengthen the competitiveness by further reductions of market support
- introduce cost reducing measures
- strengthen the system of direct payments
- increase support for initiatives in rural areas which aim at increasing value-added
- facilitate structural change and social adaptation
- simplify procedures and controls



Outlook and conclusions

What will remain:

- the principles of sustainability
- the concept of multifunctionality (with public goods, positive and negative externalities)
- **Agricultural trade liberalisation must not compromise the possibility to implement a policy that supports the agricultural sector in fulfilling its multifunctional tasks in a sustainable way.**



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