

Voluntary - Public

Date:

GAIN Report Number: SW9009

Sweden

Post: Stockholm

Increased Focus on Environment and Climate in Sweden's RDP

Report Categories:

Trade Policy Monitoring

Dairy and Products

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Report Highlights:

The Swedish Government has decided to reallocate funds within Sweden's Rural Development Program. The decision means that more funds will be allocated to environmental- and climate measures.

General Information:

On July 10, the Swedish Government announced that it has decided to reallocate funds within Sweden's Rural Development Program. The decision means that more funds will be allocated to environmental- and climate measures.

About SEK 3.7 billion (\$0.5 billion) will be reallocated, of which about SEK 1 billion comes from the increase in modulated amounts decided under the CAP Health Check. Before the CAP Health Check, farmers receiving in excess of €5,000 in direct aid had their payments reduced by 5 percent, and the money transferred to the Rural Development budget. This rate is to be increased by 2% in 2009, then by a further 1% from 2010 – 2012 to reach 10% in 2012. Newly modulated amounts must be used to address climate change mitigation, renewable energy, water management, biodiversity, innovation linked to these four areas and accompanying measures in the dairy sector. For more detailed information on the EU's CAP Health Check, please be referred to the USEU Trade Policy Monitoring report on the subject, E49014.

The Swedish government did already imply right after the CAP Health Check decision that the extra funds from modulated amounts could be used to make Swedish agriculture more climate-smart and reduce the over-fertilization in Swedish waters. In its July press release, the government presents a more detailed description of its adjustment of Sweden's Rural Development Program:

- **Climate and Energy:** About SEK 640 million (\$80 million) will be allocated for project- and investment support for measures that can contribute to increased use of renewable energy, such as increased energy efficiency and better use of by-products from agriculture. Measures eligible for support also include development of new products and techniques for producing renewable energy or reducing GHG emissions. Support funds are targeted at small-scale companies in rural areas.
- **Over-fertilization in Swedish Waters:** Funds for measures to reduce the leakage of plant nutrients from agricultural land will be increased by about SEK 1.4 billion (\$0.2 billion). A number of new measures to reduce phosphor leakage will be imposed.
- **Biodiversity:** About SEK 1.5 billion will be allocated for measures aiming at preserving farmland biodiversity. The protection of pasture land and the maintenance of an open and diverse farmland are targeted areas.
- **Dairy Sector:** Due to the serious economic situation in the dairy sector, SEK 200 million (\$25 million) will be allocated for investments in strengthening the competitiveness of the sector.

Sweden's total Rural Development funds amount to SEK 35 billion (\$4.5 billion) 2007-2013. About 47% of the funds are financed by the EU. Environment is the number one priority for the Swedish Rural Development Program and about 75% of total Rural Development funds are allocated to environmental measures. Sweden's Rural Development (RD) program was approved in May 2007. The full program text can be found at <http://www.sweden.gov.se/sb/d/10158/a/82727>.