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Denmark

Trade Policy Monitoring

Annual

2008

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Report Highlights:

This report should be viewed as an addendum to the Trade Policy Monitoring Report prepared by FAS/USEU office, which provides a perspective for the entire EU. The report focuses on the implementation of the EU CAP Pillar II-Rural Development.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Copenhagen [DA1]
[DA]

Introduction. Agricultural policy in Denmark

As a member of the European Union since 1973, agricultural policy in Denmark is strongly shaped and influenced by the Common Agricultural Policy.

Despite its relatively small size and population, Denmark is an important producer and exporter of agricultural products. Its agricultural production and processing sector is highly developed, technologically advanced and export oriented. Given this orientation and the increasing power of consumer oriented political groups, Denmark has taken a progressive position within the EU on issues such as CAP reform and liberalization of international agricultural trade rules, pushing for a decrease in government support for agriculture, the elimination of export subsidies, and the reduction in trade barriers.

Danish receipts of EU agricultural exports subsidies are drastically decreasing, and the only major recipient commodities are sugar and dairy products with \$40 million and \$ 21 million, respectively.

EU CAP Pillar II – Rural Development. Implementation in Denmark

Financial resources.

The Danish government is committed to support rural development by Euro 832 million during 2007-2013. Half of this amount will be financed by the EU.

Status.

Denmark will operate only one program. The program strategy for 2007-2008 was approved by the Commission in February 2008. Prior to this, the government had financially committed itself to some (pre approved) project.

2007-2008 programs.

For 2007 and 2008 the government financially supports the project by Euro 75 million each year, of which 50 percent is reimbursed by the EU. In addition to this, public funds may finance other projects. This financing will also be matched by EU funding.

EU requires Axis 1 to receive at least 10 percent of the total support, axis 2 minimum 25 percent and axis 3 minimum 10 percent. Actual distribution in Denmark for 2007-2008 is 25 percent for the axis 1 projects, 55 percent for axis 2 projects and 20 percent for axis 3 projects.

Project categories.

The goals for the rural development program will be attained through 16 specific project categories:

Axis 1 Development of the food industry

1. Innovation/development of primary agriculture, e.g. dissemination of knowledge and investments at farm level
2. Innovation/development of the processing sector
3. Food quality –development/participation/marketing

Axis 2 Enforced nature protection and environment

4. Area support to farmers at small islands
5. Change to organic agricultural production
6. Environmental agricultural practices, e.g. grassing
7. Establishment and operation of wetland areas
8. Establishment of set-aside areas in marginal areas
9. Environment and nature protection projects
10. Establishment of landscape and biotope plantings, e.g. shelter belts
11. Plant genetic resources. Demonstration and dissemination of knowledge
12. Afforestation

Axis 3 Jobs and Living conditions

13. New workplaces outside agriculture
14. Attractive living conditions in rural districts including non-agricultural activities
15. Development of competence of local action groups
16. Support to local action groups

2009-2013 programs

Axis 2 projects will increase to 75 percent of total financing with heavy elements of Water Frame Directive (Directive 2000/60/EC of October 200, 2000) projects and organic projects. Climate related projects are also projected to play a major role.