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**FINANCE  
DENMARK**

# Finance Denmark's comments on the European Commission's Roadmap for the forthcoming Farm to Fork Strategy

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Finance Denmark supports the new Commission's focus on the climate and environmental challenges as expressed in the Commission's European Green Deal. The financial sector affects all parts of the economy and as such plays a central role in the transition to an environmentally sustainable society and economy. The members of Finance Denmark are all committed to this transition starting with the recommendations that were presented in the beginning of December 2019 by Finance Denmark's Sustainable Finance Forum on how the financial sector can contribute to this green transition.

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Finance Denmark is thus generally positive towards the Commission's European Green Deal including the Roadmap for the forthcoming Farm to Fork Strategy. The forthcoming strategy involves the national Strategic Plans and how to use the Common Agricultural Policy (CAP) to promote the sustainable transition of the agricultural sector, which we are positive about.

Finance Denmark proposes that the Danish implementation of the strategic plan should ensure that as much as possible of the EU support is placed in Pillar 1. Eco-schemes are mandatory for the country, but voluntary for the farmer. Member States are obliged to reserve part of their direct payments (Pillar 1) to farmers participating in eco-schemes. We expect eco-schemes to motivate farmers and therefore promote sustainable development and transition in the agricultural sector. Hence, we believe that eco-schemes should be used as a tool instead of transfers of additional amounts from Pillar 1 to Pillar 2 - compared to the current situation. It is important that the incentive payment for eco-schemes is sufficient, which emphasizes the need to concentrate efforts on the application and use of eco-schemes instead of downscaling the amounts in Pillar 1.

The new CAP moves focus from compliance rules to results. This leaves a larger part of the decisions about the implementation of the CAP requirements in the Strategic Plans to the individual Member States.

It is positive that the CAP can be used more targeted nationally, e.g. to support the industry in the sustainable transition. At the same time, it is important to en-

sure a level playing field across the Member States despite the different practices. That is, the different practices must not result in a re-nationalization of the CAP. This speaks in favor of expanding Pillar 1 rather than transferring additional amounts from Pillar 1 to Pillar 2 in the new CAP.

Finance Denmark welcomes that supplementary support can be provided to young newly established farmers under the direct payments (Pillar 1) with a view to promoting generation change in the agricultural sector.

If it is decided that the size of the individual payment entitlements should be leveled in Pillar 1, this must be introduced with reasonable transitional stages, as several farmers have adapted to a certain level of support, e.g. by entering into long-term leasing contracts. Since financing and administration of a farm is done with a long time horizon, we also support that farmers affected by leveling out individual payment entitlements are compensated using the full possible framework of coupled payments.

Several measures are being introduced in which farmers must be included in schemes (voluntary or mandatory) that lead to a depreciation of value. It is important that the farmer is fully compensated for the depreciation. For a mortgage creditor who has provided a loan against security in land, a depreciation of the land value can mean that there is no longer adequate security behind the loan to the farmer. In these cases, it is necessary for the farmer to be able to reduce his loans corresponding to the depreciation. This requires that the farmer, upon entry into the scheme, receives a one-time compensation, which fully covers the actual depreciation of value, and the mortgage creditor must be consulted before a such compensation is released.

Finance Denmark is of course available if there are any questions regarding the comments above.

Kind regards



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