



At a glance:

FINLAND'S CAP STRATEGIC PLAN

CAP strategic plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, while ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

CAP plans support a wide range of interventions addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Social and Investment Funds (ESIF).

The Russian aggression against Ukraine and the ongoing commodity price surge highlight the integral link between climate action and food security. In this context, the Commission invited Member States to review their CAP Strategic Plans to exploit all opportunities: to strengthen the EU's agricultural sector resilience; to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and to transform their production capacity in line with more sustainable production methods.

Finland submitted its first proposal for a CAP Strategic Plan on 22 December 2021, after consultation with stakeholders. On 20 July 2022, Finland submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 31 August 2022. This document presents some of the main features of the CAP Strategic Plan of Finland.

1. DID YOU KNOW?



The agricultural sector in Finland is characterised by the use of modern technology, high environmental and animal welfare standards and practices, but also by significant profitability challenges.

Finland is proportionately the most forested country in Europe, with 75% of its land covered by forests.

- ➔ **95% of Finland is categorised as rural areas**, which host around 39.5% of the total population.
- ➔ There are **around 44 500 agricultural holdings in Finland**, with an average farm size of 51 ha.
- ➔ Around **14.4%** of Finland's agricultural land is **dedicated to organic farming**.



2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF FINLAND

The cornerstones of Finland's strategy are food security, farm competitiveness, increased environmental and climate ambition and vibrant rural areas. A wide range of interventions are put in place in order to respond to the economic, environmental and social challenges faced by the agricultural sector and rural areas. The Finnish Plan combines both Mainland Finland and Åland Islands. While direct payments are the same for both, the rural development interventions are specifically designed for each of the two regions.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

Given the cold climate and geographical constraints, the overall profitability of the agricultural sector in Finland is low, reflected in the low income of farmers compared to the other economic sectors. **Increasing farms' profitability, income, productivity, and value added, and encouraging younger generations to take up agricultural activities,** are thus key challenges to address in order to ensure food security and improve farmers' livelihoods in Finland.

To safeguard agricultural income and production levels in Finland's circumstances, the maximum possible share of direct payments, i.e. 19.6% annually, will be used for coupled support. This support is linked to production of specific products paid per hectare or per animal, amounting to EUR 508.5 million of EU funds.

Support for areas affected by natural constraints (ANCs) is a key intervention under the Plan, based on the country's northern location and cold climate. The structure of these payments has been revised compared to the previous programming period, but the support for eligible hectares in the whole country remains significant. In total, EUR 385 million of EU funds and EUR 1.37 billion of national funding has been allocated for this purpose.

Under the sectoral interventions, the Plan foresees support for the fruit and vegetables and apiculture (beekeeping) sectors.

- 57% of direct payments remain in decoupled basic income support (area-based payment for all eligible agricultural land).
- Complementary young farmer income support in the form of area-based payments will be higher than in the previous period (around 2.5%) and will contribute to the promotion of generational renewal and safeguarding future production. The aid is complementary to other support paid to young farmers on the basis of arable land.

2.2 A GREENER CAP

Finland's Plan plays a crucial role in supporting the national goal of **carbon neutrality by 2035** and reducing climate emissions from agriculture by 29% of the 2019 level by 2035. To this end, the Plan is aligned with the EU's environmental and climate ambitions and focuses significantly on the protection of natural resources and biodiversity.



The enhanced standards for Good Agricultural and Environmental Conditions (GAECs) further increase the environmental and climate ambition. **The protection of peatlands in agricultural areas** is strengthened (ban on digging new ditches, ban on extraction and burning of peat, ban on ploughing in newly cleared agricultural land and on permanent grasslands, and obligation to have newly cleared areas under grass).

The Plan also establishes crop rotation in the entire territory of Finland, as well as the requirement for obligatory plant cover during the winter period.



- ➔ *More than 35% of the rural development budget and 16.5% of direct payments are allocated to environment and climate action.*
- ➔ *At least 90% of farms are expected to benefit from the voluntary compensatory payments for higher environmental and climate activities.*



2.3 SOCIALLY SUSTAINABLE CAP

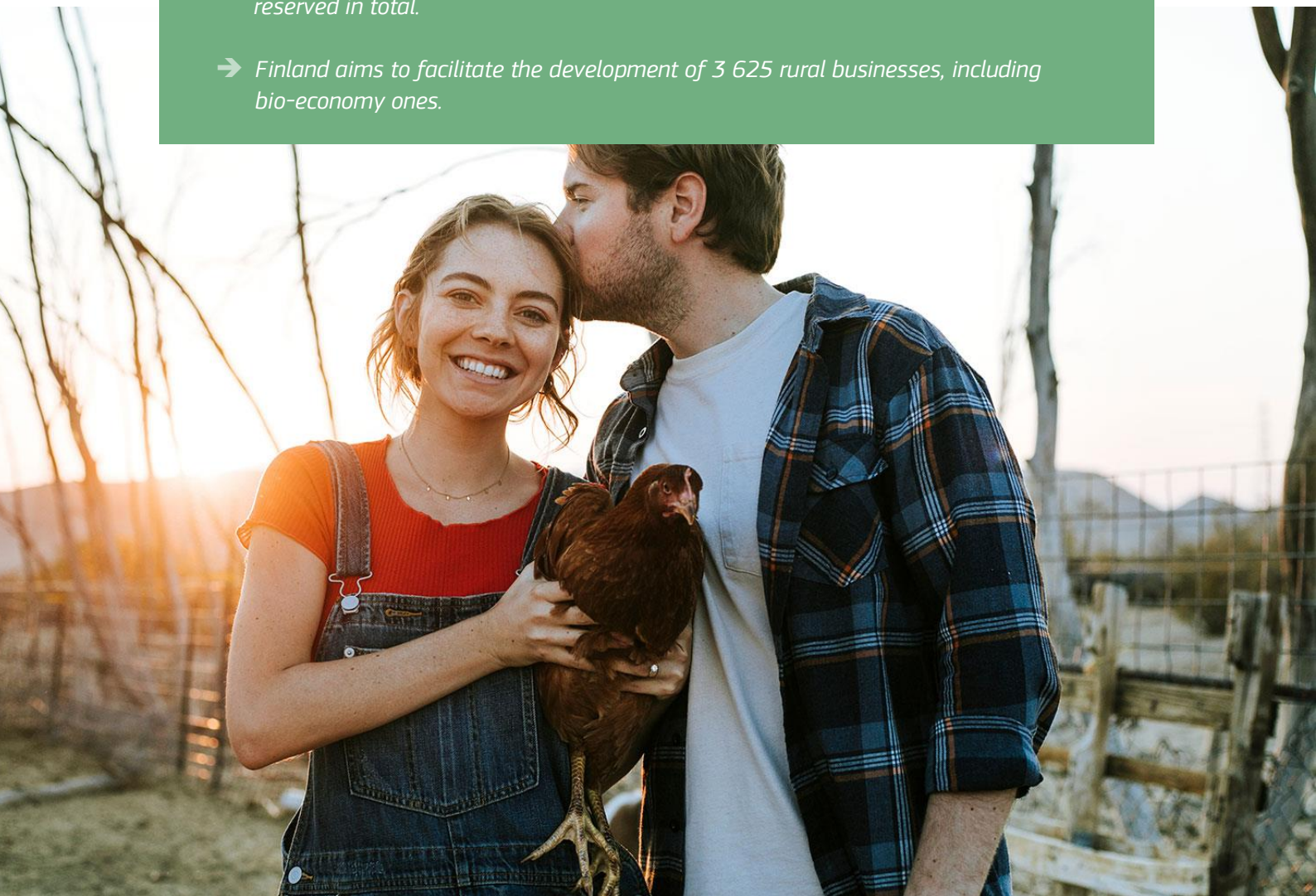
Finnish agriculture is still based mainly on the family-farming type of agriculture. Of the 134 000 persons working on farms in Finland in 2020, 70% were farmers or farmers' relatives. Only around 9 000 farms (approximately 20% of all agricultural holdings) employed salaried staff.

In Finland, 2 800 jobs in rural areas will be supported through the Plan. As Finnish rural areas face different challenges, in addition to the EU-funded initiatives and projects, Finland has some specific national actions targeting its rural areas.

The financial burden of starting agricultural activity and the acquisition of a farm will be supported through the Plan by **start-up support schemes** and through **cooperation measures**. Entrepreneurship in rural areas will be supported through business start-up and business development schemes, as well as cooperation measures (including LEADER, i.e. community-led local development). Furthermore, the Plan will support investments in rural businesses. With the CAP support, Finland's 55 Local Action Groups (LAGs) cover 95% of rural areas with the aim to cover 100% of the rural population under the new Plan.

Finland has also set very ambitious national targets for improving **animal welfare** and **limiting the use of antimicrobials** (prevention/reduction) in livestock: 98% of livestock units supported under the Plan will be affected by these measures.

- *Finland expects to support approximately 2 500 young farmers with start-up aid with a total financial allocation of EUR 113 million. In addition, a young farmer can receive complementary income support, for which EUR 65 million of EU funds has been reserved in total.*
- *Finland aims to facilitate the development of 3 625 rural businesses, including bio-economy ones.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

Finland has a strong and well-functioning network of advisors and operational groups under the European Innovation Partnership (EIP). The Plan continues to support knowledge exchange, aiming to further strengthen the connections between farmers and increase the flow of information. Furthermore, the Finnish Plan supports and promotes innovative solutions, creating added value in agricultural products.

Finland is characterised by large, sparsely populated areas, and the coverage by Next Generation Broadband is poor in rural areas. High-speed broadband is currently available in 64% of the country. However, the target set is **100% by 2025**. The Plan also includes an opportunity for broadband and digital investments, other incentives for monitoring farming activities on farms, tools for calculating nutrients (such as the Farm Sustainability Tool) and the development of digital public services and data production.

Funding for broadband under the CAP will be coordinated to ensure synergies and the avoidance of overlaps with other sources, such as the EU recovery and resilience Facility (RRF) and Finland's national funding of broadband.

→ 50 000 persons will benefit from advice, training, knowledge exchange, or participating in EIP operational groups supported by the CAP related to environmental or climate-related performance.





4. FINANCIAL ANNEX

| | EU budget (€) | National funding (€) | Total (€) |
|-------------------|----------------------|----------------------|----------------------|
| Direct payments | 2 613 118 087 | n/a | 2 613 118 087 |
| Sectoral support | 936 728 | 936 728 | 1 873 456 |
| Rural development | 1 772 751 780 | 2 291 234 814 | 4 063 986 594 |
| Total | 4 386 806 595 | 2 292 171 542 | 6 678 978 137 |

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural development reflect possible transfers between pillars and include technical assistance.

| EU FUNDING RESERVED FOR | In EUR |
|--|---------------|
| Young farmers (generation renewal) | 88 720 000 |
| Environmental and climate objectives under rural development | 1 020 757 966 |
| Eco-schemes under direct payments | 430 000 000 |
| LEADER | 99 459 000 |
| Complementary Redistributive Income Support | 130 900 000 |

The minimum financial allocations for support for young farmers can be reserved under direct payments and/or rural development. Eco-schemes under direct payments may be lower than 25% if the possibility to use the rebate mechanism from rural development is used, in line with Article 97 of Regulation (EU) 2021/2115.

More financial information can be found in section 6 and in Annex V of Finland's CAP Strategic Plan.

