



At a glance:

LUXEMBOURG'S CAP STRATEGIC PLAN

Agriculture
and Rural
Development

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.

The 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.

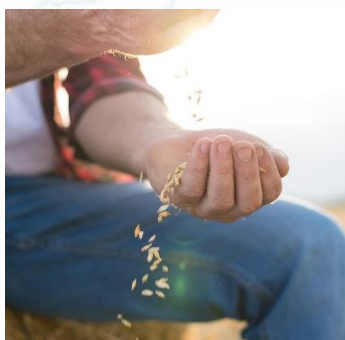
For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural 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 resilience of the EU's agricultural sector; 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.

Luxembourg submitted its first proposal for a CAP Strategic Plan on 21 January 2022, after consultation with stakeholders. On 30 August 2022, Luxembourg submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 13 September 2022. This document presents some of the main features of the CAP Strategic Plan of Luxembourg.

1. DID YOU KNOW?



Even if the **primary sector only represents 0.2% of the country's economy** (total gross value added) and employs 0.8% of the total population, agricultural areas occupy more than half of the country's territory. Agriculture in Luxembourg is focused on a limited number of products (milk, meat, wine and cereals). With an 11.2% increase in the population living in rural areas between 2015 and 2020, the Luxembourgish countryside is attractive due to its small size (which facilitates proximity between economic centres), diverse landscape and good broadband connection.

- ➔ **73% of Luxembourg is covered by rural areas.**
- ➔ As regards land use, **agricultural area represents 53% of the country's surface area**, with **forest area accounting for 36%**.
- ➔ There are **1 970 farms in Luxembourg**, half of which are over 50 ha.
- ➔ **6% of its agricultural area is under organic farming**, with 114 organic farmers in 2020.



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

Luxembourg's strategy aims to ensure sustainable development in the agricultural sector, implementing the CAP's economic, environmental, and social objectives. One of the main priorities is to ensure fairer income for agricultural producers and to strengthen the competitiveness of agricultural and agri-food businesses. Focus is also given to ensure generational renewal in farms, specifically by supporting the establishment of young farmers. Lastly, Luxembourg's Plan also aims to further develop organic farming, reduce the use of pesticides, greenhouse gas (GHG) and ammonia emissions, and to promote carbon sequestration.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

In Luxembourg, agricultural income is approximately one-third of the average wage in the whole economy. To tackle this problem, Luxembourg will **provide direct support to farmers to ensure a viable income and strengthen the resilience and competitiveness of the entire sector, while ensuring sustainable development**. The whole utilised agricultural area of Luxembourg (132 000 ha) is subject to natural and other constraints. For this reason, farmers will receive further support, compensating for the difficulties they face.

The **beef and veal production sectors** will be given special attention, as the farm income in these sectors is even lower than the average farm income. Nevertheless, these farms play an important role in the sustainable use of permanent pastures. A similar system of support will be set up for farms in **the fruit and vegetables sector**, as they are highly dependent on labour costs, and stronger support for investments is also foreseen.

- ➔ *In order to promote a more balanced distribution of support towards medium sized family farms, Luxembourg will introduce a redistributive payment of EUR 30/ha for the first 30 ha of the holding and EUR 70/ha for areas of between 30 and 70 ha.*
- ➔ *Aid for investment will support the modernisation of livestock buildings that will use the best techniques to minimise GHG and ammonia emissions, and that will foresee coupling with biogas production or photovoltaic panels.*

2.2 A GREENER CAP

The Luxembourgish Plan addresses major environmental and climate-related challenges. For example, reducing GHG and ammonia emissions from livestock farming is one of its



priorities. The Plan will also contribute to **increasing the**

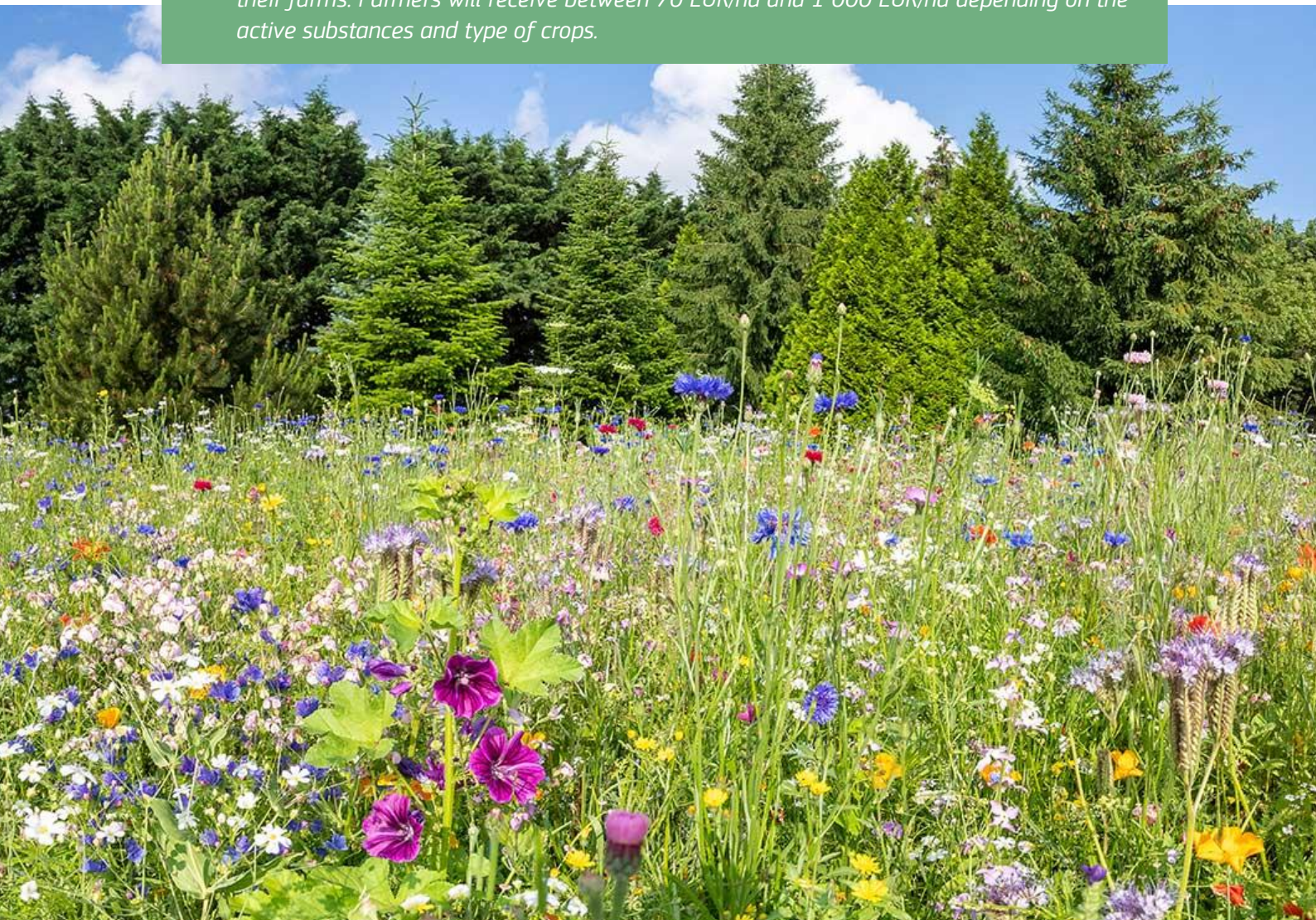
area under organic farming to 20% by 2025 and to reducing the use of pesticides by 50% by 2030.



Almost all farms will need to comply with good agricultural and environmental conditions, such as maintaining a share of permanent grassland or maintaining pieces of farmland that have a certain ecological importance. In addition, funding is reserved to reward farmers who commit to **more ambitious environmental and climate-friendly practices**, such as farming without using any pesticides and establishing non-productive surfaces and buffer strips.



- ➔ *Farmers willing to grow their livestock in a less intensive system will be financially supported, as the reduction of livestock density in farms will contribute to a green transition that also takes animal welfare into account. Farmers will need to reduce their livestock density by at least 15% within the first three years.*
- ➔ *Luxembourg will give grants to farmers who want to abandon the use of pesticides in their farms. Farmers will receive between 70 EUR/ha and 1 000 EUR/ha depending on the active substances and type of crops.*



2.3 SOCIALLY SUSTAINABLE CAP

Even though Luxembourg is one of few European countries where rural population is growing, difficulties in accessing agricultural land for new farmers and the continued decrease in the number of farms represent important demographic challenges for rural areas. The Luxembourgish Plan aims **to support generational renewal** in the agricultural sector with financial aid for 150 young farmers.

The Plan also supports investment to further improve **animal welfare**. For example, new livestock buildings will receive investment support only if they respect organic farming rules. Farmers will also be encouraged to increase the time that their animals spend on pastures. Focus is also given to **antimicrobial use**. Promotion of organic farming will help Luxembourg to **decrease the use of antimicrobials** by 50% by 2030, in line with the Farm to Fork strategy and with an ambitious national plan.

Luxembourg will use a mix of the LEADER initiative and a national plan of village development to tackle the challenges faced by rural areas, such as improving social inclusion and intergenerationality, accessibility to basic services, creating jobs and developing businesses.

Finally, starting from 2023, Luxembourg will ensure that payments will be granted exclusively to farms that respect certain provisions of European labour laws.

- ➔ *Young farmers will receive financial aid of EUR 80 000 to start their agricultural enterprise. Such aid can be increased up to EUR 100 000 if the young farmer has pursued a professional farming practice of at least six months abroad.*
- ➔ *With a bottom-up approach known as LEADER, public, private and civil-society stakeholders will come together in five Local Action Groups. 72% of the rural population will benefit from the innovative projects of these groups in rural areas.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

Due to its small size and reduced number of farmers, Luxembourg has an Agricultural Knowledge and Innovation System with few actors that are well connected to each other. This system is coordinated by the Ministry of Agriculture and gathers researchers, teachers, advisers and farmers. While national funding is expected to address the needs of knowledge sharing and innovation in the country, Luxembourg will keep playing an active role in exchanges at European level through their participation in the EU CAP Network. In addition, stakeholders and end-users may be involved in Horizon Europe multi-actor projects.

Broadband internet access in rural areas is excellent (92% coverage) and many initiatives are underway to further develop digitalisation in the agricultural sector. **Luxembourg supports the digital transition on farms and in the agri-food sector**, while developing a technological and institutional infrastructure to produce and exchange data.

- ➔ *Support for agricultural investments can be used for digitalisation, other technical innovation and monitoring tools supporting environment and climate protection or animal welfare, and aiming to improve farm productivity and competitiveness.*
- ➔ *For apiculture, Luxembourg will finance knowledge and expertise/know-how transfer to improve the competitiveness of farmers and deal with bees' diseases and pests.*





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	163 739 135	n/a	163 739 135
Sectoral support	142 605	250 888	393 493
Rural development	60 869 220	240 301 880	301 171 100
Total	224 750 960	240 552 768	465 303 728

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)	5 263 000
Environmental and climate objectives under rural development	45 531 820
Eco-schemes under direct payments	40 948 194
LEADER	3 175 000
Complementary Redistributive Income Support	19 481 150

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 Luxembourg's CAP Strategic Plan.

