The common agricultural policy (CAP) is Europe’s answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing direct payments aimed at stabilising farm revenues, and finances projects responding to country-specific needs through national (or regional) rural development programmes, which also cover the wider rural economy and life in rural areas. The CAP also provides a range of market measures, including tools to address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.

- covers an area of **438 576 km²**
- has a total population of **9.6 million**, of which 1.5 million (or **15.9 %**) live in predominantly rural regions
- has an agricultural sector dominated by **climate conditions** and a small amount of farmland (located mainly in the south), while forests cover 68 % of total area
- has a farm structure dominated by **milk production**
- has a decreasing number of commercial farms at the same time as the size of farms is growing
- figures amongst the **top five EU countries** with the **highest proportion of organically farmed land**, providing a growing number of jobs in organic farming
In the period from 2014 to 2020, some €6.6 billion\(^1\) is expected to be invested in Sweden’s farming sector and rural areas through the CAP. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality. However, Sweden has the flexibility to adapt both direct payments and its rural development programme to its own specific needs.

**Fairer and greener direct payments**

Sweden’s direct payment allocation for 2014-2020 amounts to €4.9 billion.

Farmers in Sweden, as they are across the EU, are subject to so-called ‘greening’ rules, designed to ensure that they farm in a sustainable way and help contribute to EU efforts to tackle climate change, biodiversity loss and soil quality. Under this system, 30 % of the direct payment allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5 % of arable land to environmentally friendly measures (so-called ‘ecological focus areas’).

Sweden uses the standard basic payment scheme for allocating direct payments but has decided to converge towards a flat rate payment per hectare by 2020. The Swedish authorities have also decided to earmark 13 % of their direct payments allocation for voluntary coupled support – i.e. linking payments not only to hectares but to specific products or processes – in this case the beef and veal sector.

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\(^1\) Total allocation of direct payments and rural development for the period 2014-2020 (in current prices).
Supporting key priorities for Sweden's rural development

For 2014-2020, a total contribution of around €1.8 billion from the EU, plus additional national public and private funding, has been allocated for measures benefiting Sweden's rural areas.

The 2014-2020 rural development programme for Sweden focuses on the following priorities:

- restoring, preserving and enhancing ecosystems related to agriculture and forestry
- innovation and training in rural areas
- investing in modern rural areas

The main investments are in agri-environment-climate measures, support to areas facing natural constraints, in broadband to rural areas and in investments in physical assets.

Example of a rural development project supported by the CAP

Community-led village networks

The ‘Fibre to the Village’ project in Sweden encouraged communities to set up their own village internet networks, making it financially viable for internet service providers to connect to them. Local residents and businesses were thus able to benefit from the advantages of high-speed broadband connections, which in turn helped encourage the creation of new businesses within Sweden’s rural economy.

More information (p. 5).

Total costs: €53 810 (EU contribution: €42 250)

More project samples: European Network for Rural Development and EU results
Between 2007 and 2013, the CAP invested more than €6.8 billion\(^2\) in Sweden's farming sector and rural areas with to stabilise farmers' income, modernise and increase the sustainability of Swedish farms and secure the supply of safe, affordable and quality food for its citizens.

**Swedish farmers benefit from the CAP**

In recent years, direct payments have been a key safety net for Swedish farmers. For example, in 2014 some 63,140 farm businesses received more than €679 million in direct payments, 24,000 of them below €5,000. Meanwhile, in 2015, the EU spent more than €13.8 million on market measures in Sweden, targeting mainly the milk and milk products sector.

**Fostering growth and jobs in Sweden's rural areas**

In the period from 2007 to 2013, more than €2 billion of public funds was invested via rural development programmes in a range of different activities supporting agricultural production and benefitting Sweden's rural areas by preserving their diversity and enhancing their economic strength, cultural richness and social cohesion. In concrete terms, rural development funds helped:

- finance **531,300 days of training and skills development** for farmers and forest managers, helping around 491,000 people improve their work skills
- create **2,600 jobs** through the **2,110** different projects
- encourage **1,500 young farmers** to enter the profession through start-up aid
- develop **new technologies** by targeting 87% of farm investments on this priority, creating 9,600 new jobs and giving broadband access to 96,000 households and 13,600 businesses
- encourage 50,000 - 60,000 farmers to farm in a **more environmentally friendly** way by offering **additional aid**.

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\(^2\) Total expenditure for direct payments, market measures and rural development (payments for the period 2007-2013 in current prices).
Adding value with quality schemes

Through the quality policy of the CAP, the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1,300 protected food names which are classified as a Protected Designation of Origin (PDO), a Protected Geographical Indication (PGI) or a Traditional Speciality Guaranteed (TSG). The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.

Sweden has eight food products registered, including three PDOs (Upplandskubb, Kalix Ljörom and Hännlamb), three PGIs (Bruna bönor från Öland, Skånsk spettkaka and Svecia) and two TSGs (Hushållsost and Falukorv).

Responding to market difficulties

Following the prolongation of the Russian ban on the EU agricultural imports and difficult conditions in certain markets, in October 2015 the European Commission agreed a support package worth €500 million to help those farmers most affected by the difficulties, including €420 million in national allocations to support the dairy and livestock sectors in particular, with flexibility for member states to decide how to target this support. Sweden opted to use all of its €8.2 million allocation for the milk sector.

In July 2016, the European Commission agreed a further solidarity package worth €500 million including aid worth €350 million aimed at the dairy sector in particular. Of this, more than €6.8 million was earmarked for Sweden.

What do the Swedes think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, developing research and innovation in agriculture is important for 89% of Swedes (compared to 84% in EU28). "Ensuring that agricultural products are of good quality, healthy and safe" (68% in Sweden compared to 56% of EU28), "protecting the environment and tackling climate change" (66% compared to 44% in EU28) and "ensuring a sustainable way to produce food" (63% compared to 43% in EU28) should be main priorities of the EU’s common agricultural policy.

Source: Eurobarometer survey 440 "Europeans, Agriculture and the CAP"
Swedish agriculture is characterised by:

- **predominantly large holdings**: the average size of Swedish farms is 45.2 ha compared to 16.1 ha in EU28.

- **a large group of middle-aged farmers**: only 4.4% of farmers are under 35 (6% in EU28) and only 30% are over 64 (31.1% in EU28).

- **a relatively low contribution to the country’s economy and employment**: the primary sector (agriculture, forestry and fishing) accounts for 1.3% of the country’s economy (total GVA,) compared to 1.5% in EU28, and agriculture just 1.9% of its employment (4.3% in EU28).

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**A very diversified production**

- Cereals, 18.5%
- Industrial crops, 4.0%
- Forage plants, 17.3%
- Vegetables and horticultural products, 8.7%
- Potatoes, 4.0%
- Fruits, 1.6%
- Cattle, 8.4%
- Pig meat, 6.8%
- Sheep and goats, 0.4%
- Poultry, 2.8%
- Eggs, 3.5%
- Milk, 20.6%

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**Sweden exports non-edible products mainly to non-EU countries 2016 data**

- Commodity: 25%
- Other primary products: 9%
- Processed products: 8%
- Food preparations: 9%
- Beverages: 62%
- Non-edible products: 41%

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Output components (2014-2016 average); values at constant producer prices.

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**Farmer’s income continues to be more volatile than wages and salaries in other sectors**

- Agricultural income
- Wages and salary index - Industry
- Wages and salary index - Construction
- Wages and salary index - Services

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Data sources: Eurostat, Comext.