



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels, 31 March 2022

Subject: Observations on the proposal by Denmark for a CAP Strategic Plan 2023-2027 - CCI: 2023DK06AFSP001

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Denmark, submitted via SFC2021 on 22 December 2021.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Denmark to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Denmark responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU) 2021/2115

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ANNEX

Observations on the CAP Strategic Plan submitted by Denmark

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should 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.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production¹ and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Denmark is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

Key issues

Observations with regard to the strategic focus of the CAP Strategic Plan

1. The Commission welcomes the submission of the CAP Strategic Plan of Denmark (hereafter: the Plan) and takes note of the participation of stakeholders

¹ Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

in the process as well as consideration given to the Commission Recommendations of 18 December 2020 ((SWD)/371 final).

2. The Commission acknowledges the completeness of the Plan. However, the Commission considers that certain elements of the Plan require a stronger focus, as well as requests additional clarifications as to its strategic approach and level of ambition.
3. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Denmark to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security

4. The Commission considers that the Plan has the potential to contribute to the general objective of fostering a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security, while certain elements need to be further developed and improved.
5. The Commission recognises the importance given to basic income support in the Plan as well as to interventions supporting competitiveness and economic sustainability. However, the Commission has doubts as to the expected effectiveness of the proposed approach with regard to farm income distribution and risk management. The Commission would welcome further efforts to address the import dependency in some sectors, such as protein crops.
6. As regards coupled income support (hereafter: CIS), certain elements of the justification for the CIS interventions need to be reviewed and strengthened, in particular as regards the selected sectors and their economic difficulties and needs.
7. The reasoning for not including redistributive payments and complementary redistribution income support for sustainability (hereafter: CRISS) needs to be substantiated by a quantitative analysis showing the combined effects of all proposed income support tools on redistribution. This will allow the Commission to assess whether the aim of fairer distribution and better targeting of direct payments is addressed in a sufficient manner within the Plan, including as regards the request for the 10% redistributive payment derogation.
8. Denmark is invited to re-consider and design risk management instruments as well as interventions to develop the economic potential in local marketing of quality products and products falling outside the remit of the cooperatives and Producer Organisations.
9. In light of the Russian war on Ukraine, the Commission urges Denmark to consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement

10. The Plan seems to have the potential to deliver an increased ambition and higher contribution to this objective in comparison to the current situation, thanks to the mix of enhanced requirements for some Good Agricultural and Environmental Conditions (hereafter: GAECs), eco-schemes and targets for European Agricultural Fund for Rural Development (hereafter: EAFRD) interventions. However, due to the intensity of its agricultural production, Denmark is requested to address several key issues, which are not sufficiently covered in the Plan.
11. Denmark is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
12. The Commission requests Denmark to clarify or amend certain proposed standards for GAECs so they fully comply with the regulatory framework as specified below in the detailed observations.
13. The Plan does not sufficiently address the emissions resulting from livestock production. There are no wide-scope interventions foreseen to mitigate emissions from enteric fermentation, manure or feed management. This major flaw in the intervention logic needs to be resolved.
14. Further to adjustments requested by this letter, Denmark is invited to ensure the contribution and consistency of the Plan with the national objectives and targets stemming from the legislation set in Annex XIII of Regulation (EU) 2021/2115 (Strategic Plan Regulation – SPR).
15. In this context, Denmark is strongly encouraged to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF Regulation)) (revisions which are currently under consideration by the EU co-legislators) in view of the legal requirement to review the plan after their implementation.
16. The Commission considers that Denmark should increase the level of ambition as regards presence of landscape features and consider introducing further interventions addressing landscape fragmentation.
17. Denmark should develop a stronger intervention logic to mitigate and adapt to the threat, to the highly specialised agriculture as a result of climate change.
18. The Commission welcomes the ambition set out in the national political agreement on green transition of agriculture towards 2030 with a reduction target for the agricultural and forestry sector's greenhouse gas emissions of 55-65 % compared to 1990 emissions. Denmark should clarify the contribution of the Plan to the national climate targets.

19. The Commission is disappointed that the Plan does not propose support for renewable energy production and urges Denmark to fully use the possibilities of the CAP to increase sustainable domestic generation and use of renewable energy, including biogas, in line with the National Energy and Climate Plan. Moreover, the Commission calls on Denmark to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.
20. Afforestation and improved forest management are climate-relevant needs which have not been sufficiently reflected in the intervention logic. Denmark is invited to design appropriate measures to enhance the resilience of forests.
21. Denmark is requested to take better account of the Prioritised Action Framework (hereafter: PAF) and further align the proposed interventions with it.

Observations with regard to the strengthening of the socio-economic fabric of rural areas

22. The Commission considers that the Plan is not sufficiently ambitious in its contribution to the general objective of strengthening the socio-economic fabric of rural areas.
23. Denmark is encouraged to increase its ambition and activities as regards generational renewal. The expected output of the intervention designed, seems low given the future need. Denmark is invited to consider redesigning the intervention (including by adding corresponding resources) as well as to consider using Complementary Income Support for Young Farmers (hereafter: CISYF) to speed up generational renewal.
24. Denmark is invited to provide a complete analysis on needs of rural areas and the design of interventions to address them, including the issues of social inclusion and the provision of services.
25. Regarding animal welfare, Denmark is invited to address the tail docking practices on pigs and to encourage the keeping of animals in non-confined housing systems for calves and sows.
26. Denmark needs to provide complete data and targets for indicators relevant to animal welfare and the reduction of the use of pesticides.

Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

27. The transition towards a more resilient and sustainable agriculture relies on an increased use of advice and knowledge exchange to help farmers innovate and address key challenges. On these grounds, the Commission invites Denmark to consider the use of CAP interventions in order to make advisory services available to all farmers.
28. Denmark is invited to reinforce knowledge on sustainable production methods in the food supply chain as linked with the European Innovation Partnership based on the needs identified.

29. The Commission invites Denmark to improve its digitalisation strategy for agriculture and rural areas based on a comprehensive analysis and assessment of needs. The strategy should elaborate as appropriate, on envisaged synergies with other relevant policy instruments.

Other issues

30. The Commission invites Denmark to provide detailed explanations as regards coordination with ESIF (European Structural and Investment funds) programmes investing in rural areas, including the Recovery and Resilience Plan (hereafter: RRP) as well as information on possible synergies with the Digital Europe and Horizon Europe Programmes.

Information with regard to the contribution to and consistency with Green Deal targets

31. The Commission regrets that Denmark did not make use of the possibility to provide information regarding national values for the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy, except the organic target. The Commission requests Denmark to quantify the national contribution to all Green Deal targets.
- Anti-microbial resistance (hereafter: AMR): The Commission notes that the use of anti-microbial substances is low in Denmark. Given the importance of animal and public health and for Danish agriculture to maintain its strong position with consumers, the Commission encourages Denmark to sustain the decreasing trend.
 - Pesticides: The Commission notes that Denmark has included several relevant interventions to reduce the use of pesticides. It recommends Denmark to provide evidence about the expected results of the planned efforts and, if necessary to design further interventions aimed at reducing the use of pesticides and in particular for the most harmful substances.
 - Nutrient losses: The Commission welcomes Denmark's ambition cutting nutrient losses. However, it strongly recommends Denmark to consider further CAP support in this area.
 - Organic farming: The Commission welcomes Denmark's indirectly stated national value of doubling, from 2019 to 2030, (to 22.6%) the coverage of organic farming as well as the supporting intervention. The Commission has noted the result indicator value of 15.36% set for 2027.
 - High-diversity landscape features: The Commission notes Denmark's designed interventions. It is necessary that Denmark raises its efforts in line with the observations and considers setting an ambitious target value for 2030.
 - Rural broadband: The Commission notes that broadband coverage in rural areas in Denmark is relatively high. Due to the importance of access to high-speed connections for the attractiveness of rural areas and for modern farming, Denmark is invited to confirm a national value of 100% for rural broadband coverage in 2025. As Denmark does not envisage related support

through the CAP, the Commission invites Denmark to explain how other instruments will achieve the value.

Detailed observations

1. STRATEGIC ASSESSMENT

1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

1.1.1. Strategic assessment of Specific Objective 1

32. The Commission welcomes the analysis provided by Denmark. Danish agriculture is economically sustainable but has a high dependency on external financing and low resilience in case of higher interest rates/credit crunch and lower prices on commodities sold on global markets. The SWOT summary lacks detail when describing weaknesses and threats per sector.
33. Denmark does not envisage interventions for risk management despite operational risks, which are described as a threat. The access to risk management tools outside the CAP via either cooperatives or financial institutions is welcomed but operational risks still seem to be a threat. Denmark is invited to reconsider and design relevant interventions in the Plan.
34. The ambition on redistribution remains low. A specific needs assessment in relation to fairer, more effective and efficient targeting of direct payments is missing in the Plan (Article 108(c) of the SPR). Denmark is invited to analyse the distribution of income and direct payments preferably by different segments: regions or types of territories, physical size, economic size, sector and age group. The analysis should identify which categories of farms would be benefitting from redistribution. The Commission re-iterates that CRISS is of compulsory nature and an analysis by physical size is necessary to assess if a derogation from the 10% set out is justified.
35. The Result Indicators relating (hereafter: R or RI) to Specific Objective (hereafter: SO) 1 should be reviewed. R.8 (Targeting farms in specific sectors: Share of farmers benefitting from coupled income support for improving competitiveness, sustainability or quality), R.10 (Better supply chain organisation: Share of farms participating in producer groups, producer organisations, local markets, short supply chain circuits and quality schemes supported by the CAP) and R.11 (Better supply chain organisation: Share of farms participating in producer groups, producer organisations, local markets, short supply chain circuits and quality schemes supported by the CAP) would not typically be expected to be linked to SO1 and Denmark is asked to clarify their selection under this SO (Annex I of the SPR).

1.1.2. Strategic assessment of Specific Objective 2

36. The SWOT and strategic assessment confirm that Danish agriculture is competitive and has a strong position on the global markets. Threats identified are a slow generational renewal and a shortage of skilled labour to be able to fully exploit new technology to remain competitive. The general availability of

advisory services accessible for farmers seems to be good and those are providing added value.

37. Since the uptake of new technologies is identified as a key issue for the agricultural sector, Denmark should reconsider and further design interventions falling under the CAP to maintain the attractiveness of the sector and better support the ongoing modernisation
38. Regarding specific interventions to enhance competitiveness in certain sectors, only interventions (support to Producer Organisations (POs)) targeting the Fruit and Vegetables (F&V) sector are foreseen.
39. The RIs relating to SO₂ should be reviewed. R.10 and R.11 would not typically be expected to be linked to SO₂ and Denmark is asked to clarify their selection under this SO.
40. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Denmark is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).

1.1.3. Strategic assessment of Specific Objective 3

41. The Commission notes that no specific interventions to support short supply chains and local marketing have been planned. Denmark is invited to explain and/or reconsider how to cover a broader range of sectors to support a continued development of short supply chains and further strengthen the role of the farmers in the supply chains.
42. The linkages and selection of RIs relating to SO₃ should be reviewed. For R.10 the target value is missing, and for R.11 it would seem that values are presented by calendar year instead of financial year.

1.1.4. Specific strategic focus

43. While acknowledging the information provided, the Commission would like to re-iterate that the CIS aims to improve the economic sustainability in a sector and ameliorate its structural weaknesses. It needs to be justified on this basis. Denmark is requested to provide further explanations in order to justify its approach in the Plan.
44. The Commission considers that there is not enough evidence that the Plan addresses sufficiently the need of redistribution of income support by other instruments and interventions financed by the EAGF in order to justify the 10% CRISS derogation (Article 29 of the SPR).
45. Farms below the average size are expected to receive direct payments 6% (R.6) higher than larger farms. The data provided explaining the economic impact of the distribution of CIS, the uptake of Eco-Schemes and the abolition of the payment entitlements on farms of different size is insufficient.

46. Denmark is requested to provide a quantitative analysis showing the combined effects of all relevant income support tools on Direct Payment per hectare and income per work unit by physical size (e.g. using Farm Accountancy Data Network (FADN)), in particular for the small farms.
47. Sector-related interventions should be assessed not only in a pure ‘technical’ sense but also in a broader, ‘strategic’ sense. The fruit and vegetables section only analyses the lack of organisation of producers, for protein crops and for animal products, the overview of the interventions is incomplete. The CIS intervention for starch potatoes does not seem to encourage better organisation. Regarding cows and the slaughter premium, the general description needs to be complete with targeted assessments of the consistency and synergies and potential overcompensation analysed.
48. Denmark is invited to provide complete information on the sector-related interventions and explain how the combination of interventions contribute to a sustainable development of the sectors and thus fulfil the needs identified.
49. The SWOT analysis recognises the commercial and well-consolidated nature of Danish agriculture, with a high dependency of international markets as well as the specific roles of cooperatives. The access to credits seems to be relatively good.
50. With an ongoing farm consolidation, volatile markets, and dependency of weather conditions, a continued attention to risk management needs to be drawn. Denmark is invited to consider introducing risk management tools funded by the EAFRD to ensure sufficient availability of tools for all farmers to manage operational risk.

1.2. To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement

1.2.1. Strategic assessment of Specific Objective 4

51. While the summary of the SWOT is brief, it identifies key elements. This includes the greenhouse gas (hereafter: GHG) emissions linked to the specialisation in the intensive livestock sector as a weakness and manure management and feeding practises amongst the opportunities.
52. While the Plan includes a range of elements to address the needs related to climate change mitigation (the effort in relation to peatland being noted), these are focused on what can be obtained through area-related interventions. Denmark is invited to provide an estimate of the mitigation potential under the concerned interventions.
53. The weaknesses/opportunities related to the livestock emission at the source are insufficiently reflected in the needs, and consequently in the intervention strategy. The Commission invites Denmark to consider how to reduce GHG emissions, in particular from enteric fermentation and manure (addressing methane emissions). Further, a link should be established to the needs identified and the intervention strategy to build on the opportunities with regard to manure management and feeding practises.

54. The Commission notes the target of a reduction of the GHG emissions for the agricultural sector of 55-65% by 2030 compared to the 1990 level. Given that two of the main sources of GHG emissions are linked to livestock (enteric fermentation and manure management), Denmark is requested to clarify and explain how this GHG reduction target will be reached and which contribution from the Plan is expected based on the proposed intervention strategy.
55. Denmark is invited to explain whether introducing CIS in the livestock sector to maintain its competitiveness and production volumes would be coherent with GHG reduction targets, given that emissions from livestock are the largest source of emissions in Danish agriculture.
56. The Commission notes the proposed interventions for productive investments for environmental technologies and bio-refining, and further notes that the investments seem to reach only a limited number of livestock and bio-refining projects. Denmark is invited to explain how the proposed interventions will make an effective contribution to the reduction of GHG emissions.
57. Adaptation measures are not explained in detail, despite the threat due to climate change identified in the SWOT. Denmark is invited to provide a systematic explanation of efforts planned to adapt the agricultural sector to changing conditions including how to meet the targets set in the national climate adaptation plan.
58. Risk management tools may address the growing risks that the changing climate represents in agriculture. Denmark is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.
59. The SWOT and needs assessment do not fully address the upward trend in emissions from land use, land-use change and forestry. The analysis provided focuses on agriculture but needs to include the forestry sector as well. The Commission regrets that the use of renewable energy is not identified in the needs assessment.
60. The SWOT analysis identify that forest cover is relatively low and there is an identified need to increase the afforested area. Improvements in afforestation or forest management practises are not analysed despite the SWOT identifying the weakness of relatively low forest cover. The vulnerability of Danish forests to changing climate conditions is also an identified problem that is not addressed in the Plan through clear adaptation measures.
61. The Commission notes the limited funding available for afforestation purposes, that may be complemented e.g. through the national Climate Forest Fund. Denmark is invited to explain how the proposed interventions for afforestation will result in an effective contribution to the achievement of carbon neutrality in 2050.
62. The RIs relating to SO4 should be reviewed. R.4 (Linking income support to standards and good practices: Share of utilised agricultural area (UAA) covered by income support and subject to conditionality), R.6 (Redistribution to smaller farms: Percentage of additional direct payments per hectare for eligible farms below average farm size (compared to average)), R.10 and R.11 would not

typically be expected to be linked to SO4, and Denmark is asked to clarify the selection under this SO. Denmark is invited to set a target for R.13 (Reducing emissions in the livestock sector: Share of livestock units (LU) under supported commitments to reduce emissions of greenhouse gases and/or ammonia, including manure management).

1.2.2. Strategic assessment of Specific Objective 5

63. While the summary of the SWOT for SO5 recognises the increase in non-productive areas and reduced leakage of nitrogen and phosphorus as strengths, the surplus and risk of leakage of nutrients remain issues to be addressed.
64. The Commission notes an increase of the target value of relevant RIs and interventions aiming at the reduction of nutrient losses and the reduction of fertiliser use. The Commission reminds of the severe eutrophication problems and the potential of further interventions in the Plan to contribute to closing the gap to achieve good status for all water bodies by 2027 the latest, as required by the Water Framework Directive ((Directive 2000/60/EC, on establishing a framework for Community action in the field of water policy), hereafter: WFD). The Commission invites Denmark to explore ways to enhance the level of ambition, and to increase the values of target indicators. The Commission encourages Denmark to provide more details on water related measures, as well as a quantitative assessment of expected results.
65. Denmark is invited to better incorporate the identified need related to the impact of intensive livestock production and to include and/or describe the specific intervention to achieve this objective. It appears relevant to set a target for R.25 (Environmental performance in the livestock sector: Share of livestock units (LU) under supported commitments to improve environmental sustainability) to assess the potential impact of the Plan.
66. An additional element related to the needs identified is the implementation of the Farm Sustainability tool for nutrients (hereafter: FAST) as part of the Farm Advisory Services (hereafter: FAS). The plan should include the means envisaged to implement this tool before 2024.
67. The R.20 (Improving air quality: Share of utilised agricultural area (UAA) under supported commitments to reduce ammonia emission) is not included as a priority and air pollution reduction is missing among the identified needs. Against the high level of air pollution, this is a missed opportunity for Denmark to meet its ammonia emission reduction commitments under the National Emissions Ceiling Directive (Directive 2016/2284 on the reduction of national emissions of certain atmospheric pollutants, hereafter: NECD).
68. The Commission sees a risk that Denmark will not meet the commitments of reduction of ammonia emissions after 2020 and 2030 by 12% and between 10- and 30% respectively compared to 2005. Denmark is invited to consider interventions to support farmers to reduce ammonia emissions originating from the animal rearing sector especially pigs, the application of slurry and other non-defined agricultural sources (50%).

69. The Commission invites Denmark to explain the links to the Best Available Techniques (BAT), notably in the context of reducing emissions of pollutants from installations (e.g. ammonia).
70. The Commission welcomes the objective of doubling the agricultural land under organic farming in Denmark by 2030. However, Denmark is invited to provide clarifications on the target value for R.29 (Development of organic agriculture: Share of utilised agricultural area (UAA) supported by the CAP for organic farming, with a split between maintenance and conversion) since that does not appear to be coherent with a doubling of the area under organic farming.
71. Erosion is identified as a weakness in the SWOT. Denmark is invited to clarify if the identified need is sufficiently addressed throughout the intervention strategy, and in particular if, the implementation of GAEC 5 has been considered to reflect the need.
72. The SWOT and needs analysis partially address hydromorphological pressures that affect a significant number of water bodies in Denmark. The Commission positively notes the fact that non-productive investment interventions – nitrogen and phosphorous wetlands and lowland projects – require projects to restore, as far as possible, the natural hydrological conditions within the project area, as well as the eco-scheme on physical watercourse efforts on agricultural land. Denmark is invited to design additional interventions to address hydromorphological pressures in view of achieving the objectives of the WFD and of the biodiversity strategy for 2030.
73. The Commission notes that the SWOT does not reflect the situation for groundwater and surface waters as reported in the data transmitted in the context of the Nitrates Directive (Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources; hereafter: ND).
74. The RIs relating to SO5 should be reviewed. R.4, R.6, R.10, R.11 and R.14 (Carbon storage in soils and biomass: Share of utilised agricultural area (UAA) under supported commitments to reduce emissions or to maintain or enhance carbon storage (including permanent grassland, permanent crops with permanent green cover, agricultural land in wetland and peatland) would not typically be expected to be linked to SO5 and Denmark is asked to clarify the selection indicators under this SO.

1.2.3. Strategic assessment of Specific Objective 6

75. The Commission notes that Denmark has set a target of 1.9 % (R.34 (Preserving landscape features: Share of utilised agricultural area (UAA) under supported commitments for managing landscape features, including hedgerows and trees)) of the utilised agricultural area (hereafter: UAA) under commitments for landscape features through one specific eco-scheme. Considering the landscape fragmentation, the lack of landscape features in intensively managed areas and the negative effects on biodiversity, the target value seems rather low. Denmark is invited to consider reinforcing the requirements and multi-annual commitments for interventions related to biodiversity.

76. Denmark is invited to provide in the Plan information on the most important habitats of Community interest concerned by agriculture (peatlands, wetlands, grasslands) and forestry activities to be managed and protected in the Natura 2000 network. This should be clearly explained with possible quantification (percentage of UAA concerned). The link with the PAF for Natura 2000 should be clarified.
77. A description of the situation of agricultural genetic resources mentioning the endangered plant and animal species should be included, or it should be explained if there are no needs in Denmark for genetic resources and/or whether funds (EU or national) outside the CAP are dedicated to support genetic resources.
78. Denmark does not present the national plans emanating from the legislative instruments referred to in Annex XIII of the SPR that have been taken into account in the Plan.
79. There is one intervention focused on improving biodiversity within Natura 2000 forest areas. However, only 1.09% forest area (6,715 ha) is estimated to be under sustainable forest management by 2027. Denmark is invited to enlarge the scope of this intervention, ensuring an improvement of the condition of forests.
80. The Commission invites Denmark to explain how the Plan will take account of the Biodiversity Strategy, how the priorities and identified needs are addressed, and how it will effectively contribute to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes.
81. In that context, the Commission would also invite Denmark to clarify if the ambitions of GAEC 8 (maintenance of non-productive features) and relevant interventions are sufficient.
82. Further, the Commission invites Denmark to clarify possible complementarities with Regulation (EU) 2021/783 (LIFE Regulation).
83. Denmark is invited to explain how the interventions in the Plan will support the EU Biodiversity Strategy target of reversing the decline in pollinators.
84. The Plan mentions the national objective of doubling the agricultural area under organic farming by 2030. The Commission welcomes this increase over the 2019 value of 11.9%.
85. Against the background of the EU Green Deal target of 25% of EU agricultural land under organic farming by 2030, the Commission nevertheless invites Denmark to consider increasing the level of national ambition further, going beyond the linear extrapolation of recent trends and possibly reach 25% by 2030.
86. The Plan defines a target value of 15.36% by the year 2028 for R.29. The Commission would welcome further explanations linked to this figure, such as the split between the target for the agricultural area to be maintained under organic farming and the target for the agricultural area to be converted to organic farming. Further, the Commission would welcome explanations on how such a low target, in combination with other measures, e.g. those outside the remit of the Common Agricultural Policy will contribute to meet the European Green Deal Target for organic farming.

87. The RIs relating to SO6 should be reviewed. R.4, R.6, R.10, R.11 and R.14 would not typically be expected to be linked to SO6 and Denmark is asked to clarify the selection under this SO.

1.2.4. Specific strategic focus

Green architecture

88. The Commission acknowledges that the green architecture includes a number of elements, which can have a positive contribution to SOs 4, 5 and 6. The needs identified are to a large extent coherent with the SWOT and reflected in the intervention strategy of the Plan.
89. However, a number of areas, including those mentioned in relation to SOs 4, 5 and 6, need either clarification and/or reconsideration to ensure full coherence between the different elements of the green architecture. The Commission invites Denmark to review in particular GAEC 6 and 7 to ensure compliance with the SPR. A sufficient contribution to the objectives set must be achieved. The scope and ambition of eco-schemes should also be considered in this context.
90. Denmark is invited to establish a well-defined baseline for eco-schemes as well as ensuring that overlaps between eco schemes and the rural development interventions are avoided. Additional information is needed to demonstrate the higher ambition on certain rural development interventions, including productive green investments (investments as referred to in Article 73(4)(a)(i) of the SPR).
91. Denmark is invited to consider the creation of further specific interventions under Article 70 of the SPR, to contribute to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes. Further, additional interventions to better address the issue of water pollution (both by nutrient and pesticides), in particular in coastal zones, targeting eutrophication of the Baltic Sea could be considered.
92. Denmark is invited to consider Natura 2000 interventions under Article 72 of the SPR, to complement voluntary contributions falling under other instruments.
93. The green architecture needs to be aligned, i.e. through a review of consistency between; interventions falling under relevant SOs, relevant parts of the needs assessment and various RIs. The review should add information on contribution from operations supporting the green architecture funded outside the Plan.

Contribution and consistency with long-term national targets

94. The Plan refers to the national agreement to reduce the agricultural and forestry sector's greenhouse gas emissions of 55-65 % by 2030, compared to 1990 emissions. Denmark needs to further explain how the Plan will contribute to this target.
95. The need to decrease agricultural emissions and enhance land-based carbon sequestration should be explicitly linked to the contribution from the Plan to the climate targets and objectives under the current Effort Sharing and LULUCF Regulations.

96. Denmark should explain how the Plan will contribute to already established long-term national targets in terms of renewable energy set out in particular in its National Environment and Climate Plan (hereafter: NECP), as well as under Directive (EU) 2018/2001 (the Renewable Energy Directive) and Directive (EU) 2012/27 (the Energy Efficiency Directive).

1.3. To strengthen the socio-economic fabric of rural areas

1.3.1. Strategic assessment of Specific Objective 7

97. The SWOT identifies a slow generational renewal as a threat/weakness. The intervention designed with a one-off payment of max EUR 100.000 seems to be insufficient to meet the future need. Denmark is invited to redesign and reinforce the support for setting-up of young farmers and to introduce the Complementary Income Support for Young Farmers (hereafter: CISYF) to ensure a sufficient generational renewal/number of new entrants and a more equal gender balance. National instruments could be considered as well.
98. R.4 and R.7 (Enhancing support for farms in areas with specific needs: Percentage of additional support per hectare in areas with higher needs (compared to average) would not typically be expected to be linked to SO7. The RIs relating to SO7 should be reviewed and Denmark is asked to clarify the selection under this SO.

1.3.2. Strategic assessment of Specific Objective 8

99. The analysis provided for priorities falling under SO 8 is insufficient. It is identified that there is a need to increase the number of female farmers and to revert the declining share of people under 15 years of age in rural areas. The access to vocational and secondary education can be challenge. Due to lack of detail in the information provided, it is difficult to analyse the nature and efficiency of interventions and approach in response to social inclusion.
100. Denmark is invited to provide more information on the design of interventions, including LEADER, affecting rural areas, and the needs they address, especially regarding social inclusion. Interventions tackling both issues of social inclusion and of rural areas should be developed taking into account the European Pillar of Social Rights and the Long-term vision for the EU's rural areas (COM(2021) 345 final).
101. The access to fast broadband is essential for the attractiveness of rural areas and for modern farming. In general, the access in rural areas is good and national measures to increase the coverage are in place. Denmark is invited to confirm a national value of 100% access to fast broadband in rural areas in 2025.
102. The agricultural sector can provide a valuable contribution to the bio-economy and with that support growth and employment in rural areas. An intervention is planned to support the developing the potential in bio-refining. Denmark is invited to continue to ensure a further development of the potential of the bio-economy sector.

103. R.4 and R.7 would not typically be expected to be linked to SO8. The RIs relating to SO8 should be reviewed and Denmark is asked to clarify the selection under this SO.

1.3.3. Strategic assessment of Specific Objective 9

104. The Commission acknowledges the current low use of antimicrobials in Denmark. It also notes that despite the need of exploring all options to further reduce the use of antimicrobials. The Plan does not include any specific intervention to that effect, nor a specific related target. Moreover, the Plan does not offer any justification for the lack of specific actions in the area of AMR. Therefore, the Commission invites Denmark to consider reinforcing its Plan in relation to AMR by including specific measures falling under the CAP to reduce the use of antimicrobials and improve animal welfare, or clarifying the justification for the lack of interventions in this area.
105. Denmark is invited to address the tail docking practices on pigs (Council Directive 2008/120/EC on minimum standards for the protection of pigs) and to encourage the keeping of animals in non-confined housing systems for laying hens, calves and sows. Further, the plan does not contain any value for the RI on animal welfare (R.44 (Improving animal welfare: Share of livestock units (LU) covered by supported actions to improve animal welfare)). These are serious deficiencies, which should be addressed in the Plan or adequately explained if addressed elsewhere.
106. On the reduction of the overall use and risk of chemical pesticides, and use of more hazardous pesticides, Denmark has established targets for R.24 (Sustainable and reduced use of pesticides: Share of utilised agricultural area (UAA) under supported specific commitments which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides such as pesticides leakage) and R.29 but the impact of achieving the R.24 target is not defined.
107. Denmark is invited to raise consumer awareness about the Union quality schemes. While the Plan acknowledges the need to increase awareness of healthy diets, interventions proposed seem to be limited. The Commission therefore invites Denmark to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved. In case national schemes exist, such should be better explained.
108. The Commission invites Denmark to explain its efforts to reduce waste and loss at primary production level in relation to contributions from national schemes.
109. As regards the use and risk of pesticides, the Commission has noted that Denmark has not provided specific national targets on the reduction potential at the level of impact indicators for the use and risk (HRI1) as well as the candidates for substitution. Denmark envisages that the CAP plan contributes to the reduction of pesticides via the increase of the organic area.
110. The Commission recognises the positive effect on the reduced use of pesticides from organic farming. It invites Denmark to provide further information on all efforts undertaken to ensure application of integrated pest management practices. Synergies and interactions between planned actions under the Plan and ongoing and planned actions under the directive on sustainable use of pesticides

(Directive 2009/128/EC on establishing a framework for Community action to achieve the sustainable use of pesticides) hereafter: SUP) need to be explained.

111. The RIs relating to SO9 should be reviewed. R.4, R.6, R.7, R.10 and R.11 would not typically be expected to be linked to SO9. Denmark is asked to clarify the selection under this SO. No values are given for R.43 (Limiting antimicrobial use: Share of livestock units (LU) concerned by supported actions to limit the use of antimicrobials (prevention/reduction)) and R.44.

1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training

1.4.1. Strategic assessment of the Cross-cutting Objective

112. Denmark did not provide a specific SWOT for the cross cutting objective and did not identify a specific intervention logic or selected any relevant result indicators.
113. Denmark should, in line with point 2.1 of Annex I to Commission Implementing Regulation (EU) 2021/2289 (on the content of the CAP Strategic Plans and on the electronic system for secure exchange of information), complete a separate assessment of needs and intervention strategy for the cross cutting objective on ‘Modernising the sector by fostering and sharing knowledge, innovation and digitalisation in agriculture’.
114. Denmark is invited to reinforce knowledge on sustainable production methods in the food supply chain and to play a more active role in the European Innovation Partnership (hereafter: EIP).
115. A modernisation of farming through an uptake of new technologies is of relevance to a number of SOs. The access to advisory services providing farmers and other relevant operators in the food chain with knowledge and advice is relatively well developed. Many of those services are subsidiaries to the cooperatives and other private enterprises closely linked to the agricultural organisations’ and therefore controlled by the farmers. Denmark is invited to provide additional information on the functioning of advisory services for farmers as provided by non-public providers, including a general assessment of services to be provided (in terms of coverage by experts). Due to the very high relevance of transmission of knowledge to maintain a modern farming system, and in order to provide a sufficient coverage of all sectors and all farmers, Denmark is invited to consider the use of CAP instruments to support advisory services in the Plan.

1.5. Simplification for final beneficiaries

116. Based on the Plan it cannot be confirmed that the Area Monitoring System (AMS) will be set up and functional. Information on data sharing as required is insufficient. Denmark is reminded of the requirement to implement AMS and is invited to provide further information if the AMS is used for Force Majeure cases.

117. On the modernisation/digitalisation strategy, the information on the development of digital technologies in agriculture and for the use of those technologies to improve the effectiveness and efficiency is incomplete. Denmark is invited to provide additional information in this respect.
118. On communication channels with beneficiaries for application of CAP support, references are made to a system that facilitate the application but at the same time it is stated that “that there is no need to issue consultations or obtain further information from the applicant”. Denmark is invited to specify if, and through which, channels of communication with applicants is foreseen.
119. Denmark is invited to specify which data is used to prefill the application apart from GIS-based map, previous year’s parcel data and to provide information if and how new technologies will be used for non-IACS controls.

1.6. Target plan

120. Several data points for the result indicators are missing, and certain indicator values signal a level of ambition that would not deliver on expected results in terms of economic, environmental and social sustainability.
121. Denmark is invited to complete the missing data, and to verify and better explain the links between interventions and RIs, ensuring consistency across the Plan.
122. Further, Denmark is invited to consider raising the ambition for several result indicators as pointed out above. This needs to be done in parallel with a re-consideration of the design of support interventions and their allocated financing.

2. OPERATIONAL ASSESSMENT

2.1. Minimum ring-fencing

123. For eco-schemes, Denmark is invited to correct the negative rebate that is indicated for 2027 in the financial overview table.
124. Denmark should ensure that 15% of the costs of the operational programme of the producer organisation are earmarked for environmental and climate interventions as required by Article 50(7), read in conjunction with Article 46, of the SPR.
125. Denmark should ensure that at least 2% of expenditure under operational programmes covers the intervention linked to research, development and innovation as required by Article 50(7), read in conjunction with Article 46 of the SPR.

2.2. Definitions and minimum requirements

126. Denmark is invited to provide clarifications and justifications to the proposed definitions and minimum requirements, and where necessary, complete and correct these. Particular attention should be drawn to the selection of thresholds, requirements and overall coherence of the definitions.
127. More specifically, Denmark is invited:

- Section 4.1.1.2 – to provide clearer criteria to maintain the land in a good state, covering not only the landscape features/biotopes, but also the rest of the parcel, including the criteria to maintain the permanent crop itself.
- To place the limits on the number of trees and the size of landscape features/biotopes in section 4.1.3.5 instead of sections: agricultural area (4.1.1.2.1 – 4.1.1.2.3) and predominance of the activity (4.1.3.1).
- Section 4.1.2.1 – to provide clearer information on elements of agroforestry, such as a number of trees, their size, density in relation to pedo-climatic conditions or management practices and explaining how these rules link to the rules regarding trees set under other sections (namely, 4.1.1.2 and 4.1.3.5).
- Section 4.1.2.3.2 – to provide the list of short rotation coppice species, its minimum planting density and clarify the criteria to qualify trees as short rotation coppice.
- Section 4.1.2.4.4 – to clarify the definition of ‘reseeded with different type of grasses’.
- Section 4.1.3.1 – to provide a list of criteria how it will be assessed whether the agricultural activity is a dominant one in case also non-agricultural activity is performed on the agricultural area.
- Section 4.1.3.2 – to provide a list of criteria how it will be assessed and whether the land is lawfully used by the farmer.
- Section 4.1.3.5:
 - to provide justification for maximum limits set for: size of the biotope, clusters of shrubs and trees and the number of trees,
 - to clarify whether there are differences between the elements/biotopes eligible under GAEC 8 (section 3.4.10.1) and those under ‘other landscape features’ (section 4.1.3.5) provisions and how the size/coverage limitations for the two interact.
- Section 4.1.3.6 – to clarify the principles behind the application of pro-rata and the link to the rules on other landscape features (section 4.1.3.5), taking into account the above observations.
- Section 4.1.3.7 – to clarify the description of national schemes thanks to which the area remains eligible and its compatibility with the relevant EU interventions.
- Section 4.1.4.1 – to amend criteria, which identify active farmers. The policy objective of active farmer provision is to ‘further target’ support beyond the minimum requirements clause referred to in Article 18 of the SPR.
- Section 4.1.7.2 – based on qualitative and quantitative information, to provide a justification as to how the thresholds set ensure the reduction of administrative burden and contribute to the objective of supporting ‘viable farm income’.

2.3. CAP network

128. Section 4.4 on National CAP Network lacks details required, in accordance with Point 4.4 of Annex I of Commission Implementing Regulation (EU) 2021/2289, to assess the overall functioning of the network. Denmark is invited to provide additional clarifications and/or further develop parts concerning activities under the CAP network to support the European Innovation Partnership (EIP) and knowledge flows within Agricultural Knowledge and Innovation Systems (AKIS), and to clarify the links of the national CAP network to improve the Agricultural Knowledge and Innovation System (Article 114(a)(ii) of the SPR). Furthermore, additional clarifications are needed on activities of the CAP network in relation to LEADER and other territorial initiatives. Denmark is invited to provide additional clarifications on the governance structure.

2.4. Coordination with other EU funds

129. Apart from considering the European Maritime, Fisheries and Aquaculture Fund, the description in Section 4.5 of the Plan on coordination, demarcation and complementarities is insufficient to give the overview required in Article 110(d)(v) of the SPR. Denmark is invited to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and concretely contribute to the Plan. This includes addressing the identified needs that are not or only partially funded by the Plan. These funds include, in particular, the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Just transition Fund (JTF), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), the Programme for the Environment and Climate Action (LIFE) and Horizon Europe.

130. Horizon Europe is a key funding instrument to set direction and it will help tackle soil health, climate change, achieve the UN Sustainable Development Goals and boost EU competitiveness and growth. It therefore represents an important tool to help the CAP to achieve its objectives in the context of the Green Deal.

131. EU-funded Research and Innovation outcomes (i.e. research results, tools, instruments) should be increasingly taken up by Member States to address the transformative change necessary in agriculture to tackle notably the interlinked soil health climate and biodiversity challenges. Denmark is invited to describe how to make use of the CAP to support the implementation of the European Green Deal and Horizon Europe Programme, Missions and the Partnerships.

2.5. State aid elements

132. Denmark is reminded of State aid rules applicable for activities under the Plan falling outside the scope of Article 42 of the TFEU and to amend where necessary the information given in the Plan.

133. This concerns notably reference to the provisions on exclusion of companies in difficulty and companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market (except in the cases mentioned in the applicable State aid rules); correct indication where activities fall partly outside the scope of Article 42 of the

TFEU, and presentation in Annex V of data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.

134. With regard to all interventions in the forestry sector, Denmark states that they will be covered by state aid rules because they do not fall within the scope of Article 42 of the TFEU and that they will be cleared with Agricultural Block Exemption Regulation (Regulation (EU) No 702/2014 – ABER). Since ABER rules are currently under revision, Denmark is invited to take appropriate measures to ensure compliance with newly adopted rules, once the latter are adopted and applicable.

2.6. Interventions and baseline

135. For interventions listed in Annex II of the SPR, the intervention descriptions need to include the appropriate WTO correspondence along with an explanation on how compliance is ensured.

2.6.1. Conditionality

GAEC 1

136. Restrictions on conversion of grassland will likely contribute to maintain the share of grassland, however according to the Danish definition, ploughing does not change the status of an area as permanent grassland. Denmark is invited to confirm that restrictions on ploughing will prevent a decrease of the share of grassland.

GAEC 2

137. The Commission appreciates that Denmark indicates the indicative area covered. However, the main type of production present on these areas should also be indicated.
138. Denmark explains that the requirement for reduced nitrogen supply indirectly contributes to the main objective of GAEC 2 by reducing the incentive for cultivating the areas concerned. This enhances the incentive for farmers to devote land to e.g. wetland projects. The reduced nitrogen leakage may lead to less need for maintenance of drains and thereby increasing water levels and establishment- and protection of carbon pools.
139. With a view to assessing the relevance of the GAEC, Denmark is requested to provide a more detailed assessment of the extent to which GAEC 2 will actually affect the cultivation of areas relevant to GAEC 2 and therefore be an incentive to include the areas in rewetting projects. Without prejudice to this assessment, the Commission takes the view that a specific requirement excluding new drainage would be appropriate to achieve this aim.
140. Denmark is invited to ensure that this GAEC protects all relevant wetland and peatland providing habitats listed in Annex I of the Habitats Directive ((Directive (92/43 EEC on the conservation of natural habitats and of wild fauna and flora), hereafter: Habitats Directive), and the habitats of species protected under the

Birds and Habitats Directives (Directive 2009/147/EC on the conservation of wild birds), hereafter: Birds Directive).

GAEC 3

141. Denmark refers to the exception for plant health reasons but the conditions should be added in accordance with Implementing Regulation (EU) 2021/2289. Denmark is invited to provide further information on the exception.

GAEC 4

142. As the latest report on the ND and the WFD show diffuse pollution from agriculture affecting 98% of coastal water bodies, it is suggested to increase the minimum width of the buffer strips in an appropriate manner in all river courses but especially in the areas draining in marine waters affected by eutrophication.

GAEC 5

143. Denmark has identified erosion as a weakness and defined a need (E6) in relation to the increased risk of erosion following climate change. The Commission understands that this GAEC is defined in a rather limited way. The threshold triggering the obligation - 11t/ha/year is too high to allow this GAEC to fulfil its objectives as it would be applicable only to approximately 172 ha/225 holdings. Denmark is requested to reconsider the definition of this GAEC with a view to increase its contribution to the mentioned need, by lowering the threshold.

144. Further, Denmark should clarify whether a slope gradient is used when determining GAEC 5.

GAEC 6

145. GAEC 6 concerns areas where bare soils occur (permanent crops and arable land excluding temporary pastures). It is in principle expected that all arable land is covered. Denmark is therefore requested to cover permanent crops as well as all the arable land and not only 60% of the farm with GAEC 6.

146. Denmark is requested to specify the period in which the requirements apply. In the case of fallow land, additional requirement should be set to ensure appropriate soil cover.

147. Given the agro-climatic conditions in Denmark, it may be relevant to provide for modalities allowing adapting the minimum standards. However, Denmark should be more specific on such cases and the justifications for where the minimum standards are adapted. Furthermore, Denmark is invited to consider whether other requirements that could be set up for those situations with a view to achieving an effective contribution to the objective of GAEC 6.

GAEC 7

148. The Commission understands that the suggested implementation leaves a choice to each farmer between applying crop rotation or crop diversification. This is not in accordance with the SPR, which, in its Annex III provides for a GAEC standard on crop rotation only and additionally lays down that Member States may exceptionally provide other practices like crop diversification where this is

justified in specific regions on the basis of a diversity of farming methods and agro-climatic conditions of these regions. Footnote 4 of Annex III of the SPR cannot be interpreted as providing for crop diversification as an option for the whole Member State territory. Denmark is requested to align the definition of GAEC 7 accordingly.

149. The crop rotation practices suggested are not defined. In accordance with Implementing Regulation (EU) 2021/2289, a summary of the practice and definition of crop and secondary crop should be provided.
150. If practices covering crop diversification would be defined and applied in specific regions according to the above mentioned conditions, these should be carefully justified and explained.

GAEC 8

151. This GAEC is particularly important in Denmark given the status of habitats listed in the Habitats Directive. The issue of landscape fragmentation and the lack of landscape features in intensively managed areas which is identified as one of the main causes of decline of farmland biodiversity. This is also recognised in the SWOT. Hedges and trees (isolated, lines or groups) are amongst the most valuable landscape elements for biodiversity as performing multiple ecological functions. These will have a positive contribution to the CAP objectives and several of the needs defined by Denmark. Denmark is consequently encouraged to include them on the list of landscape elements for fulfilling the GAEC 8 requirements both regarding the share on non-productive features and for retention. Denmark is invited to ensure that the distribution of non-productive features is widespread and not concentrated in few areas.
152. In relation to the share of non-productive features, it should be specified that grazing is not allowed on the non-productive features such as buffer strips and field margins, similar to what is specified for land lying fallow.
153. Denmark should clarify whether minimum size, weighting or conversion factors are applied, and, if so those factors should be indicated in the Plan.
154. Denmark has defined a need in relation to the combat of invasive plant species (F6). With a view to addressing this need efficiently, Denmark is suggested to consider the implementation of relevant requirements under GAEC 8.

GAEC 9

155. An indication of the criteria used to designate “environmentally sensitive permanent grassland” is requested. Considering the importance of this GAEC to protect pastures of high natural value, Denmark is invited to consider a wide definition of these areas taking into account the current grassland status and trends according to the report: ‘The state of nature in the European Union - Report on the status and trends 2013-2018 of species and habitat types by the Birds and Habitats Directives’ (European Commission Report, October 2020) on the conservation status and trends of species and habitats under the Habitats Directive (2013-2018).

2.6.2. For direct income support

2.6.2.1. *Basic Income Support for Sustainability (Articles 21-28 of the SPR, section 5 of the Plan)*

156. The unit amount for the Basic Income Support for Sustainability (hereafter: BISS) cannot be justified as being the result from the division of the BISS envelope by the number of estimated eligible hectares. The planned unit amount should primarily be justified based on the analysis of the income needs. Denmark should correct the justification of the BISS.

2.6.2.2. *Eco-schemes (Article 31 of the SPR, section 5 of the Plan)*

157. Denmark is invited to consider adding R.7 for all eco-schemes as these are direct payments.

Eco-scheme 5 Organic area aid

158. It is not clear whether the supplement for “reduced nitrogen” is based on a requirement that would go beyond the baseline included in the requirements applicable to all organic farmers, the latter being understood as covered by the maintenance premium. Denmark should clarify this aspect and ensure that this supplement does not cover “actions” which are already compensated through the maintenance premium.

159. The plan excludes explicitly that the supplementary payment for fruit and berries can be granted in parallel to the support under the eco-scheme for climate friendly grass. However, it is unclear how areas with fruit and berries in any case would qualify for both.

160. The requirement related to conversion includes an obligation to maintain the area organic for 3 to 5 years. Denmark should clarify in which cases this period is 3 years and when it is 5 years.

161. The Commission is of the view that organic farming contributes significantly and directly to R.43 and R.44, which therefore should be linked to the intervention.

162. Denmark is also invited to consider the observation to the ambitions for organic farming and target value for R. 29 in the context of this intervention.

Eco-scheme 6 Environment and climate-friendly grass land

163. This eco-scheme is indicated as reducing the impact on nutrient leakage and having an indirect impact on the WFD and the ND. The eco-scheme is linked to the R.21 (Protecting water quality: Share of utilised agricultural area (UAA) under supported commitments for the quality of water bodies) and R.22 (Sustainable nutrient management: Share of utilised agricultural area (UAA) under supported commitments related to improved nutrient management). However, the impact on nutrient leakage is indicated as uncertain and the Commission therefore takes the view that the eco-scheme can only be linked to these two RIs if Denmark would add beneficial management practices in relation to fertiliser/pesticide. Denmark is invited adding such management criteria,

without which, the eco-scheme cannot be understood to have a direct and significant contribution to these two RIs.

Eco-scheme 7 Extensification with mowing

164. With a view to increasing the effectiveness of this eco-scheme, Denmark should consider making the commitments multi-annual.
165. In order to prevent potential overlap with the eco-scheme 10 for the new regulatory model and GAEC 6, Denmark is requested to specify explicitly that no support under this eco-scheme, or any other eco-scheme, would be paid for green cover already required by GAEC 6.

Eco-scheme 8 Plant production

166. The Commission requests Denmark to consider increasing the ambition of this eco-scheme. The observations made to GAEC 7 should be taken into account. In particular, it should be clarified which diversification requirements will be introduced for the eco-scheme if applying crop rotation as the main practice. When establishing the requirements, account should be taken of the ambition/level of diversification requested.
167. In addition, Denmark is requested to justify and if necessary review the list of crops, which are eligible for payment, e.g. based on statistics for the current area coverage and on their environmental/climate impact (in particular for beet roots and potatoes).

Eco-scheme 9 Biodiversity

168. In line with the comment made to GAEC 8 and the needs related to biodiversity identified, the Commission requests Denmark to consider including hedges and trees as eligible features under this eco-scheme and to ensure that the non-productive features are widely spread in the landscape with a view to increasing its benefits. Denmark should also consider making the commitments under this eco-scheme multi-annual.
169. The description lacks clarity. While field patches are mentioned as eligible features, they are not included in the expected area uptake, which is split on land laying fallow and small habitats. Moreover, while a table provides a certain split of hectares on land lying fallow and small habitats, the text mention a split of 50/50 between the two. Finally, it is not clear how the number of hectares corresponding to a 4% requirement under GAEC 4 can increase the uptake under this eco-scheme with 23.500 ha. Denmark is requested to clarify the estimates of the uptake of the eco-scheme. A clarification of whether conversion/weighting factors are used would be useful to assess the eco-scheme.
170. The link between this eco-scheme and R.29 does not seem justified.
171. In relation to the range and amount of support, Denmark mentions a support level of 2.740 DKK/hectare. However, the calculations to which reference is made and which are quoted in the Plan set out an amount of 2.340 DKK/hectare. Denmark is requested to clarify this incoherence. Denmark is also requested to

clarify whether the payments are made only to the hectares actually lying fallow/under habitats/etc. and not to the entire agricultural area.

Eco-scheme 10 New regulatory model (catch crops etc.)

172. The description of this eco-scheme lacks clarity and raises certain concerns: The articulation with the obligations under the WFD and the ND should be clarified and it should be ensured/clarified that the eco-scheme goes beyond mandatory requirements. The Commission believes that there are potential issues of overlap with GAEC 6, which, if well defined, would cover a part of the needs to be covered under this eco-scheme. In particular, it should be ensured that this eco-scheme does not pay for the green cover required by GAEC 6.
173. There is also a potential issue with interaction with GAEC 7 in the case where an intermediate secondary crop would be part of a crop rotation, which is not clear from the current definition of GAEC 7. Finally, it seems that there is an overlap with rural development intervention 16 in the Plan. This should be clarified and where needed addressed to ensure compliance with the SPR. The Commission notes that this eco-scheme is planned to cover a significant area, and requests Denmark to demonstrate its benefits. In this context, it should also be explained why this eco-scheme is only relevant as from 2026.
174. Several key elements of the intervention remain open for later establishment. The Plan has to include all relevant aspects (required by the SPR) of the intervention to allow its assessment with a view to approval (without prejudice to the possibilities for subsequent review). Consequently, Denmark is invited to clarify in the list of “operations” which will make the farmer/area eligible for support under the eco-scheme.

General comments on unit amount:

175. As regards the application for a compensatory payment under Article 31(7)(b) of the SPR, Denmark should provide a brief description of the method for calculating the amount of support, and its certification, according to Article 82 of the SPR. The descriptions should be included in section 7 of each intervention concerned. The certified method of calculation, when carried out by an independent body, or if the managing authority has carried it out, needs to be provided in an Annex to the Plan. Denmark should ensure that this requirement is respected in all the relevant eco-schemes.
176. With a view to respecting the WTO requirements for an eco-scheme under Article 31(7)(b) of the SPR, a maximum unit amount, which goes beyond the certified amount for full compensation may not be set as this would lead to an over-compensation. Denmark should clarify and ensure the respect of the principle of no overcompensation.
177. The support rate should only be reduced below the minimum planned unit amount when under the situation referred to in Article 102(2), subparagraph 4 of the SPR. This principle appears not always respected (see for instance point 11 of the plan for the eco-scheme on environment and climate friendly grass and eco-scheme 7 on extensification with mowing).

2.6.2.3. *CIS – Coupled Income Support (Article 32-35 of the SPR, section 5 of the Plan)*

178. The justification of economic difficulty should be primarily based upon a low/negative profitability and/or a declining number of hectares/animals in recent years. Other arguments (e.g. volatile yields/prices/income; increasing input costs) are also useful for further clarity, in particular because they may explain the reasons behind the low/negative profit and/or shrinking production. The justification for the CIS interventions should be reinforced accordingly. The CIS interventions aim at helping sectors in difficulties by improving competitiveness, sustainability or quality. Self-sufficiency is not an aim under CIS. Ideally, this would be achieved by ameliorating the respective sector's structural weaknesses. However, while some interventions foresee decreasing support for the duration of the Plan it is not obvious that they will lead to an improvement in the medium term. Denmark is invited to clarify the aim and, where needed, other elements (e.g. targeting, justification) of these interventions.
179. The justification of the targeting of the interventions should be further clarified based on the difficulty and the purpose of the support. The need for compliance with basic EU eligibility conditions (active farmer, minimum requirements, and compliance of supported area with the definition of eligible hectare, compliance of supported animals with identification and registration requirements) does not need to be explicitly stated in the plan.
180. The description of the CIS interventions should relate to the coherence of these interventions with the WFD and in particular with the programs with measures in the river basin management plans that could be relevant for livestock and crops. The description should also mention how the situation of those river basins that have not achieved good status yet has been considered and any specific elements in CIS to achieve/ensure good status also in the case of increased output.
181. The justification and calculation method for the range and unit rate of support should be further explained in light of the need for support and aim e.g. explaining the costs/market price farmers' face. Denmark is invited to clarify why the value in output indicator (OI) is lowered in Claim Year 2027 for the starch potatoes intervention, and why the OI is fluctuating each year for the cow premium.
182. Denmark is reminded that CIS interventions can be linked to the result indicators R.4, R.6 and R.7.

2.6.3. *For sectorial interventions (Fruit and vegetables and apiculture)*

183. For sectorial interventions that contain reference to protected designations of origin or protected Geographical Indications (hereafter: GI) the eligible beneficiaries are only producer organisations for fruit and vegetables, but not of other sectors.
184. Denmark is invited distinguishing those EU GIs falling under the "quality schemes" and mentioning them explicitly only where relevant in Plan. Further, Denmark is invited to explain the reasons for not stronger promoting the cooperation of farmers in other sectors.

2.6.3.1. Fruit and vegetables

185. Denmark is invited to complete the descriptions and establish links to the cross-cutting objective, verify legal references, explain the main eligibility conditions, ensure that operational programmes are linked to three or more actions and that rules on expenditure are respected, and consider to add, where relevant, additional RIs.
186. Denmark is invited to verify and describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126 (delegated act on additional requirements for certain types of intervention specified by Member States in their CAP Strategic Plans for the period 2023-2027 under that Regulation as well as rules on the ratio for the good agricultural and environmental condition (GAEC) standard 1), for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.
187. As regards eligibility conditions, Denmark is invited to correct the legal reference in Article 56 of the SPR. It is also necessary to explain the main eligibility requirements in the Plan.
188. Denmark is invited to ensure that the interventions within the types of interventions referred to in Article 47(2), points (f), (g) and (h) of the SPR, do not exceed one third of the total expenditure under operational programmes (see Article 50(7)(d) of the SPR).
189. Denmark is invited to review the selection of RIs for the interventions 11A, 11B, 11C, 11D and 11I.

2.6.3.2. Apiculture

190. Denmark is invited to improve the description and provide further details relating to method for determining number of beehives, as required under Article 37 of Regulation (EU) 2022/126. Further, an analysis of the sector to identify needs and to justify interventions, outputs, unit amounts, financial allocation and RIs is needed. This for the Commission to be able to fully assess the intervention proposed.
191. Denmark is invited to determine result indicator R.35 (Preserving beehives: Share of beehives supported by the CAP). Moreover, compliance with WTO rules needs to be explained and demarcation with EAFRD interventions clarified.

2.6.4. For rural development

192. The share of 2nd pillar measures relevant for climate and environment (excluding ANC) decreases by 10 percentage points compared with the share of those measures in the 2014-2020 Rural Development Programme (from 74% to 64%). The amount decrease from around EUR 103 million per year during from 2014-2022, to EUR 83 million per year proposed for the 2023-2027 period. The Commission regrets that, while taking into account the fact that the ring-fencing provisions of Art. 93(1) are complied with, yearly EAFRD spending relevant for environment and climate (excluding ANC funding) will be reduced.

193. A negative trend on a number of environmental indicators has been observed from 2014-2020. In similar interventions will be implemented from 2023-27 it can be questioned if this trend can be reverted. The Green architecture provides flexibility to design targeted interventions to address specific environmental and climate challenges. Denmark is invited to consider if relevant interventions and their financial allocations in the Plan, would need to be modified to revert the negative trend and deliver expected results.

2.6.4.1. Management commitments (Article 70 of the SPR, section 5 of the Plan)

194. The design, requirements, eligibility conditions and unit amounts of the proposed Agri-Environment-Climate Commitment (hereafter: AECC) interventions have not changed significantly compared to the measures in the RDP 2014-2020. Against that background, Denmark is invited to clarify the factors supporting the increase in planned uptake of areas under AECC commitments compared to the 2014-2020 period.

195. The proposed intervention 13 Maintenance of grassland and nature (Natura 2000) should be strengthened or better explained with regard to the level of ambition for restoring biodiversity, including the selection of relevant SOs and RIs, better definition of the baseline and of the specific management commitments that will be compensated for. Even if the intervention can be beneficial to avoid abandonment, it may need to be supplemented with additional management commitments to help grasslands achieve their conservation objective. Denmark could consider introducing additional management requirements in N2000 management or conservation plans for these areas.

196. The proposed results based component of the calculation should already be defined and included. A range of uniform unit amounts should ordinarily be defined for all possible commitments under AECC. Average unit amounts should only be used exceptionally/where justified. Denmark should ensure that all applicable unit amounts are defined in the Plan.

197. For the proposed intervention 14 Biodiversity forests (N2000) the description and conditions should be clearer, also with regard to commitments and baseline. Related elements in the financial table are not supported by the description of the intervention, and the link to identified needs should be strengthened.

198. Furthermore, Denmark is invited to clarify if one Rural Development intervention focused on improving biodiversity within Natura 2000 forest areas is sufficient to cover the needs.

199. The title for intervention 15, One-off compensation, does not reflect that the intervention concerns management commitments. Denmark is invited to adapt the title.

200. Denmark should provide more details on the specific commitments that derive from the water and climate projects, and on the baseline.

201. Denmark should complete information and calculations of planned unit amounts.

202. Applicable to all area-based interventions in Articles 70-72 of the SPR, Denmark should provide a brief description of the method for calculating the amount of

support, and its certification, according to Article 82 of the SPR. The descriptions should be included in section 7 of each intervention concerned. The certified method of calculation, when carried out by an independent body, or if it has been carried out by the Managing Authority, the certification by an independent body needs to be provided in an Annex to the Plan.

203. Denmark is invited to consider including interventions focussed specifically on genetic resources to improve the focus on biodiversity.

204. Denmark is invited to consider including specific interventions focussed on the creation of new landscape features and connection of habitats, the creation of low-intensity buffer zones with no pesticides and fertilization or specific measures for farmland birds in areas with intensive farming activities.

205. Denmark is invited to consider including also additional interventions to better address the issue of water pollution, in particular in coastal zones, targeting eutrophication of the Baltic Sea.

2.6.4.2. ANC - Areas with Natural Constraints (Article 71 of the SPR, section 5 of the Plan)

206. Denmark should reconsider the description and references taking into account that the intervention concerns enhanced income support to farmers in “other areas with specific constraints” (see Article 32(1)(c) Regulation (EU) No 1305/2013) (Regulation on support for rural development by the European Agricultural Fund for Rural Development); that it can be granted exclusively to those areas; calculation, specification and the range of amounts of support, including degressivity, should be specified. Denmark is invited to clearly state the scope of the intervention as regards areas with specific constraints, keeping in mind the designation has been undertaken under the provisions of the Regulation (EU) No 1305/2013.

207. Further, Denmark should clarify how intervention 17 Island support contributes to SO7 and SO8.

2.6.4.3. N2000/WFD – Water Framework Directive payments (Article 72 of the SPR, section 5 of the Plan)

208. Denmark should clarify the complementarity between intervention 16 Targeted regulation and intervention 10, Eco scheme for the new regulatory model, including the timelines. Denmark should clarify how the intervention contributes to SO6, and the intervention should be linked to SO1 as it concerns compensation for mandatory requirements.

209. Denmark should provide a better explanation in the intervention description regarding the way the requirements have been set out in the River Basin Management Plan (hereafter: RBMP).

210. Furthermore, Denmark is invited to review and complete the links to RIs.

2.6.4.4. Investments, including investments in irrigation (Articles 73-74 of the SPR, section 5 of the Plan)

211. Denmark is invited to review the links between investment interventions and RIs, and to consider links to several RIs.
212. For intervention 18 Water and climate projects, Denmark should clarify the setting of the maximum amount for the Planned Unit Amount (hereafter: PUA) and the consistency with the PUA. In that respect, Denmark should take into account that the maximum planned average unit amount should represent the maximum average amount per project that is planned to be paid and not the maximum amount for a single project (upper ceiling).
213. For intervention 19 Mini wetlands, Denmark should clarify the link to SO6. Moreover, to qualify as non-productive green investment (investments as referred to in Article 73(4)(a)(i) of the SPR), it has to be assured that the eligible investments are linked to the delivery of purely environmental and climate benefits.
214. Investments supported under this intervention should complement other operations improving nutrient use. The unit amount should be linked to the relevant RIs. Denmark is invited to explain the rather high difference between the maximum amount and planned unit amount.
215. For intervention 20 Private afforestation, Denmark should more clearly specify how afforestation meets the legal obligations, describing better the framework for the intervention the relevant requirements already, particularly to ensure 100% eligibility to be considered as non-productive. The obligations after afforestation should be made more explicit (beyond reference to the national legislation) and how other instruments, e.g. state aid schemes are considered. The contribution to SO6 should be explained.
216. To complement other AECC and conditionality requirements, Denmark could consider including restrictions of planting on or near wetlands and peatlands, limiting the loss of peatland or wetland biotopes which contribute to climate change mitigation and which provide supporting habitat for sensitive flora and fauna. Such a restriction can also minimise damage to peatlands/wetlands caused by drainage of sites in close proximity to these sensitive habitats. Denmark may also consider the voluntary Guidelines for Afforestation and Reforestation.
217. For intervention 21 Clearing and preparing for grazing (N2000), Denmark is reminded that this intervention shall be designed in agreement with other relevant public authorities in order to avoid negative impacts on the target on conservation objectives of the Natura habitat or species for which the area is designated.
218. In order to secure the environmental benefit of non-productive character of the eligible investments, the areas should be only used e.g. for extensive grazing. Denmark is recommended to consider adding maintenance commitments under Article 70 of the SPR, for the investments made. Denmark should ensure that all eligible investments are covered by the description of the intervention in the plan, clarify the contribution to SO5, complete/revise the section on the support rate (targeting) and Simplified Cost Option (hereafter: SCO) (information

missing), and adapt the contribution from EAFRD as data entered show different contribution rates for each year.

219. For intervention 22 Environmental and climate technologies, Denmark is invited to provide further clarifications on

- Scope of the intervention: In order to qualify as a green investment (investments as referred to in Article 73(4)(a)(i) of the SPR) with a higher support rate to count against the ring-fencing, the investment should go beyond normal practices and/or mandatory requirements. Denmark is invited to explain the targeting of the intervention, especially regarding animal welfare and precision farming. Moreover, the link to SO1 is not clear and R.44 should be included.
- Targeting of the intervention: All eligible investments must be included in the description of the intervention. There are explicit links to R.16 and R.39. Biomass and reduced energy consumption are referred to in the description, but the eligibility conditions for support are general. The support rate has to be included in the Plan and for a clear targeting, the eligibility conditions needs to be better explained. A differentiation in relation to the economic benefit of the investment is strongly recommended.
- Unit amounts: difference between the maximum and average unit amount is high and should be re-considered.
- Animal welfare: An explanation on how the intervention contributes to increased animal welfare needs to be provided.

220. For intervention 23 Establishment of green biorefining plants, Denmark is invited to provide further clarifications on:

- The link and contributions of the intervention to the related specific objectives.
- The products which will be used for the biorefining, and if a life cycle assessment is available or envisaged.
- The standards for carrying out project maturation that is part of the eligibility conditions.

Installation aid (Article 75 of the SPR, section 5 of the Plan)

221. For intervention 24 Establishment aid for young farmers, Denmark is invited to provide information on the specifications for the business plans, and possible eligibility conditions in addition to those mentioned, and to clarify the reason for eligibility of establishments registered up to four years before the date of application.

222. Denmark should clarify why young gardeners are eligible for support under this intervention and whether they fulfil the definition of young farmers. Denmark could also consider a separate intervention under business start-ups in order to target this group of beneficiaries.

2.6.4.5. Risk management (Article 76 of the SPR, section 5 of the Plan)

223. Denmark did not set up any risk management instruments in the Plan. Against high operational and climate risk, Denmark is invited to re-consider and design risk management instruments available to all farmers.

2.6.4.6. Cooperation (Article 77 of the SPR, section 5 of the Plan)

224. For intervention 25 LEADER Denmark should clarify how the intervention contributes to all the related specific objectives.

225. Denmark did not plan interventions supporting preparation and implementation of Operational Group projects, nor for support for stronger cross-border cooperation.

2.6.4.7. Knowledge exchange and advice (Article 78 of the SPR, section 5 of the Plan)

226. Interventions for knowledge exchange and advice have not been designed. Against the importance of a high level of knowledge for sustainable farming, Denmark is invited to re-consider and make use of CAP instruments in order to make advisory services available to all farmers.

227. Denmark is invited to explain in detail how the obligations listed in Art 15(2), (3) and (4) of the SPR have been taken into account, including the implementation modes such as the obligatory training of advisors and innovation support to capture innovative ideas (Article 15(4)(e) of the SPR).

2.6.4.8. Financial instruments (Article 80 of the SPR, section 4.6 of the Plan)

228. Denmark is invited to inform on and explain the national schemes helping reduce the high levels of long-term debt and those schemes made available for agriculture financing, including young farmers. Further, Denmark is invited to provide justifications why financial instruments for generation renewal are not considered.

3. FINANCIAL OVERVIEW TABLE

229. Denmark is invited to modify the financial overview table in order to correct below inconsistencies.

230. In accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.

231. With regard to the type of interventions in certain sectors defined in Article 42 of the SPR; expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013; the same sectors should not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.

232. As regards apiculture the annual indicative financial allocations under Section 5 of the Plan do not correspond to the planned amounts in the Financial Overview table under of the Plan Section 6 (1 EUR overrun for financial years 2024-2027 in Section 5).

233. The negative rebate for financial year 2028 needs to be deleted.

234. For financial year 2023, in row 26, only the flexibility transfer of EUR 79.338.000 is reflected. However, the transfer of the product of reduction should also be included (EUR 710.000). The total amount to be entered for financial year 2023 is EUR 80.048.000.

235. For financial year 2027, in row 34, total amounts reserved for environment do not match the sum of the amounts inserted in Article 70 (row 35) + Article 73 (row 38).

236. For financial years 2024, 2025, 2026 and 2027, the EAFRD allocation cannot be lower than the sum of each of those years' EAFRD interventions' allocations.

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

237. Denmark is invited to:

- Clarify the composition of the Monitoring Committee, along with how it will ensure its independence from the Managing Authority and it would be expected that they are designated as separate bodies. Denmark is reminded to ensure a balanced representation of the relevant bodies in the Monitoring Committee concerning women, youth and the interests of people in disadvantaged situations.
- Describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
- With regard to sections 7.3, 7.4 and 7.5, comments will be delivered by the Commission services in a separate communication.