



Letter

21.4.2022

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Mr Janusz Wojciechowski  
Commissioner for Agriculture

Dear Janusz,

I would like to thank you for your letter and the observations on our proposal for the CAP Strategic Plan 2023 – 2027 for Finland (hereinafter the CAP Plan). The observations clearly show that much high quality work has been done by the Commission services in analysing the Finnish CAP Plan.

From our standpoint, it is important that the further adoption process allows sufficient time for the national implementation of the new CAP in the Member States. We must submit our national implementation legislation to our Parliament by mid-September at the latest to make it come into force in the beginning of 2023. We also need to inform farmers and other beneficiaries about the new requirements as early as possible so that they can make cultivation plans for next year and other preparations.

Therefore, we would expect to receive the Commission Decision approving our CAP Plan before September 2022.

The Commission has asked for some additional analysis, more information and further details for some parts of our CAP Plan. We will work on these requests and send the additional information to the Commission services. However, we would not like to overload the CAP Plan with too many details. The CAP Plan should keep the strategic approach and there needs to be leeway also for the Member States to lay down the detailed rules.

***Russian invasion of Ukraine***

The Commission has pointed out that due to the effects of the Russian invasion of Ukraine, the Member States should review their CAP Plans to increase their resilience. For Finland, it is important to ensure the conditions for active food production in the current situation and this needs to be adequately reflected in the content of the CAP Plan.

In March 2022, Finland decided on a national crisis package for agriculture. Our crisis package includes short-term measures to safeguard the financial situation of the farmers, but also longer term measures to advance green transition and sustainability of the farming sector in general. We are planning to increase national funding for the investment aid on biogas production, to direct more national funds to nutrient management and to provide specific national funds for rewetting peatlands and promoting paludiculture. Also advisory services will help farmers in safeguarding sustainable farming and food production. Part of these measures and their funding will be included in the CAP Plan but the rest will be implemented nationally outside of the CAP Plan.

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

Finland appreciates the comments of the Commission on guaranteeing adequate farm income and increasing the competitiveness of the farming sector. In fact, Finland has tried to ensure in the CAP Plan that there are sufficient incentives to continue profitable food production in the Finnish circumstances.

Concerning redistributive payment, we have proposed a figure below 10%, as in the Finnish situation we do not see the need for such a big redistribution of aid. Farm structure in Finland is quite homogenous with few very small farms or very large enterprises. We will carry out the further analysis the Commission has requested and provide the additional information justifying the application of the derogation.

Finland will also provide the Commission with additional justification needed for the use of Coupled Income Support in the various sectors of agriculture.

Concerning risk management, Finland has selected, on the basis of needs analyses, a holistic approach. Risk management perspective is integrated into support interventions, which meet future needs and functions as part of the farmer's business activities and their development. As part of this, insurance policies against crop damage, plant pests and animal diseases are supported. In addition to the interventions included in the CAP Plan, national funds are targeted, for example to research and training. Also the advisory services under the CAP Plan promote risk management in several ways, such as risk mapping of farms and recommendations for minimising risks, occupational safety and drafting a risk management plan for the farm.

The national crisis package referred to above also contains additional funds targeted to increase investments into biogas production, thus reducing dependence of Finnish farming on imported fossil fuels and fertilisers.

***Key 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***

Finland agrees that compared to the current framework under Pillar I and II of the CAP, the new CAP Plan must be more ambitious and effective in fighting climate change, protecting the environment and preserving biodiversity. In our opinion, the Finnish CAP Plan is taking significant steps forward in this regard. Conditionality includes several new standards and requirements that promote environmental and climate objectives resulting in a higher baseline for interventions. The higher baseline has been taken into account in the design of the interventions. We have developed the environmentally beneficial interventions of the current RDP further in our CAP plan, in order to get more farmers involved in these well-known sustainable farming practices. Interventions have been developed to achieve the objectives effectively.

Based on the current situation and SWOT analysis we have chosen a variety of interventions tackling the climate change, environmental pollution and degradation of soil and biodiversity. We have identified through research, evaluations and implementation experiences the most effective environmental interventions for the identified needs. We have selected to implement through the CAP Plan those interventions, which are most suitable for each intervention type. In the core of this effort, we have conditionality, eco-schemes, agri-environmental payments and organic production. Furthermore, we have harnessed great deal of investments and cooperation activities to support these objectives. To keep the overall system familiar for the beneficiaries, we have built on the existing measures, but further developed the rules and targeting inside each intervention for a more effective outcome.

In this context, we must emphasise the importance of advisory services in delivering the knowledge of these beneficial activities to the grassroot level. This is also reflected in the distribution of funds in our CAP Plan.

We would also point out that when our Government approved the CAP Plan, the Government also set an ambitious target concerning greenhouse gas emissions from agriculture: these should be reduced by 29% by 2035 compared to the situation in 2019. Emission reductions will be implemented through requirements and interventions included in the CAP Plan and national measures outside the CAP Plan. On measures outside the CAP Plan, Finland will provide further information in our detailed

answers to the Commission's observations. For example, the Finnish government decided in March 2022 that additional funding will be targeted to rewetting peatlands and promoting paludiculture as well as to improving nutrient management. These measures will further increase environmental ambition in this sector.

Concerning GAECs, Finland would especially like to comment the Commission's observations on GAEC 7, GAEC 6 and GAEC 2.

Our reading of the basic act of GAEC 7 is that crop diversification is possible also at the whole country level if the conditions in the footnote of GAEC 7 in Annex III of SPR are fulfilled, which emphasise the diversity of farming methods and agro-climatic conditions. In Finland, the agro-climatic conditions are harsh in the whole country. The whole of Finland has a long winter season and a short growing season. Consequently, the selection of available crops and farming methods is limited.

In our proposed GAEC 6 standard regarding minimum soil cover, we have taken into account the short vegetation period resulting from the length and severity of the winter and their impact on the farming practices in line with the footnote of GAEC 6 in Annex III of SPR.

Our proposed GAEC 2 standard on wetlands and peatlands is also appropriate as it aims to reduce farmers' interest in clearing new agricultural land. The reduction in clearing operations protects carbon-rich soils and substantially reduces greenhouse gas emissions. The grass cover in the area reduces greenhouse gas emissions compared to if the area were cultivated with annual crops.

Concerning reducing methane and ammonia emissions our Medium-term Climate Change Policy Plan based on the Climate Change Act is updated to meet the increasingly stringent EU obligations for 2030 and the Government's target to achieve carbon neutrality by 2035. The Plan includes also measures to cut down methane emissions from agriculture. An action plan to reduce ammonia emissions from agriculture in Finland for 2021-2027 was updated in October 2021. The actions in these plans will be implemented through both CAP and national measures.

The CAP Plan also includes an intervention that supports investments in renewable energy and biofuels by micro-enterprises and small enterprises in rural areas, including biogas. These also contribute to the socio-economic fabric of rural areas.

#### ***Key observations with regard to the strengthening of the socio-economic fabric of rural areas***

Finland agrees with the Commission that the CAP Plan contributes effectively to the strengthening of the socio-economic fabric of rural areas. Finland agrees with the Commission that it is important to attract new farmers and entrepreneurs to the sector and to ensure generational renewal. Finland is taking measures both in and outside of the CAP to enhance generational renewal and will provide more information to the Commission services in the detailed answers.

#### ***Key observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas***

Finland agrees with the Commission that increasing competitiveness plays an important role in getting good results from environmental and climate interventions, enhancing security of supply, advancing agricultural investments, improving animal welfare and expanding organic production. Finland's CAP Plan strengthens Agriculture Knowledge and Innovation System (AKIS). Education, advice and innovations have many types of impacts, simultaneously affecting several farm-level activities and the effectiveness of the interventions included in the CAP Plan. The cross-cutting elements are emphasised in the projects by means of selection criteria. In the Finnish AKIS system, advisers play a key role in transposing of the new research knowledge to farmers.

Finland has for a number of years already made efforts to increase digitalisation for example in the process of application for support. Digitalisation will further increase in area-based interventions through implementation of monitoring and through two-way communications between farmers and the administration. The advisory services will also promote digitalisation, for example through the use of digital nutrient management tool (FaST).

Finland also continues funding of broadband in such rural areas, where connections would not be built on the basis market conditions. Digital society and digital technologies bring to the rural areas new ways to learn, work, explore, and fulfil ambitions.

**Other issues**

Finland will offer you more information on the coordination with European Structural and Investment funds in investing in rural areas. The programmes of the EU Structural and Investment Funds complement the interventions of the EAFRD. The common goal of the funds is to develop the different parts of the country in a balanced way. The funds are coordinated in regional and national level. The implementation of the EU's long-term vision for rural areas is a natural tool for monitoring the work of the funds.

There are many practical examples on the synergies between the funds. Strengthening the fisheries sector through European Maritime, Fisheries and aquaculture Fund supports the development of rural areas, particularly in sparsely populated archipelago areas. The actions of the EAFRD support the objectives of the Horizon Europe programme by funding innovations, networks and rural enterprises. The interventions of the EAFRD support the Sustainable Growth Programme for Finland (RRF) in particular by promoting the green transition and digitalisation.

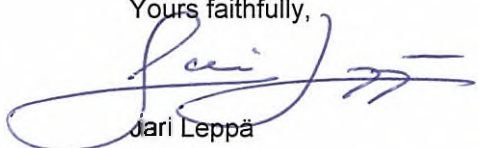
**Information with regard to the contribution to and consistency with Green Deal targets**

Finland is committed in advancing the Green Deal targets also in the agricultural sector. This is also clearly evident in the content of the Finnish CAP Plan and in its interventions. However, it should be remembered that setting quantitative Green Deal targets is not legally required by existing EU-legislation.

Finland will advance Green Deal targets in our CAP Plan and its implementation, but will not set specific targets for them, apart from organic farming (target of 25 % of land under organic farming by 2030) and broadband (100 %). The reason for this approach is simplification of the CAP Plan management and for example the fact that in Finland the antimicrobial use is already at such a low level that reduction targets can no longer be set without endangering treatment of sick animals. However, Finland's target is to invest in maintaining the current low level of antimicrobial use in this regard.

In order to ensure swiftly approval of the Finnish CAP Plan, we welcome further discussions with the Commission services in order to resolve and clarify the questions that remain open.

Yours faithfully,



Jari Leppä

Minister of Agriculture and Forestry

Finland

Liitteet -

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Tiedoksi