

EU Commissioner for Agriculture
Mr. Janusz Wojciechowski
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium
Att. Member of Cabinet Roberto Berutti

1st September 2023

Dear Roberto Berutti,

We allow ourselves once again to write to you about the BISS in Denmark. Partly, to ask you about our previous letter send to you on the 9th of March 2023, and partly, to make a few more comments on this subject.

We have now had the opportunity to familiarize ourselves with the quantitative analyses on which the Danish Government has based its answer, that the BISS should not be implemented in Denmark.

In continuation of the quantitative analyses, we find reason to make some comments, that should not be considered exhaustive, but only examples of how BISS should also be introduced in Denmark.

Examples to mention:

- **That part-time farms earn money elsewhere than on the farm and then they do not need as much aid.**

Rather, the reality is that smaller farms have lower yields from their farms and higher costs per hectare. than full-time farms, so they must have jobs outside the farm.

- **That part-time farms do not contribute directly to job creation on the countryside.**

After all, this is quite natural since the work is carried out by the owner. However, on part-time farms the farmer typically lives with his family on the farm property and participates in the local community. This is not necessarily the case for larger full-time farms, which to a large extent, run their properties with the help from foreign labour, and are therefore often only to a limited extent, part of the local community. In addition, the degree of mechanisation is often considerably higher on full-time farms, so that job creation is greater on part-time farms if the owner's work is taken into account.

- **The debt ratio is often relatively higher for full-time farms than for part-time farms.**

This is because full-time farms crave economies of scale and therefore, they'll use all financial flexibility to buy land and invest. More aid for full-time farmers will not change this, as they will only compete for higher asset prices. Part-time farms typically do not have a chance to compete for land purchase and therefore, more aid for smaller farms, will not lead to the same capitalisation of aid, as the increasing aid for larger farms will. Moreover, a high debt ratio is not an argument that this type of farms has a greater need for the aid, and the aid will only reinforce the need.

- **The average age is higher for part-time farms than full-time farms.**

However, in the group with the largest land adjacent are farms with an undeclared age. This is most likely companies with owners, who invest in agriculture – often slightly older wealthy citizens.

- **That the difference in the aid so far, has been unfair and that the future difference is fairer.**

The fact that there has been an unfair distribution of payment entitlements in the past is not a valid argument for saying, that in the future there should not be a fairer distribution, including redistributive aid.

➤ **In some cases, smaller farms will receive more aid than larger farms.**

This is often due to specific circumstances like the Island-aid (Ø-støtte in Danish) and aid for younger farmers – both are paid for but for other reasons. In our opinion, it is in no way relevant that the general basic payment per hectare, should be affected by someone receiving the Island-aid or other support for reduced productive opportunities. (Less Favoured Areas payment (LFA)). This also applies to the inclusion of the eco-schemes, which are payment for additional voluntary actions.

...and we could go on with more examples!

Basically, in Denmark the competitiveness between large and small farms is already clearly in favour of the large farms. From 2010 - 2022 farms with more than 200 hectares have grown from 3.100 to 3.700 and the average size of these farms has grown from 338 hectares to 420 hectares. In 2022, the large farms cultivated 1.54 million hectares in total, while they cultivated 1.05 million hectares in 2010 (www.statistikbanken.dk/BDF11).

During the same period, farms with between 10 hectares and 100 hectares have fallen from 23.000 to 15.000 farms, and looking at the total cultivated area, it has been fallen from 835.000 hectares to 545.000 hectares for this group.

Based on this, there is a high concentration of land cultivation, and it is the large farms that are leading the way in capitalising on the aid. This shows a clear development towards fewer farms who will receive a larger share of the total aid. Less aid for large farms will reduce this capitalisation.

If the aid were given only to the largest farms, then the capitalisation would cause that they would continue to have a low solidity and high sensitivity to fluctuations in the factor- and product prices.

As mentioned at the beginning, the Danish government has given many arguments why BISS does not need to be implemented in Denmark, and many measures have already been taken.

However, we believe that these arguments have been carefully chosen to support a political decision. In fact, one could argue the opposite with other arguments. But with the above and our limited resources, we have tried to argue that BISS should be introduced in Denmark.

Anything else would be deeply unfair in relation to the wishes of the Commission and to the smaller Danish farms.

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