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Message on the future development of Agricultural Policy from 2022 onwards (AP22+)

of the...

Madam President,
Mr. President,
ladies and gentlemen,

We hereby submit to you the draft amendments to the Agriculture Act, the Rural Land Law Act and the Law on Animal Diseases, as well as the Federal Decree on Financial Resources for Agriculture for the Years 2022 to 2025, and propose that you adopt them.

At the same time, we propose to classify the following parliamentary interventions:

- | | | | |
|------|---|---------|--|
| 2012 | M | 10.3818 | Agri-Food Free Trade Agreement. Suspending negotiations with the EU (N 9.6.11, Darbellay; E 7.3.12) |
| 2014 | M | 11.4020 | For the proper use of residues from biomass processing and against the prohibition of technologies (N 17.9.13, Lustenberger; E 27.11.14) |
| 2015 | M | 14.3095 | Usual operating radius. Repeal of Article 24 of the Water Protection Ordinance (E 19.6.14, Bischofberger; N 12.3.15) |
| 2016 | M | 13.3324 | Adaptation of water protection legislation to the current situation of livestock farming (N 12.3.15, Aebi Andreas; E 9.3.16; N 12.9.16) |
| 2016 | M | 14.4098 | Agricultural policy. Significantly reduce the administrative burden (N 20.3.15, Müller Walter; E 15.6.16) |

2017	M	16.3710	For a judicious use of biomass (N 16.12.16, Semadeni; E 13.9.17)
2018	M	17.4203	Rural land law. Complete sections 61 and 66 of the IRPA (N 26.9.18, Abate; E 12.3.18)
2018	M	18.3144	Swiss plant breeding. Immediate reinforcement of measures (N 13.3.18, E 6.12.18, Hausammann)
2018	M	18.3241	Anchoring in the law of agronomic research adapted to local conditions (E 6.6.18, N 21.3.19, Savary)
2014	P	14.3514	Agricultural Policy 2018-2021. Plan to reduce excessive bureaucracy and staffing levels in the administration (N 26.9.14, Knecht)
2015	P	15.3862	Agriculture. Reduce administrative burden and eliminate unnecessary controls (N 18.12.15, Aebi Andreas)
2015	P	15.4056	Increase milk production from basic fodder produced on farms (N 18.12.15, Jans)
2016	P	16.3098	A value-added strategy in addition to a quality strategy (E 6.6.16, Seydoux)
2018	P	17.3916	Facilitating the takeover of land and farms (N 28.2.18, Jans)
2019	P	19.3385	How is the sectoral objective of agriculture and the food chain concerning the climate concretely implemented in order to achieve the objectives of the Paris Agreement on Climate Change? (N 27.9.19, Graf Maya)

Please accept, Madam President, Mr President, ladies and gentlemen, the assurance of our highest consideration.

On behalf of the Swiss Federal Council :

President Simonetta
Sommaruga
Chancellor of the Confederation Walter
Thurnherr

Condensed

The Federal Council intends to improve the general market, operational and environmental conditions in agricultural policy from 2022 onwards (AP22+). The objective is to equip agriculture and the agri-food sector with the means to increase value added in the market, to improve farm efficiency and to continue to reduce environmental impact and the consumption of non-renewable resources. The Confederation will make some CHF 13.8 billion available to agriculture and the food industry for the period from 2022 to 2025. This amount corresponds to the current level of support.

Background

Switzerland's agriculture and food sector produces food, thus making a substantial contribution to the population's security of supply. But these sectors also provide the services expected by society, such as the maintenance of the cultivated landscape. To this end, they shall receive financial support from the public authorities.

Changes in our environment, in particular due to climate change, technological progress and changing societal expectations, pose new challenges for agriculture and the agri-food sector and require periodic adaptation of the agricultural policy framework. The last major legislative changes were made in 2013 through the 2014-2017 Agricultural Policy. It was possible to achieve the desired objectives in various areas. Indeed, incomes have increased in agriculture, calorie production has been maintained at the desired level and participation in the "Environment" and "Animal Welfare" programs has increased. However, gaps remain in some areas. In particular, measures must be taken to reduce the environmental impact to an acceptable level for the ecosystems.

With this Dispatch, the Federal Council is proposing to Parliament that the legal provisions be adapted by 2022 to take account of the future challenges facing agriculture and the agri-food sector as well as the targets that have not yet been achieved.

Content of the project

The aim is to provide Swiss agriculture and the agri-food sector with the means to increase added value on the market, to strengthen farm efficiency and to further reduce the environmental impact and the consumption of non-renewable resources.

The PA22+ also contains a package of measures as an alternative to the federal popular initiative "For Clean Drinking Water and Healthy Food - No subsidies for the use of pesticides and the prophylactic use of antibiotics" (Clean Drinking Water Initiative). A binding "reduction path" for nitrogen and phosphorus losses (20% reduction by 2030) has also been included in the Agriculture Act. If these objectives are not achieved, the Federal Council is obliged to take corrective measures. The volumes of nutrients delivered to farms must be indicated in a transparent manner. The Water Protection Act also provides for a reduction in the maximum quantities of farmyard manure that may be applied. In the area of environmental performance requirements (EPR), the aim is to stop authorising plant protection products that pose an increased

risk to the environment and to encourage the discontinuation of such products by granting direct payments. If, however, concentrations of these substances in regional watercourses are still too high, the federal government and the cantons can promote specific measures through region-specific agricultural strategies and tighten regulations at the regional level in a targeted manner.

Main changes in the legislation :

Agriculture Act :

- *Binding reduction path for nitrogen and phosphorus losses: if the targets are not met, the Federal Council takes corrective measures.*
- *Social security cover required for direct payments: the farmer's spouse or registered partner must have personal social security cover, provided that he or she works regularly or to a significant extent in the business.*
- *Training requirements for the granting of direct payments: New recipients of direct payments must at least hold the Federal Certificate of Capacity and have completed the three modules of business economics.*
- *Capping of direct payments: it is proposed to remove the cap on direct payments per standard labour unit and the area-based staggering. On the other hand, it is planned to gradually reduce direct payments from CHF 150,000 per holding.*
- *Ecological benefits required: PA22+ proposes to revise the provisions on the use of plant protection products so that they are more effective. Areas for the promotion of biodiversity must account for a minimum share of the total usable agricultural area, but also of arable land. In some regions, the required ecological services may be specifically dedicated to the protection of ecosystems.*
- *Direct payment programmes: it is planned to reallocate, according to a system of area-based contributions, the basic contribution and the contribution for production under difficult conditions from contributions to security of supply and the contribution for maintaining an open landscape from contributions to the cultivated landscape. It is also proposed to integrate current contributions to resource efficiency with contributions to the production system. These are mainly intended to provide a targeted incentive to stop using plant protection products, to reduce ammonia emissions and to improve animal health. PA22+ aims to strengthen agriculture adapted to local conditions through regional agricultural strategies. To this end, contributions to landscape quality and networking are converted into a contribution to agriculture adapted to local conditions.*
- *Crop insurance: It is planned to give the Confederation the possibility of temporarily participating in the financing of premiums for crop insurance covering the risks to agriculture caused by yield fluctuations due to weather conditions.*

-
- *Structural improvements: PA22+ proposes to give the Confederation the possibility of also granting investment aid for the acquisition of agricultural real estate, for innovative technologies to reduce negative environmental impacts, for the subsidiary development of data transmission capacities (e.g. wireless broadband connection) and for the promotion of animal health. It is foreseen that the granting of investment aid will be subject to a positive assessment of economic viability.*
 - *Competence and innovation networks: PA22+ proposes that the Confederation should be able to provide financial support for competence and innovation networks for plant and animal breeding and for livestock health.*
 - *Pilot and demonstration projects: the objective is to further strengthen support for networking of research, training and extension with actors on the ground in the agriculture and agri-food sector and to support pilot and demonstration projects.*
 - *Transparency of nutrient flows: Suppliers of nutrients (mineral fertilisers, animal feed) are required to communicate the deliveries they make to farms.*

Rural Land Law Act :

- *Improvement of the situation of the spouse or partner working on the holding: it is planned to introduce a right of pre-emption for the non-owner spouse who is personally running the business which takes precedence over that of the brothers and sisters and their children.*
- *Legal persons: the provisions on legal persons are developed to give greater entrepreneurial freedom to family farms.*
- *Maximum charge: The maximum charge set for the granting of mortgage loans may in future be exceeded without authorisation by banks and insurance companies based in Switzerland.*

Water Protection Act :

- *Farmyard manure application: It is planned to reduce the maximum amount of farmyard manure that can be applied per area from 3 to 2.5 livestock manure units (LUM) per hectare. If the targets (reduction path) set for reducing nitrogen and phosphorus losses are not achieved, the Federal Council may continue to lower the values.*

Law on epizootic diseases:

- *New article stating the aims: to illustrate the current situation and to integrate animal health as an essential component in the fight against epizootic diseases.*

Consequences

PA22+ contributes substantially to the reduction of nutrient emissions to the environment, both for nitrogen and phosphorus. It also supports climate objectives by reducing greenhouse gases. The use of plant protection products and the environmental risks associated with their use will be substantially reduced through the package of

measures proposed as an alternative to the drinking water initiative and through incentives in production systems. The development of production systems for arable crops, special crops and cash crops in AP22+ prepares agriculture for the challenges of tomorrow and promotes the emergence of an even more sustainable and value-adding agriculture.

The administrative burden for operators, cantons, inspection bodies and the Confederation will be reduced as far as possible. The new system of risk-based controls is a paradigm shift and will increase the effectiveness of controls while reducing the number of core controls by 15-20%. Other measures will reduce the complexity of the system in the context of AP22+, such as the elimination of direct payment scales, the integration of contributions to resource efficiency in production systems and/or ecological performance requirements, the pooling of contributions for networking and landscape quality, and the integration of the three contributions (basic contribution, contribution for maintaining an open landscape and contribution for production under difficult conditions) into a single contribution depending on the area.

Further administrative simplifications in structural improvements and rural land law will increase farmers' scope for action and strengthen entrepreneurship in agricultural businesses.

Expenditure ceilings and commitment authority 2022-2025

Three expenditure ceilings and a commitment appropriation, which is part of the structural improvements, are submitted to Parliament in this message. The ceilings for agricultural expenditure 2022-2025, i.e. FRF 13 774 million, are expected to be broadly in line, in nominal terms, with the expenditure planned for the period 2018-2021.

Expected entry into force

It is anticipated that the legislative amendments and implementing provisions will come into force at the same time as the new spending limit, i.e. on ¹ January 2022.

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Message

1 Background

1.1 Importance of agriculture and the agri-food sector

With some 50,850 farms (2018), agriculture exploits and maintains about a quarter of our national territory (1.04 million hectares) as utilised agricultural area (UAA) (natural meadows, pastures, arable and special crops). In addition to these areas, it uses and maintains about 13% of the national territory as mountain pastures and summer pastures. On the one hand, agriculture produces marketable goods and services (e.g. food and agrotourism), on the other hand, it provides important services for the general public (e.g. maintenance of the cultivated landscape).

The agricultural sector employs about 152,500 people, most of whom are farm managers and family members. The decline in the number of active persons during the years 2000 to 2018 was less significant than the decline in the number of farms (1.6% compared to 1.8% per year). The average farm size increased to 20.6 hectares due to the decrease in the number of farms.

The primary sector, which includes agriculture, but also forestry and fish farming, contributes CHF 4.5 billion or 0.7% to Switzerland's gross value added.

1.2 Current Agricultural Policy

From the beginning of the 1990s, agricultural policy was developed in the direction of better market orientation and more targeted promotion of services in the public interest. The reforms have led to an increase in these benefits from agriculture and a decrease in economic costs. The legal framework conditions have undergone significant changes in the context of the Agricultural Policy 2014-2017 (AP14-17)¹. For the years 2018 to 2021, Parliament has decided on three ceilings for agricultural expenditure without legislative changes². The legal provisions enacted in AP14-17 provided a sufficient basis for implementing the system optimisations at ordinance level necessary to strengthen competitiveness, reduce administrative burdens and improve the efficient use of resources.

1.2.1 Measures in favour of agriculture and the agri-food sector

Spending in the Agriculture and Agri-Food Sector

Remuneration for the services provided by agriculture to society is mainly through direct payments from the federal government. These include contributions to security of supply, the preservation of biodiversity, the maintenance of the cultivated landscape and animal welfare. In addition to direct payments, the Confederation supports agriculture through measures to encourage production (e.g. milk supplements) and sales (e.g. *marketing*). In addition, there are measures to improve the production base

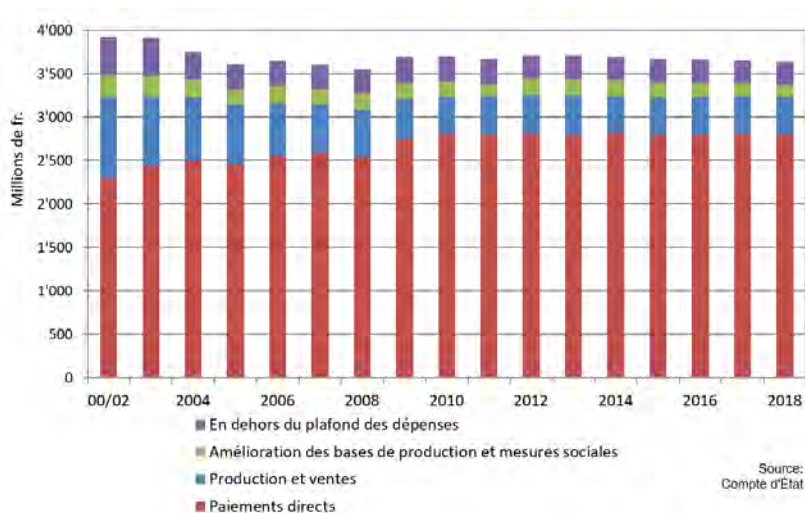
¹ RO 2013 3463

² FF 2017 3271

(e.g. structural improvement measures) and accompanying social measures. The Confederation spends around CHF 3.6 billion annually on agriculture and food (of which around CHF 2.8 billion is spent on direct payments). In nominal terms, this amount has remained largely constant over the last ten years. In terms of its share of federal spending, however, it has declined, given the increase in the federal budget. Agricultural expenditure currently accounts for 5.2% of total federal expenditure.

Figure 1 :

Federal expenditure on agriculture and food



Agricultural policy measures are mainly financed via the three ceilings for expenditure on agriculture: "Improvement of the production base and social measures", "Production and sales" and "Direct payments" (see Table 1).

1

Expenditure ceilings and measures in the 2020 budget³ (in CHF million)

Spending limit	Budget	Measures
2020		
EF Improvement of production bases and social measures: CHF 134.6 million		
Social support measures	0,4	Loans to assist peasant farms

³ In accordance with the federal decree of 12 December 2019 (19,041)

Spending limit	Budget 2020	Measures
Structural Improvements	80,6	Contributions for land improvements, farm buildings and regional development projects (RDPs) and for the achievement of ecological, animal welfare and spatial planning objectives
	0,8	Investment Credits
Plant and animal breeding	41,5	Contributions for the promotion of animal and plant breeding
Outreach	11,3	Financial support for the AGRIDEA extension centre, extension services operating at interregional level and financial support for the preliminary study of collective project initiatives. Calls for tenders for FOAG projects.
EF Production and sales: FRF 537 million		
Sales Promotion	69,9	Contributions to marketing communication
Milk production	371,8	Supplement paid for milk processed into cheese
		Non-silage supplement
		Supplement for marketed milk
Animal production	6,0	Aid in the country for slaughter cattle and meat
		In-country aid for eggs
		Contributions to the development of sheep's wool
		Contributions to the infrastructure of public procurement markets for beef cattle in mountain regions
Crop production	89,4	Crop-specific contributions for pulses, oilseeds, seeds and seedlings (potatoes, maize and forage plants), sugar beets and cereals
		Financing of fruit enhancement measures
		Harvest control administration
EF Direct payments: 2812.0 million francs		
Direct payments in agriculture	2812,0	Contributions to security of supply, cultivated landscape, biodiversity, landscape quality, production system, resource efficiency and transition

In addition to these amounts, expenditure of around CHF 164.1 million is also allocated to the "Agriculture and Food" task group, but is recorded outside the agricultural expenditure ceilings (see Table 2).

Table 2

Measures financed within the framework of the "Agriculture and Food" task group, but outside the expenditure ceilings (in CHF million)

Measures	Budget 2020
FOAG's administrative expenditure, without internal invoicing of services	56,1
Expenditure relating to the implementation and monitoring of agricultural research stations, including the National Stud (Agroscope)	53,1
Phytosanitary control measures	3,4
Family allowances for self-employed farmers and agricultural employees under the LFA ⁴	51,5

The budget of the Federal Office for Agriculture (FOAG) and the federal competence centre for agricultural research Agroscope also contains the federal government's expenditure on agricultural research and development (2017: CHF 123.0 million; 2018 : 126.2 million francs), contributions to the costs of disposal of by-products (2017: 46.6 million francs; 2018: 47.3 million francs) and for the Food and Agriculture Organization of the United Nations (FAO) (2017: 7.2 million francs; 2018: 7.7 million francs). They indirectly support the agricultural sector, but are not part of the "agriculture and food" field of activity. The refund of mineral oil tax (2017: CHF 65.5 million; 2018: CHF 65.1 million) is another support for agriculture that is not part of the "agriculture and food" field of activity.

In addition to federal financial support and customs protection (see Figure 1), agricultural tenancy and rural land law also support agriculture. Figure 1 encourage rural land ownership and individual farming, promote the transmission of the farm within the family and fight against overpriced farmland. Rural property law also has an impact on the tax assessment of agricultural land, which can affect the tax burden and related cantonal measures such as reduced health insurance premiums or scholarships. The report in execution of the Caroni postulate 18.4275 ("Overview of special rules to the benefit or detriment of agriculture") will give an overview of the situation.

The multiplicity of agricultural policy measures makes it possible to take account of the diversity of the country's regions and types of farms, but it also makes the system very complex, not without contradictions, and is a source of red tape. Finally, the high level of complexity has led to numerous parliamentary interventions after the entry into force of the 2014-2017 agricultural policy.

Customs protection

Switzerland is characterised by a high level of customs protection in the agricultural sector in comparison with other countries. According to estimates by the Organisation

⁴ SR 836.1

for Economic Cooperation and Development (OECD), the value of customs protection at the farm income level amounts to approximately CHF 3.3 billion⁵. The current system of customs protection in the agricultural field comprises several instruments, the most important of which is the tariff quota. This consists of setting relatively low customs duties for a given quantity of imported goods and, on the contrary, very high - often prohibitive - duties for imports exceeding that quantity. Tariff quotas and high out-of-quota rates reduce the quantities imported, thus maintaining high prices for both consumers and producers.

1.2.2 Evaluation of current agricultural policy

The reference framework for the evaluation of the current agricultural policy consists of the objectives and indicators defined by the Federal Council in its message of ¹ February 2012 on the future development of agricultural policy in the years 2014 to 2017⁶. These remain valid for the period 2018 to 2021.

Table 3

Objectives for 2021 and degree of achievement

Domain	Aspect	Status 2007/09	Target 2021	Current status (base year)
Economic dimension	Labour productivity ⁷	+2.2% p.a. (from 2000/02 to 2008/10)	+2.2% p.a. (from 2008/10 to 2019/21)	+0.8% p.a. (from 2008/10 to 2017/19)
	Capital renewal	30 years	30 years	28 years (2017/19)
Social aspects	Sectoral labour income	-0.7% p.a.	Decrease to less than 0.5% p.a.	+0.6% p.a. (from 12/14 to 2017/19)
Security of supply	Gross production	23,000 TJ	23,300 TJ	22,743 GRT (2016/18)
	Net production	20,700 TJ	21,300 TJ	19,835 GRT (2016/18)
	Useful agricultural area in areas of permanent settlement	-1,900 ha p.a.	Loss of areas less than 1 000 ha p.a.	No data

⁵ Average for the years 2015 to 2017 according to PSE, OECD Monitoring and Evaluation Report 2018.

⁶ FF 2012 1857 1883

⁷ FSO: change in gross value added at previous year's prices, by annual work unit

Domain	Aspect	Status 2007/09	Target 2021	Current status (base year)
Natural vital re-sources, ecology	Nitrogen efficiency	29 %	33 %	30 % (2015/17)
	Phosphorus efficiency	61 %	68 %	60 % (2015/17)
	Ammonia emissions NH3-N (Model 5.0)	43 700 t	37 000 t	42 300 t (2015/17)
	SPB, quantitative	60,000 ha in the lowland region	65,000 ha in the lowland region	77,965 ha in the lowland region (2018)
	SPB, qualitative	36% net-working, 27% quality	50% net-working, 40% quality	78% net-working, 42% quality (2018)
Cultivated landscape	Area used for alpine economy	-1400 ha p.a.	20% reduction in forest encroachment	No data
Animal Welfare	SRPA participation	72 %	80 %	77 % (2018)

Sources: Agroscope, FSO, USP, HAFL and FOAG

Economic dimension

The continuing positive trend in labour productivity indicates that the potential for efficiency improvements is being exploited, for example as a result of technical progress. At 0.8%, however, the average annual increase in labour productivity was lower in the years 2008/10 to 2017/19 than in previous years, which is explained, inter alia, by the slowdown in structural developments. Capital investment has been sufficient and it can be expected that capital equipment will continue to be renewed approximately every 30 years.

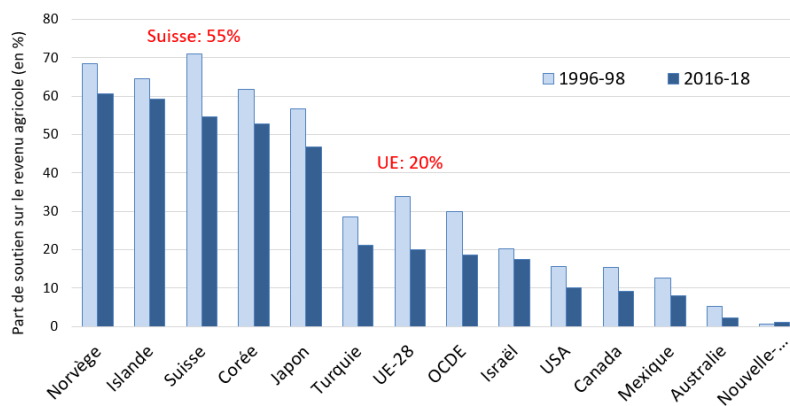
However, Swiss agriculture is still not competitive enough at the international level (see box below). Compared internationally, Switzerland faces productivity differentials resulting from several factors: smaller structures, allowing for fewer scale effects, difficulties due to climate and topography, and a high overall cost level. On top of that, there are the high costs of intermediate services.

Development of overall support for Swiss agriculture in international comparison

Improving the competitiveness of the Swiss agri-food sector is a priority objective of agricultural policy. The OECD Producer Support Estimate (PSE), which estimates the share of government support included in producer revenues, can be used as an indicator for assessing static competitiveness⁸. The PSE estimates the share of income support for agriculture. It indicates the extent of support that state measures (customs protection, direct payments, market support, etc.) provide to a country's agricultural sector.

Figure 1

Development of overall support for Swiss agriculture in comparison with the OECD



Source: OCDE, PSE, 2019

A comparison of Switzerland's PSE with that of other countries shows that our agriculture would currently only be competitive with countries such as Norway, South Korea or Japan, which also have high levels of support (cf. Fig. 2). Compared to the EU, on the other hand, Swiss agriculture receives much higher support and, unless adjustments are made, it would not be competitive in this market. The OECD studies come to the same conclusion with regard to the upstream and downstream sectors of agriculture⁹. In general, the OECD observes that industries operating in protected markets are not armed against foreign competition. Sectors with little or no protection, on the other hand, have a better ability to compete.

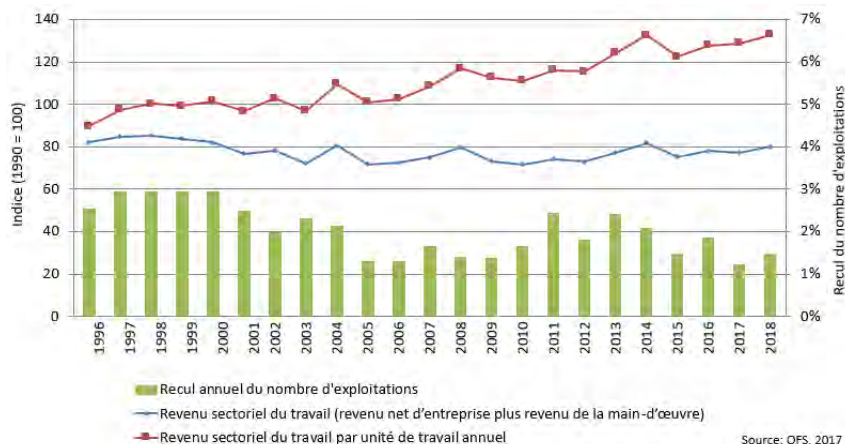
Social aspects

After a decline in the 1990s, labour income in the agricultural sector (net entrepreneurial income plus labour income) has fluctuated between CHF 4 and 4.5 billion since the turn of the millennium (see fig. 3). During the same period, the average structural change was 1.9% in terms of the number of holdings and slightly less in

terms of the number of annual work units¹⁰. During the 1990s, 2-3% of farms were closing down each year. As a result of structural change, the sectoral labour income per annual work unit has increased by 30% since the 1990s to CHF 58,300 in 2018.

Figure 3

Changes in the number of holdings and labour income



The accounting data from Agroscope's centralized data processing confirms the revenue development. Farm income per farm as well as labour income per family labour unit have steadily increased since the mid-1990s (see figure 4).

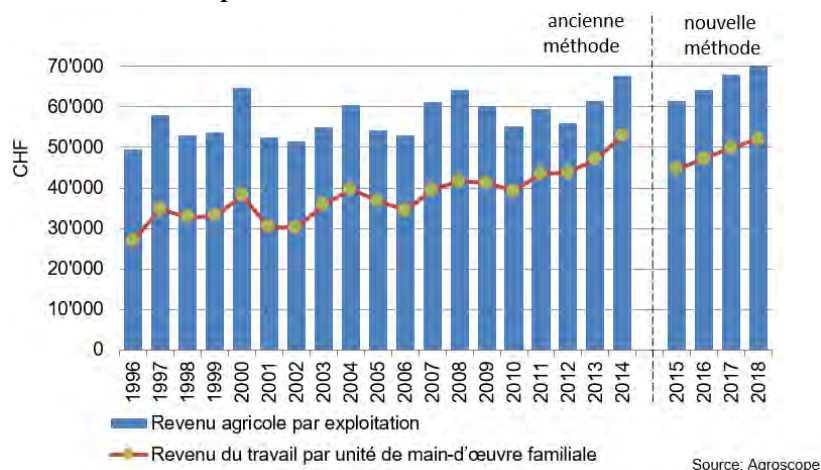
⁸ OECD (2018), Agricultural Policy Monitoring and Evaluation 2018, OECD Publishing, Paris

⁹ OECD (2015), OECD Review of Agricultural Policies : Switzerland 2015, OECD Review of Agricultural Policies, OECD Publishing, Paris

¹⁰ The annual agricultural work unit (AWU) is the work of a full-time employee over the course of a year (based on 280 working days).

Figure 4

Evolution of income per farm



Since the change in survey methodology in 2015, estimated farm income is lower than in the past. As a result, the proportion of farms exceeding the reference income has also decreased. The lower income is partly explained by the new composition of the sample of holdings taken into account, by the increase in the labour units declared and by the fact that now about half of the social contributions are deducted from labour income. The reasons for the change in sampling method and its effects were analysed¹¹.

The total income per farm is made up of income generated by agricultural and non-agricultural activities. During the first half of the 1990s, total income per farm declined. While it has tended to increase since then, the share of non-agricultural activities has also increased.

As far as the distribution of income in Swiss agriculture is concerned, the differences are considerable. An analysis of farm accounting by Agroscope¹² identified four causes: training (labour income increases with the level of training), farm size (scale effects increase with size), farm orientation (e.g. special crops provide higher labour income than milk production) and farm management (e.g. labour income increases with lower machine costs per ha). The region also plays a significant role: income decreases as altitude increases. The study thus shows that a significant proportion of

¹¹ The results of the analysis can be found under: www.agroscope.admin.ch > Topics > Economics and technology > Business economics > Centralized accounting data processing > Sample Income situation > Methodological principles

¹² Lips, M. 2017 Economic heterogeneity at farm and branch level, Agroscope Science, Entenhausen

income differences depend on factors that can be influenced by the farm managers themselves.

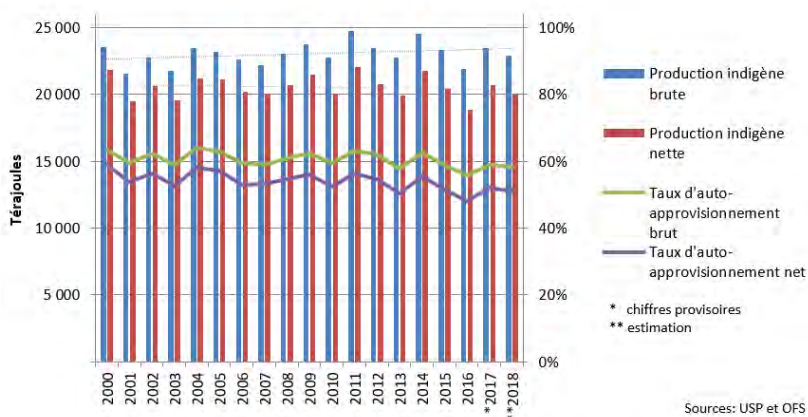
Security of supply and loss of cultivated area

Native calorie production has tended to increase in recent years. The differences in the annual comparison are mainly due to fluctuations in the harvest, which are weather-related. Thus, in 2016, unfavourable weather conditions (in particular snow, frost and heavy rain in the first half of the year and a drought in the second half) led to exceptionally poor harvests of cereals, sugar beet and potatoes, which was reflected in low calorie production and, consequently, a low rate of self-sufficiency. For the assessment of the long-term development of indigenous production, the trend is more meaningful than isolated annual values. In view of the upward trend in gross calorie production and the stable or slightly upward trend in net calorie production (i.e. food produced on the basis of indigenous fodder), the Federal Council's targets can probably be achieved by 2021 (gross: 23,300 TJ; net: 21,300 TJ).

The self-supply rate, i.e. the share of indigenous production to consumption, depends on the evolution of the population, in addition to the evolution of indigenous production. Despite the increase in population, it has been possible to maintain the gross self-supply rate at a constant level in recent years. The net self-supply rate showed a slight downward trend due to increased feed imports.

Figure 5

Changes in calorie production and self-supply rate



Agricultural land is a key factor in agriculture's mission to produce food from the soil and provide ecosystem services. Between 1979/85 and 2004/09, agriculture lost 107,900 hectares of farmland and gained 22,900 hectares, resulting in a net loss of 85,000 hectares, or 5.4 per cent. Two-thirds of the losses are on agricultural land in the permanent settlement region and one-third on land used for the alpine economy in

the summer region (mainly due to forest growth). Nevertheless, major efforts are still needed to reduce the loss of agricultural land to less than 1000 hectares per year.

Natural resources, ecosystems

The agricultural policy objectives for 2018-2021 in the field of natural resources and ecology are likely to be only partially achievable by 2021. Little progress has been made since the turn of the millennium in addressing the environmental impact of nitrogen and phosphorus use in agriculture. In the area of biodiversity, despite an increase in participation in promotional programmes, the decline in biodiversity could not be halted.

Nitrogen (N)

The intermediate target of 33% nitrogen efficiency by 2021 is likely to be achieved (status 2015/17: 30%). Based on the available figures, however, the target of reducing nitrogen losses to 95,000 tonnes by then will not be achieved (status 2015/17: 113,938 t N).

With regard to ammonia emissions, additional efforts are needed to reach the interim objective of 37,000 tonnes of ammonia (NH₃) in 2021 (status 2015/2017: 42,300 t NH₃-N). On the Central Plateau, in the Jura, on the northern and southern slopes of the Alps and in Ticino, critical loads of nitrogen are sometimes exceeded by 30 kg N/ha/year or more. The ammonia emission calculation model has been updated from version 4 to version 5 in 2018. With the new model, emissions are about 10% lower for the whole time series¹³.

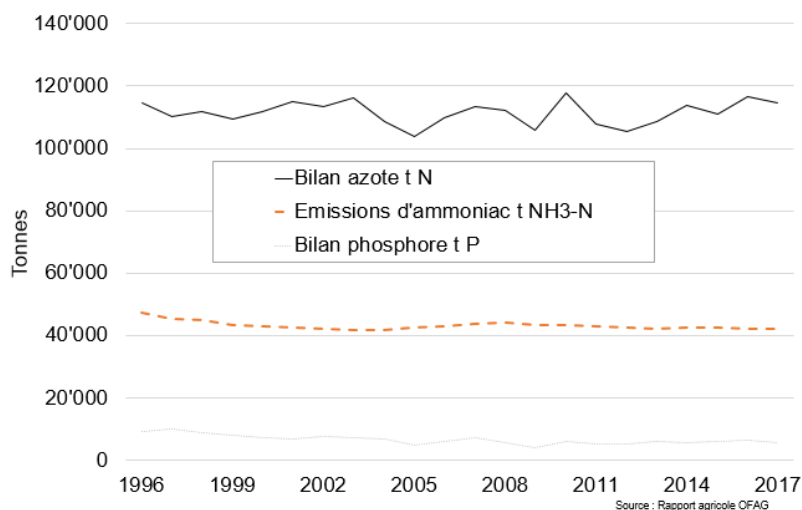
Phosphorus (P)

The phosphorus efficiency target of 68% is unlikely to be achieved by 2021 (2015/17 status: 60%). On the basis of the figures available, it appears that the objective of reducing the phosphorus surplus to 4000 tonnes of phosphorus will not be achieved in 2021 either (status 2015/17: 6 122 t P). In many lakes, phosphorus inputs from agriculture are still too high.

¹³ In model 5.0 (Kupper *et al.* 2018), the indicative values of the revised fertilisation principles (FIRP 2017) are used for livestock manure, emissions from agricultural soils and crops are no longer reported separately, in accordance with the EMEP/EEA 2016 methodology, and denitrification losses of NO₂, NO, N₂O and N₂ are taken into account in detail. However, updating the model has no impact on the agricultural environmental target of 25,000 t NH₃-N. This environmental objective is defined on the basis of receptors and is based on the maximum tolerable amount of nitrogen for ecosystems (i.e. long-term compliance with critical loads for nitrogen), including the reduction target for nitrogen oxides (Clean Air Concept target for NO_x: -50% compared to 2005).

Figure 2

Trends in nitrogen and phosphorus losses and ammonia emissions



Biodiversity

The agricultural policy objectives for 2021 indicate the values to be achieved in terms of the extent, quality and networking of areas for the promotion of biodiversity (SPB). By 2018, the area target of 65,000 hectares has been reached in the lowland region; more than 77,900 hectares have been exploited as SPBs. This represents about 8% of the utilised agricultural area, but the value varies greatly from a regional and local point of view. Contributions for quality level 2 were paid for 42% of the BPSs and contributions for networking for 78% of the BPSs.

Despite an increase in participation in incentive programmes, the decline in biodiversity has so far not been halted. Initial results from the *monitoring* programme "Arten und Lebensräume Landwirtschaft - Species and Agricultural Environments (ALL-EMA)"¹⁴ show that the quality objectives in the sense of the Environmental Objectives for Agriculture (EAO) have also not been achieved on many of the areas for the promotion of biodiversity promoted by contributions for quality level 2. The Confederation, the cantons and farms are doing important work to promote biodiversity. Nevertheless, the desired state of biodiversity on agricultural land has not yet been achieved.

¹⁴ Cf. www.agroscope.admin.ch > Topics > Environment and Resources > Monitoring, Analysis > ALL-EMA monitoring programme.

Animal Welfare

Since their introduction, animal welfare programmes have met with increasing interest. In 2018, three-quarters of farm animals were provided with regular outdoor exercise (ROPE) and the 80% target can be expected to be achieved by 2021. Also in 2018, 60% of farm animals were housed in barns that conformed to particularly animal-friendly housing systems (SST).

Gaps in relation to objectives

The objectives defined by AP 14-17 and pursued by AP 18-21 have been achieved in many areas (e.g., calorie production, participation in organic farming programs, animal welfare, extensive crop production). While progress is moving in the desired direction for some other objectives, it is stagnating in some other areas.

The preservation of natural resources remains a major challenge for agriculture. There are gaps in all the OAS¹⁵. Further efforts are needed to reduce the ecological footprint of agriculture. In order to improve the achievement of this objective, progress is needed, in particular in the area of reducing emissions by improving resource efficiency and adapting production to the carrying capacity of ecosystems. Although it has been possible to reduce the loss of usable agricultural area in recent years, the extent of the loss of area is still too high.

There are still major shortcomings with regard to the competitiveness of Swiss agriculture in relation to other countries. While adaptation to market needs and competitiveness have been improved, it must be noted that developments are often faster in other countries. In the EU, in particular, the level of agricultural support (including customs protection) has fallen much more than in Switzerland. The share of support (financial aid and customs protection) in the income of Swiss agriculture has been reduced since the early 1990s, but support for agriculture remains one of the highest in the world.

The new challenges facing the Swiss agri-food sector call for an in-depth examination and adaptation of the target system. The current shortcomings are dealt with in 4.3 and taken into account in a new target system for PA22+.

Review of contributions to the costs of disposal of animal by-products

As part of the preparation of the draft AP22+, the Federal Council has examined whether it is possible to abolish the disposal contributions granted to slaughterhouses within the meaning of the Ordinance of 10 October 2004 on the allocation of contributions to pay the costs of disposal of animal by-products¹⁶. The results of this review are presented below.

In order to prevent the spread of bovine spongiform encephalopathy (BSE) and other epizootic diseases, the feeding of meat and bone meal to livestock has been banned since 2001. Animal by-products resulting in particular from the slaughter of animals, i.e. animal carcasses and carcasses, parts of carcasses and carcasses, products of animal

¹⁵ <https://www.news.admin.ch/news/message/attachments/46592.pdf>

¹⁶ SR 916.407

origin and residues of feedingstuffs which cannot be used for human consumption or which have been excluded from the food chain, must for that reason be disposed of at extra cost. As compensation for these additional costs, the federal government has since been granting disposal contributions to birth farms and slaughterhouses.

After consideration of a possible abolition of the disposal levies on slaughterhouses, the following arguments argue in favour of maintaining the levies:

- Slaughterhouses are the actors in the production chain who directly bear the burdens arising from the special measures imposed for the disposal of animal by-products. It is only logical that they are the primary beneficiaries of the contributions.
- Against the advice of the Federal Council¹⁷, Parliament extended the scope of the beneficiaries of the contributions for the disposal of animal by-products to slaughterhouses which slaughter equidae and poultry in the context of the debate on AP 14-17¹⁸.
- In the case of bovine animals, the contributions are paid to slaughterhouses only on condition that the slaughter history is correct, i.e. that their traceability is plausibly documented from birth to the slaughterhouse. This in turn has an incentive effect on notifications to the Animal Trafficking Database (ATDB) from all animal keepers.
- From ¹ January 2020, the traceability system for cattle will be extended to sheep and goats. In order to encourage sheep and goat keepers to notify lamb and goat births to the BDTA - which is a prerequisite for any traceability system - and to pay the corresponding fees (0 fr. 40 per animal), the Federal Council has decided to allocate a contribution of 4 fr. Also with effect from ¹ January 2020, the Federal Council has decided to restrict the contributions for slaughtered sheep and goats to animals with a complete history, i.e. whose successive stays are fully documented. This restriction will provide an incentive for successive links in the production chain to notify animal trafficking to the BDTA. The experience of the years 2000 to 2002 with cattle has clearly shown that such an incentive system is both more effective and less costly than the introduction by the cantonal veterinary services of awareness-raising campaigns or penalty measures.
- In its report of 25 January 2009 in accordance with the postulate of the NC Finance Commission of 13 November 2009 (09.3981)¹⁹, the Federal Council concluded that the disposal costs would hardly be substantially reduced even if animal by-products were to be partially reused in feed for production animals. The reasons for this are the low volumes of potentially usable by-products in absolute terms and the high costs involved in the need for completely separate flows of goods, as well as the additional control measures required and possible new investments in recycling operations. These findings remain valid. Any relaxation

¹⁷ FF 2012 1857

¹⁸ RO 2013 3463

¹⁹ The report is available at: www.blw.admin.ch 'Services' Publications 'Reports' > Contributions for the disposal of waste from cattle and small livestock (BSE measures)

of the feed ban will have to be decided in coordination with European regulations so that equivalence with existing European law is preserved.

On the basis of the results of the review, the Federal Council will decide against the abolition of the disposal levies for slaughterhouses. It examines the question of an adjustment of the amount of the contributions in connection with the proposed reallocation of resources in favour of the Competence and Innovation Network for Livestock Health (Art. 119 of the Law of 29 April 1998 on Agriculture [Lgr]²⁰, Art. 11b of the Law of¹ July 1966 on epizootic diseases (LFE)²¹; cf. sections 5.1.6.4 and 5.3).

1.3 Policy areas affecting agriculture

1.3.1 Environmental and territorial policies

Sol

The main threats to agricultural soils were identified and recommendations for concrete actions were formulated as a follow-up to the National Soil Research Programme "Sustainable Use of Soil Resources" (NRP 68). The general summary sets out approaches that can promote sustainable land use in spatial planning and in agriculture and forestry²². It outlines how gaps in soil information can be filled over the next two decades. In addition, the paper addresses the question of the impact in Switzerland of the use of land abroad for consumption purposes. Finally, it shows an approach in favour of a sustainable land policy, involving cooperation with different actors on land use, exploitation and protection.

At the federal level, work is currently underway on a national soil strategy that will ensure the long-term functions performed by soil. It is not only a question of preserving the areas used for food production and other functions (flood protection, biodiversity, climate protection, etc.), but also their quality.

Soil is constantly caught between the interests of urbanisation and agriculture, but it is land use planning that decides on the possible use. The Swiss Federal Office for Spatial Development's (ARE)²³ Sectoral Plan for Crop Land (SPA SDA) protects Switzerland's most fertile soils for agricultural production from construction.

On 6 September 2017, the Federal Council adopted the Action Plan for Risk Reduction and Sustainable Use of Plant Protection Products (AP PPh)²⁴. The implementation of the PPh AP will prevent the application of plant protection products (PPh) from adversely affecting long-term soil fertility, but will also reduce the use of those products with a high risk potential for the soil.

²⁰ SR 910.1

²¹ RS 916.40

²² Urs Steiger, Paul Knüsel, Lucienne Rey (2018): *Using soil resources sustainably. National Research Program 68. General Synthesis (NRP 68)*; Publisher: NRP 68 Steering Committee, Bern

²³ The plan can be viewed at: www.are.admin.ch > Spatial Development and Planning > Strategy and Planning > Sectoral Concept and Plan > Sectoral Plans of the Confederation > Crop rotation surfaces.

²⁴ The plan can be consulted under: www.ofag.admin.ch > Sustainable Production > Plant Protection > Action Plan Plant Protection Products.

Water and water space

The popular initiative "Clean Drinking Water and Safe Food - No Subsidies for Pesticide and Antibiotic Prophylaxis" (Clean Drinking Water Initiative),²⁵ tabled in early 2018, calls for limiting direct payments to farms that do not use PPh or purchased feed. The popular initiative "For a Switzerland free of synthetic pesticides",²⁶ submitted in May 2018, calls for a ban on the use of synthetic plant protection products in agricultural production, in the processing of agricultural products and in soil and landscape maintenance.

The PPh AP will enable intermediate objectives to be achieved, i.e. the length of those sections of the Swiss watercourse network that do not meet the numerical requirements of the Water Protection Ordinance of 28 October 1998 (WPO) to be halved by 2027,²⁷ and the risk to aquatic organisms to be reduced by 50% compared to the average value for the period between 2012 and 2015.

The requirements of 0.1 µg/l, applied so far for organic PPh in watercourses, will be replaced by risk-based values for selected active substances. The corresponding amendment to the EOAA concerning various substances was put out to consultation in December 2017.

Since 2017, regions affected by water scarcity have been able to use models for the practical management of water resources. The cantons can use them to deal with the problems associated with increased drought as a result of climate change.

The cantons currently determine the watercourse areas along rivers, streams and lakes and take them into consideration in the cantonal master plan and land use plan. The space reserved for watercourses may only be developed and used extensively. It may be allocated to the minimum total crop rotation area provided that it has the quality of crop rotation areas. The elimination of crop rotation areas must be compensated for in accordance with the federal government's sectoral plans.

Protection against air pollution :

Ammonia (NH₃) is a gaseous, reactive nitrogen compound, 90% of which comes from agriculture. Ammonia emissions have far-reaching environmental impacts as they lead to over-fertilisation of sensitive ecosystems such as forests, swamps or lean grasslands.

The Air Pollution Control Ordinance of 16 December 1985²⁸ provides for the preventive limitation of harmful or nuisance emissions if the necessary measures are technically and operationally feasible and economically bearable. If, despite this measure, excessive immissions are to be feared, the cantons are obliged to draw up and implement action plans for air protection.

²⁵ FF **2017** 2059

²⁶ FF **2016** 8193

²⁷ SR **814.201**

²⁸ RS **814,318,142.1**

Immissions are considered to be excessive, particularly when they threaten humans, animals and plants, their biocenoses or biotopes (Art. 2, para. 5 (a), OAPC). This is currently the case in almost 90% of forest sites, in almost all high marshes, three-quarters of low marshes, and one-third of dry grasslands and species-rich dry pastures²⁹. The environmental objective of 25,000 tonnes of ammonia per year was set to ensure that the critical value for nitrogen inputs to ecosystems is no longer exceeded³⁰.

Climate

In December 2015, the international community adopted the Paris Accord, which follows the second commitment period of the Kyoto Protocol. In its dispatch of¹ December 2017 on the total revision of the CO₂ Act for the period after 2020, the³¹Federal Council sets out how this commitment is to be implemented at the national level.

Agriculture will now also be integrated into Swiss climate policy. The Federal Council proposes that agriculture's contribution to this national reduction should be 20-25% for 2030 compared to the base year 1990. This will be achieved through *ad hoc* measures in agricultural legislation, such as the development of contributions to sustainable production systems.

It is already now necessary to take measures to adapt to the consequences of climate change, which will become increasingly important in the future. In this respect, the FOAG has highlighted³² various lines of action in the Climate Strategy for Agriculture, including the diversification of production or the improvement of forecasting and warning systems.

Energy

On 21 May 2017, the Swiss people approved the revised Energy Act,³³ which is part of the Energy Strategy 2050. With this strategy, the Federal Council aims to significantly reduce energy consumption by 2050, increase energy efficiency in all areas and promote the use of renewable energies. It is also planned to reduce dependence on fossil fuels and the associated CO₂ emissions accordingly.

Almost 2% of direct energy consumption is attributable to agriculture in Switzerland. However, this sector plays an important role in the production of renewable energy. In order to achieve the long and medium-term objectives of the energy strategy, the potential for renewable energy production in agriculture must be mobilised. For this reason, the federal government supports agricultural enterprises by granting interest-

²⁹ Federal Commission for Air Hygiene (CFHA) (2014), Ammonia Immissions and Nitrogen Compound Deposition, CFHA clarifications on excessive immissions, <https://www.news.admin.ch/news/message/attachments/38298.pdf>

³⁰ www.bafu.admin.ch > Themes > Theme Biodiversity > Publications and studies > Environmental objectives Agriculture

³¹ FF 2018 229

³² The Climate Strategy can be found at: www.blw.admin.ch > Sustainable Production > Environment > Climate.

³³ Energy Act of 30 September 2016 (LEne); SR 730.0

free investment loans for, among other things, the construction of plants for the production of electricity from solar collectors, hydroelectric power stations and biogas plants.

Biodiversity

In 2010, the Aichi biodiversity targets were also approved. They form the general framework for the promotion, maintenance and sustainable use of biodiversity. The Swiss Biodiversity Strategy (SBS)³⁴, adopted by the Federal Council in 2012, lists ten strategic objectives and describes the framework conditions for their implementation. In 2017, the Federal Council approved the action plan Biodiversity Strategy Switzerland. Synergy measure 4.2.3 provides for the adaptation of agricultural production to the natural conditions of the site, i.e. to geospecific conditions. In particular, there is a need to strengthen the effectiveness of instruments that promote biodiversity on the one hand, and to reduce environmental pollution and the threat to biodiversity on the other, for example by promoting sustainable production systems and by steering measures towards locally adapted agriculture.

The main goal of SBS is the establishment, expansion and maintenance of an ecological infrastructure throughout the country. The federal government is currently developing, in conjunction with the cantons, a system of common objectives for ecological infrastructure (Synergy Measure 4.2.1 of the Action Plan), including thematic and geographical principles and objectives for the development of sufficient space for the long-term conservation of biodiversity.

Regional policy and spatial planning

The implementation of the results of the first stage of the revision of 15 June 2012 of the³⁵ Law of 22 June 1979 on Spatial Planning (LAT)³⁶ (LAT 1) has been underway since¹ January 2014. The second stage of the revision of the AAL (AAL 2), the dispatch of which was adopted by the Federal Council on 31 October 2018,³⁷ focuses on finding solutions for construction outside building zones that would directly combat the loss of cultivated land. This involves, on the one hand, the elimination of farm buildings that are no longer needed and, on the other hand, holistic spatial planning, in order to proceed in a coordinated manner that preserves cultivated land and evaluates individual projects in a broader context.

The PS SDA is in the process of being redesigned. The sector plan provides that crop rotation areas will be designated on the basis of reliable soil data and defined quality criteria. The long-term protection of this land will be ensured by appropriate agricultural land management and minimum consumption. This measure does not change the minimum surface area throughout Switzerland or the quotas that must be guaranteed

³⁴ The Swiss Biodiversity Strategy (2012) can be found at: www.bafu.admin.ch > Topics > Biodiversity > Publications and studies > Swiss Biodiversity Strategy

³⁵ RO 2014 899

³⁶ SR 700

³⁷ FF 2018 7323

by the cantons. The Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Department of Economic Affairs, Education and Research (DEFR) put this sector plan out to consultation from 20 December 2018 to 26 April 2019. Almost all participants in the consultation felt that the long-term protection of ADS was important. The preservation of soil quality is, like the quantitative aspect, increasingly seen as a key issue. There was broad support for the principles of the revised sector plan. On the other hand, opinions are divided on the provisions that aim to make the management of the ADSs more flexible without calling into question the minimum surface area, i.e. the possibility of limited exchanges of ADSs between the cantons and the creation of compensation funds for the ADSs used. The sector plan is expected to be submitted to the Federal Council in the first quarter of 2020.

In the dispatch of 18 February 2015 on economic promotion for the years 2016 to 2019³⁸, the Federal Council defined the orientation of regional and tourism policy. The aim is to continue to improve coordination between actors and offers in the promotion of innovation and to exploit all regional innovation potential. This approach will improve regional value creation and competitiveness and open up development opportunities in rural and mountain areas.

1.3.2 Foreign economic policy, international conventions

Sustainable development programme to 2030

In September 2015, the programme "Transforming our World: The *Agenda 2030* for Sustainable Development" (*Agenda 2030*) was adopted under the aegis of the United Nations. This document calls on the international community to achieve 17 sustainable development goals (SDGs)³⁹ by 2030. The Confederation's agricultural policy is part of the national efforts to achieve this goal.

The second sustainable development objective (SDO 2) specifically addresses agriculture, food security and food quality. It includes the following sub-objectives (targets): (a) eradicate hunger and malnutrition, (b) double the productivity and incomes of small farmers, (c) ensure sustainable food production systems, and (d) conserve agricultural biodiversity. However, other sustainability goals are also closely linked to the agrifood sector, such as SDO 1 (ending poverty in all its forms and everywhere, including social security), SDO 12 (ensuring sustainable consumption and production patterns) and SDO 15 (life on earth, including the protection, restoration and sustainable use of terrestrial ecosystems).

WTO

The World Trade Organization (WTO) is at the heart of the current tensions in international trade. The United States in particular has greatly increased its influence, taking a series of protectionist measures that have triggered so many retaliatory measures;

³⁸ FF 2015 2171

³⁹ See www.dfae.admin.ch > Agenda 2030 > Agenda 2030 > 17 sustainable development objectives

it has also blocked the process of renewing the Appellate Body under the WTO dispute settlement procedure. The need to introduce reforms in order to ensure the future of the WTO is widely endorsed within the organisation. Many member countries consider that the highest priority should be given to the development of trade regulation in agriculture. However, at present it is unlikely that substantial progress will be made in terms of multilateral agreements. It became clear as early as the Nairobi Ministerial Conference in December 2015 that the WTO Doha Round could not be concluded as a single package. This was confirmed by the Buenos Aires Ministerial Conference in December 2017, where WTO ministers failed to agree on a joint ministerial declaration and a comprehensive work programme. It is therefore to be expected that the central themes of the Doha Round or new themes will be dealt with in smaller packages.

As a small country, Switzerland has a strong interest in the WTO remaining a highly relevant multilateral mechanism from an economic point of view. It is also important that the negotiations progress in a balanced way. In the agricultural dossier, Switzerland therefore ensures that its interests are taken into account in the discussion, such as those concerning export restrictions and better protection of geographical indications of source. Moreover, the regulation of other export competition issues has become crucial since the decision to eliminate all remaining export subsidies (Nairobi Ministerial Conference, 2015).

EU

The Agreement of 22 July 1972 between the Swiss Confederation and the European Economic Community (⁴⁰Free Trade Agreement) creates a free trade area for industrial products. In addition, Protocol 2 of the free trade agreement governs trade in processed agricultural products. While a range of products can circulate duty-free between Switzerland and EU member states, products containing agricultural raw materials affected by the agreement are subject to a price harmonisation mechanism, given the high production costs in Switzerland and the lower raw material prices in the EU. Thanks to this mechanism, Switzerland, which produces raw materials at a high cost, can balance these costs by levying customs duties on the products it imports, while the EU allows Switzerland to sell the same products duty-free on its markets. In this area, it is to be expected that the EU will insist that Switzerland further reduce its customs duties on European products.

The Agreement of 21 June 1999 between the Swiss Confederation and the European Community on trade in agricultural products⁴¹ (Agriculture Agreement), which entered into force in June 2002, provides for customs concessions on a series of specific products; it removes non-tariff barriers to trade, simplifies trade and guarantees the parties mutual market access.

In November 2008, negotiations between Switzerland and the EU took place on opening up markets along the entire food production chain and on strengthening cooperation in the areas of food and product safety and public health. Since 2010, negotiations

⁴⁰ RS 0.632.401

⁴¹ RS 0.916.026.81

on agricultural market access have been suspended due to unresolved institutional issues and political resistance. In both areas of food security and health, discussions are ongoing and negotiations have been ongoing since 2015.

In the agricultural field, the feasibility of each step, which is based on reciprocity, depends on the one hand on internal policy and on the other hand on relations with the EU in general. In this respect, the Federal Council is endeavouring to strengthen and expand the bilateral approach.

The further interpenetration of the Swiss and European agricultural markets will also have to be examined in greater detail in the light of factors such as developments on the European market (e.g. the abolition of sugar production quotas) or the general conditions that will prevail internationally (e.g. the abolition of export contributions in the WTO). The Federal Council remains of the opinion that a stronger interconnection of the Swiss and European food markets makes sense. In addition, the Federal Council believes that greater interconnection between the Swiss and European agri-food markets makes sense. For its part, the EU for its part has repeatedly expressed its interest in pursuing negotiations on the reciprocal opening of agricultural markets.

Free trade agreements with non-EU or EFTA countries

In addition to the Convention of 4 January 1960 establishing the European Free Trade Association⁴² (EFTA Convention), the Free Trade Agreement and the Agriculture Agreement, Switzerland currently has a network of 30 free trade agreements in force with 40 partners. New treaties were signed in 2018 with Ecuador and Indonesia, and negotiations with the Mercosur States were essentially concluded in 2019. Negotiations are under way on new agreements with India, Malaysia and Vietnam. Switzerland is also working to modernise older agreements. Negotiations are underway with Chile, the Southern African Customs Union (SACU) and Mexico, and exploratory discussions are taking place with Canada. The Free Trade Agreement between the EFTA States and Turkey was signed on 25 June 2018⁴³.

Until now, market access in the agricultural sector has been granted on a restricted basis for non-sensitive products (e.g. exotic fruits), generally within and outside the bound WTO tariff quotas. In the negotiations with Mercosur, Switzerland for the first time allowed bilateral import quotas for sensitive products (including beef, poultry, wine, fruit and animal feed) outside the WTO quotas. It will in future be increasingly difficult to make concessions only within the limits of the current WTO quotas in negotiations with other countries with offensive export interests in agricultural products. Switzerland is increasingly being asked to reduce the customs protection it applies to basic and processed agricultural products when negotiating further free trade agreements and developing existing agreements. For example, Canada and Mexico have lifted all tariffs on agricultural products in their agreements with their partners.

⁴² RS 0.632.31

⁴³ FF 2019 845

The EU is also concluding agreements with other countries that provide for significant tariff cuts on agricultural products. Thus, the EU and Canada concluded a comprehensive Comprehensive Economic and Trade Agreement (CETA) on 21 September 2017, in which both partners committed to the elimination of more than 90% of agricultural tariffs. This gives Swiss exporters less access to the Canadian market than their European competitors. The revision of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP or TPP11) also poses a risk of potential discrimination for Switzerland. As far as agricultural products are concerned, this potential discrimination mainly concerns cheese. Such trade liberalisation, as provided for in the AACC and the CPTPP, would be incompatible with current Swiss agricultural policy. In the current negotiations, Switzerland is proposing free access to its market by reducing the customs duties applicable to the agricultural part of its tariff lines by a maximum of half.

1.4 Framework conditions and future challenges

1.4.1 Bases of production

Switzerland is heavily dependent on non-European countries for many raw materials and fossil fuels (e.g. more than 95% for phosphorus). The increase in population and the expected economic growth will maintain pressure on an already limited agricultural land base. As a result of climate change, irrigation needs are likely to increase in some areas, and heavy rainfall will become more frequent, leading to local flooding and erosion risks. Technical progress (optimization of animal husbandry and crop production, more efficient technologies) will also result in increased labour productivity, crop production efficiency, performance in animal production and resource efficiency in food production in our country.

1.4.2 Security of supply

By 2050, demand for food will double due to population growth and rising living standards in emerging countries. Increasing supply to keep pace with demand will be a major challenge. Cross-border trade in food will become increasingly important for food security. In some countries, increasing food demand is faced with insufficient natural resources for indigenous food production. This demand will be met by food from countries with as yet untapped production potential.

The Swiss population is expected to grow from 8.4 (2017) to around 10 million⁴⁴ by 2045. Preserving the quantity and quality of agricultural land will be the main challenge facing agriculture in order to contribute to the country's food security. Arable land, which is limited, must first and foremost be used directly for human consumption. The aim is also to reduce the dependence of agricultural production on non-renewable raw materials such as fossil fuels and phosphorus. Reducing food waste and responsible consumption patterns can also make a significant contribution to resource conservation in Switzerland and abroad. Thanks to imports, Switzerland will continue to cover a substantial part of the population's food and agricultural supplies. Purchasing power is likely to remain high in Switzerland in comparison with other countries,

⁴⁴ According to the FSO, 2015

thus meeting the needs of importers. Facilitated access to international agricultural markets and a diversified portfolio of countries of origin will remain important for food security.

1.4.3 Developments in world agricultural markets

The OECD and FAO expect per capita demand for basic food commodities to remain stable in the near future⁴⁵. The increase in demand is only due to population growth. The demand for cereals, vegetable oils and sugar needed for biofuel production will only increase slowly. However, per capita consumption of sugar, vegetable oil and processed foodstuffs is expected to increase. Demand for dairy products, especially fresh dairy products, will also increase sharply.

The additional demand will be met mainly by increasing or improving production efficiency in Africa, South and East Asia and the Middle East. Compared to the last decade, production is expected to grow half as fast. It is likely that this production expansion will be sufficient to cover the additional demand. For this reason, the FAO nominal food index is expected to stabilize.

1.4.4 Technology development and digital transition

The digital transition offers agriculture the potential to improve the efficient use of natural resources, reduce environmental degradation and simplify administrative formalities through the use of digital tools. It also opens up new marketing opportunities, for example by enabling the company to conquer new market segments through an online sales platform. While technological change can help to make the job of farming more attractive, it will also force agriculture to adapt its structures. However, despite all the possibilities offered by new technologies, the risks should not be underestimated. However, the digital switchover does bring risks, including cybercrime, as well as increasing dependence on a stable power supply and reliable connection to communication networks.

1.5 Relationship to the legislative agenda and the Federal Council's strategies

1.5.1 Relationship to the agenda of the legislature

The project was not announced either in the message of 27 January 2016 on the programme for the 2015-2019 legislative period or⁴⁶in the federal decree of 14 June 2016 on the programme for the 2015-2019 legislative period⁴⁷. However, it follows from the report on the overview of the medium-term development of agricultural policy (in execution of various parliamentary interventions), which was announced in the Fed-

⁴⁵ OECD/FAO (2018), OECD-FAO Agricultural Outlook 2018-2027, OECD Publishing, Paris

⁴⁶ FF 2016 981

⁴⁷ FF 2016 4999

eral Message and the Federal Decree on the programme for the 2015 to 2019 legislative period. The Federal Council referred to the dispatch on agricultural policy from 2022 in its report of ¹ November 2017⁴⁸.

In accordance with Art. 5 para. 5 of the Ordinance of 5 April 2006 on the Finances of the Confederation⁴⁹, major multi-year and periodic financial decrees must as a rule be submitted to the Federal Assembly no later than six months after the adoption of the dispatch on the programme of the legislature. If approved in the first quarter of 2020, the message can be adopted by Parliament in due course, during the spring or summer session of 2021 at the latest, and the implementing provisions can enter into force on ¹ January 2022. The launch of the agricultural policy on ¹ January 2022 and the expenditure ceilings for 2022-2025 will ensure consistency between the legislative agenda and the agricultural policy.

1.5.2 Relationship with Federal Council strategies

The measures of the agricultural policy 2022 are in line with the various strategies of the Federal Council, in particular the following strategies :

Sustainable Development Strategy :

The Sustainable Development Strategy 2016-2019 (SDS)⁵⁰ sets out the political priorities that the Federal Council is setting for sustainable development in the medium and long term. It also indicates what Switzerland's contribution will be during the current legislative period in view of the objectives of UN Agenda 2030. Sustainable development is a challenge for the future, which must be addressed in all policy areas. For this reason, the Federal Council has linked the legislative agenda and the SDS. The aim is to make this relationship even closer by making decision-making processes more relevant to their purpose. Firstly, the main thrusts of the sustainable development strategy, which serve the objectives of the Sustainable Development Programme up to 2030, must be included in the Federal Council's discussions to define the programme for the legislature and set the broad outlines and objectives of its policy. Second, sustainable development objectives should be communicated to the federal boards during the census of records for the agenda of the legislature, so that the agenda of the legislature takes into account sustainable development objectives. Third, each objective and, to the extent possible, each measure in the agenda of the legislature should correspond to the main thrusts of the SDS.

Swiss Biodiversity Strategy and Action Plan

⁴⁸ The report can be found at: www.ofag.admin.ch > Policy > Agricultural policy > Overview

⁴⁹ SR 611.01

⁵⁰ The strategy can be found at: www.are.admin.ch > Sustainable development > Policy and strategy

The Federal Council adopted the SBS action plan on 6 September 2017⁵¹. This plan provides for a set of actions and pilot projects aimed at protecting species and preserving their biotopes. PA22+ measures, in particular in the area of direct payments, serve on the one hand to directly secure areas worthy of protection, and on the other hand to indirectly promote biodiversity, for example by reducing the use of agrochemicals. The first stage of the implementation of the SBS action plan will last from 2017 to 2023 and will therefore cover the first two years of AP22+.

Action Plan Plant Protection Products

On 6 September 2017, the Federal Council adopted the PPh AP, which aims to halve the risks and promote the use of non-chemical methods. In this action plan, the Federal Council sets clear objectives. In order to achieve them, it will be necessary to develop existing measures and introduce new ones, in particular in the area of direct payments. In addition, the action plan enables Swiss agriculture to position itself in the sustainable production of food and to increase value creation. The mechanism proposed in the PA22+ to implement the PPh AP essentially affects direct payments.

Antibiotic strategy

The primary goal of the Swiss Antibiotic Resistance Strategy (StAR)⁵² is to ensure the long-term effectiveness of antibiotics. Divided into eight fields of action, the StAR measures concern people, animals, agriculture and the environment. The strategy is being implemented following the comprehensive and integrated "*one health*" approach. This strategy will be implemented mainly through direct payments, in particular through voluntary participation in the Animal Health Incentive Scheme.

Policy for rural and mountain areas

The federal government's policy for rural areas and mountain regions sets the strategic framework for federal spatial policies. It will serve as a benchmark for the development of agricultural policy and will in particular make it possible to strengthen cooperation at the federal level with a view to coherent spatial development in the regions, between regions, between rural areas and mountain regions, and between towns and conurbations. The PA22+ supports the orientation of the Confederation's policy for rural and mountain areas by proposing to focus more regional or project-based payments on agriculture adapted to local conditions and differentiated from region to region. With the new regulations it proposes, the agricultural policy encourages the sectors to cooperate with each other at the cantonal and regional levels, thus creating the conditions for the coherent and sustainable development of Switzerland's rural areas and mountain regions.

Foreign Economic Policy Strategy

⁵¹ The action plan can be found under: www.ofev.admin.ch > Themes > Biodiversity theme > Biodiversity Action Plan

⁵² The strategy can be found at: www.osav.admin.ch > OSaV > Strategies > Antibiotic Resistance Strategy (StAR)

⁵³The Federal Council's foreign economic policy strategy has one central focus: ensuring that Swiss exports have the most non-discriminatory and legally secure access to foreign markets. This strategy is based on three points: the WTO system of multi-lateral free trade treaties, bilateral agreements with the European Union and free trade agreements with third countries. However, Switzerland's freedom of action to renegotiate existing treaties or conclude new ones is tending to be curtailed as our trading partners are increasingly hostile to treating manufactured and agricultural products differently in the negotiations. Switzerland must agree to facilitate access to its market for foreign agricultural products in order to obtain concessions in other areas crucial to it. In this context, improving the international competitiveness of Swiss agriculture will increase the country's room for manoeuvre in foreign economic policy.

1.6 Classification of parliamentary interventions

The Federal Council proposes to classify the following parliamentary interventions:

2012 M 10.3818 Agri-Food Free Trade Agreement. Suspending negotiations with the EU (N 9.6.11, Darbellay; E 7.3.12)

The motion instructs the Federal Council to immediately suspend negotiations with the European Union (EU) on a free trade agreement in the food sector. It should not continue the negotiations until a conclusion of the WTO Doha Round has been reached.

Negotiations between Switzerland and the EU on the liberalisation of markets throughout the entire food chain were opened in 2008. After several years of interruption, the group of food safety negotiators resumed talks in 2016. However, this progress must be seen in the context of the negotiations to resolve the institutional issues related to the agreement between Switzerland and the EU to grant each other access to their markets. In its deliberations on the Medium-Term Agricultural Policy Overview, the National Council decided on 4 June 2018 not to include international policy elements in the AP22+. The Federal Council has taken this decision into account in the project.

2014 M 11.4020 For the proper use of residues from biomass processing and against the prohibition of technologies (N 17.9.13, Lustenberger; E 27.11.14)

2017 M 16.3710 For a judicious use of biomass (N 16.12.16, Semadeni; E 13.9.17)

The Lustenberger motion instructs the Federal Council to submit the necessary legislative amendments to Parliament and to take the necessary measures to ensure that barriers and prohibitions on the use of certain technologies for the use of biomass can

⁵³ See the Federal Council's foreign economic policy reports for 2004, 2005 and 2011 (FF 2005 993, FF 2006 1635 and FF 2012 675).

be removed or avoided. The main purpose of the motion is to make it possible to incinerate farm manure and certain biomass processing residues to produce energy.

The Semadeni motion also instructs the Federal Council to take measures and submit to Parliament the necessary legislative amendments to ensure the judicious use of biomass, but with a view to limiting as far as possible the incineration of farmyard manure and residues from biomass processing. Instead, the motion promotes the methanization and recovery of materials.

In addition to farmyard manure, the Lustenberger motion also mentions residues from biomass processing from agriculture and residues from the food industry (coffee grounds), which are advantageous for use as fuel. The OAPC already makes it possible to incinerate biogenic waste and agricultural products (e.g. straw, energy grass) in combustion plants with a capacity of more than 70 kW. Coffee grounds, on the other hand, are well suited to methanisation or composting and should not, under the principle of closed-loop waste management, be incinerated, but should instead be recovered in terms of materials or energy, as called for in the Semadeni motion. Existing channels for the recovery and disposal of biogenic waste offer sufficient opportunities for the recovery of such waste. This is not permitted under existing law, since farmyard manure in accordance with Article 14, paragraph 2, of the Federal Water Protection Act of 24 January 1991 must be⁵⁴ used in agriculture and horticulture (as a fertilizer) in order to close the natural cycles of substances. For this reason, farmyard manure is to be considered in all cases as fertiliser and not as waste, which is why its use in accordance with its intended purpose excludes incineration.

Both motions relate to the same Art. 14(2), LEaux, so a joint consultation was carried out. The proposed amendment to this article to implement the Lustenberger motion was rejected by the Conference of Cantonal Directors of Agriculture (CDCA), the Conference of Heads of Environmental Protection Services (CCE), the Conference of Cantonal Directors of Agriculture (COSAC) and 8 of the 9 cantons that took part in the consultation. The PSS, PES and PVL as well as the Conference of Delegates for Nature and Landscape Protection (CDPNP) refuse to support biomass adaptations. The proposal is supported almost exclusively by the farming community, but even they only agree to it on condition that combined use (energy production and fertilisation) is favoured.

On the basis of the results of the consultation, the Federal Council proposes to shelve the Lustenberger motion without adapting the Water Act. As the Semadeni motion can be implemented without amending the Water Act or other federal acts, the Federal Council proposes that it also be filed.

Should it become necessary to burn types of waste that cannot be adequately disposed of under the current system, it is already possible today to set up pilot projects and to show that they can be used as fuel without any environmental disadvantages. On this

basis, it would then be possible to amend the regulations (OAPC, Enforcement Aid 2019 on the⁵⁵56Waste Ordinance of 4 December 2015).

2015 M 14.3095 Usual operating radius. Repeal of Article 24 of the Water Protection Ordinance (E 19.6.14, Bischofberger; N 12.3.15)

The Bischofberger motion instructs the Federal Council to repeal Art. 24 Water Ordinance. The prescription of the usual operating radius would thus become null and void. However, the legal basis for the usual operating radius is to be found in Art. 14 para. 4 of the Water Act; Art. 24 of the Water Ordinance only regulates its uniform extension.

In order to be able to effectively meet the requirement of the Bischofberger motion, the Federal Council has, in deviation from the wording of the motion, proposed an amendment to Art. 14 para. 4 of the Water Act. The latter stipulates that surplus farmyard manure may only be returned to a holding located outside the usual farming area if the transferring holding can use at least half of the amount of farmyard manure on its own or leased land.

During the consultation process, the seven cantons that took a position, including the canton of Lucerne, which is most affected, came out against the repeal. Similarly, both the political parties that have taken a stand (PSS, PES and PVL) and the CDPNP reject the repeal. However, the CDCA and the farming community support the amendment, as does the CEC, but only on condition that the shortcomings of the web-based application for simple and harmonised management of farmyard manure flows (HODUFLU) are first resolved.

On the basis of the results of the consultation, the Federal Council proposes to shelve the motion without amending the Water Act.

2016 M 13.3324 Adaptation of water protection legislation to the current situation of livestock farming (N 12.3.15, Aebi Andreas; E 9.3.16; N 12.9.16)

The Aebi motion instructs the Federal Council to adapt Art. 12 para. 4 of the Water Act so that all farms in the area of public sewerage connections with a large livestock population can mix domestic wastewater with animal droppings. Agricultural reclamation (i.e. land reclamation) of domestic sewage is currently only permitted in combination with manure and only on farms with a large cattle or pig population.

The Federal Chambers adopted the motion with an amendment proposal from the Council of States and a new wording of Art. 12 para. 4 of the Water Act, according to which all farms can be exempted from the obligation to be connected to the public

⁵⁵ The implementation aid can be found under: www.bafu.admin.ch > Topics > Waste topic > Publications and studies > Implementation aid for [OLED](#)

⁵⁶ SR 814.600

sewerage system and thus spread their domestic wastewater in combination with their farmyard manure on the fields, provided they include a large livestock population, regardless of whether the farmyard manure produced is liquid or solid.

The proposed amendment was rejected by the CDCA, CEC, COSAC and 9 of the 10 cantons that participated in the consultation. The PVL rejects this adaptation. The agricultural community is practically the only one to support it.

In view of the results of the consultation, the Federal Council proposes to shelve the motion without amending the Water Act.

2016 M 14.4098 Agricultural policy Significantly reduce administrative burden (N 20.3.15, Müller Walter; E 15.6.16)

The Federal Council is responsible for significantly reducing the administrative burden of agricultural policy for all actors involved (Confederation, cantons, municipalities, agriculture). The measures taken and the effect thus obtained will be published in the annual agricultural report.

On 17 May 2016, the FOAG presented its measures for reducing the burden on agricultural policy in the report on the "Administrative Simplification in Agriculture" project⁵⁷. The measures proposed in this document are incorporated into orders, directives or forms as they are developed. An important milestone was reached when a risk-based control system in agriculture was introduced on ¹ January 2020. This has resulted in a decrease of 15 to 20 % in the number of basic checks carried out. Different scenarios are possible: to control risk-free holdings even less, in order to concentrate more on those that present more risk, or to carry out these controls at regional or municipal level so that compliance with certain obligations can be checked more effectively. The implementation of simplification measures is presented in the Annual Agricultural Report.

2018 M 17.4203 Rural land law. Complete sections 61 and 66 of the IRPA (N 26.9.18, Abate; E 12.3.18)

The Federal Council is responsible for amending the Federal Act of 4 October 1991 on Rural Land Law (FLRL) to introduce⁵⁸ a time limit for the validity of permits for the acquisition of agricultural real estate in accordance with Art. 61 ff FLRL.

The Federal Council proposes in the motion to add a new paragraph 4 to Art. 61 of the Federal Act on the Recognition of Foreign Nationals. This provision provides that the authorisation lapses if the acquisition is not made within one year. The definition of the economic transfer of ownership is further supplemented in para. 3 through the acquisition of participation rights in a legal entity of the peasant world.

⁵⁷ The report can be found at: www.ofag.admin.ch > Policy > Agricultural policy > Simplification of administrative tasks.

⁵⁸ SR 211.412.11

2018 M 18.3144 Swiss plant breeding. Immediate reinforcement of measures (N 13.3.2018, E 6.12.18, Hausammann)

The Federal Council is instructed to immediately and substantially strengthen the measures taken by the Confederation in the area of site-specific plant breeding, including variety studies. The Federal Council is proposing to earmark an annual amount of around CHF 3 million within the current agricultural expenditure ceiling for the promotion of plant breeding from 2020 onwards. It has already made this proposal in the budget planning for 2020, to implement the motion before AP22+ comes into force. It is based in this respect on the Plant Breeding Strategy 2050, which confirms in the action plan the current portfolio of public breeding programs for research institutes and provides a detailed model for the development of further measures⁵⁹.

The PA22+ is also intended to compensate for the disadvantages arising from the Swiss selection programmes. Indeed, in international comparison, these programmes are effective, but they are modest and therefore penalized in comparison with large-scale programmes for access to technologies, which limits their capacity for innovation. This disadvantage must be compensated for by optimal cooperation and networking, as well as by the joint use of infrastructure in the framework of a competence centre for plant breeding. A legal basis has been created and an annual amount of CHF 2 million without any budgetary impact on current expenditure for agriculture has been requested to enable the Confederation to support the creation and operation of such a network for plant breeding.

2019 M 18.3241 Anchoring in the law of agronomic research adapted to local conditions (E 6.6.18, N 21.3.19, Savary)

The Federal Council is responsible for adapting Art. 114 (Research Stations), para. 1, of the LgrG as follows: The words "The Confederation may operate agricultural research stations" should be replaced by "The Confederation operates agricultural research stations". In this dispatch, the Federal Council proposes to adapt Art. 114 accordingly. The Confederation will be required by Art. 114 para. 1 of the Agronomy Act to operate an agricultural research station. L'al. 2 specifies that, in accordance with the Federal Council decision of 30 November 2018, the agricultural research station will consist of a main research centre, regional research centres and test stations in the various regions of the country.

2014 P 14.3514 Agricultural policy 2018-2021 Plan to reduce excessive bureaucracy and staffing levels in the administration (N 26.9.14, Knecht)

⁵⁹ The strategy can be found at: www.blw.admin.ch > sustainable production > plant production > plant breeding

The Federal Council is instructed to present a plan for the 2018-2021 agricultural policy to reduce controls by simplifying regulations and thus reduce personnel costs (implementation cf. motion 14.4098).

2015 P 15.3862 Agriculture. Reduce administrative burden and eliminate unnecessary controls (N 18.12.15, Aebi Andreas)

The Federal Council is responsible for indicating how many checks on all agricultural policy programmes can be permanently abolished on the basis of a risk analysis.

In the 2017 ordinance package, the Federal Council has eliminated or consolidated around 300 of the 800 checkpoints in the agricultural sector. Basic checks are shorter since they focus on the main problem control points. Moreover, the frequency of these checks is reduced from four to eight years. The Federal Council proposes in AP22+ to integrate certain basic water protection controls into the ecological performance requirements (EPR). This will further reduce the number of controls to be carried out by farmers and the administrative burden. In the area of land improvements, the Federal Council proposes measures to reduce the administrative burden on the cantons. In particular, it is planned to abolish the obligation to adopt a position and the possibility for the FOAG to lodge an objection for investment credits and farm aid loans below the limit.

2015 P 15.4056 Increase milk production from basic fodder produced on farms (N 18.12.15, Jans)

In addition to the postulate of CER-CN 15.3380, "Dairy market. Perspectives", the Federal Council is responsible for determining how the Grassland Milk and Meat Production (GMMP) programme should be adapted to reduce the number of concentrated feed purchases on Swiss dairy farms and to take better account of the forage base of the farm instead of imported feed. <https://www.parlament.ch/de/ratsbetrieb/suche-curia-vista/geschaefte?AffairId=20153380> Finally, it must be shown whether a strict grassland milk strategy can strengthen the position of Swiss milk.

Agroscope has to assess the effects of the contribution for POS. The evaluation report was provided in the spring of 2017. The contributions for production systems covering the whole farm and those applied to part of the farm (in this case the contributions to the HVP) will be maintained in principle and adjusted in a sustainable way on the basis of the results of the evaluation. The new contributions to production methods that apply to part of the farm are a good basis on which Swiss agriculture and the agri-food sector can build to strengthen their market position as suppliers of high-quality foodstuffs.

2016 P 16.3098 A value-added strategy in addition to a quality strategy (E 6.6.16, Seydoux)

The Federal Council is responsible for examining the desirability of establishing framework conditions for the creation and better distribution of added value within

the agricultural sectors and for drawing up a report on this subject, in addition to the quality strategy, the effects of which on prices appear to be far less than the constraints imposed.

PA22+ will improve the framework conditions for a coherent orientation of agriculture and the agri-food sector towards a quality strategy. Technological progress, including digital technology, offers new market opportunities for agriculture and the agri-food sector. It opens up space for the development of new business models and can also improve efficiency and transparency in value chains. It will also be possible in future to support innovative projects by means of financial aid that increase agricultural added value in the long term (e.g. Ordinance of 23 October 2013 on the Promotion of Quality and Sustainability in the Agri-Food Sector [QuaDu]⁶⁰). The primary responsibility lies with the market players, and the Confederation's role will remain of a subsidiary nature in the future.

2018 P 17.3916 Facilitating the takeover of land and farms (N 28.2.18, Jans)

The Federal Council is to examine in a report how to facilitate the takeover of farms by successors from outside the family and the promotion of solidarity farming projects (producer and consumer associations).

According to current law, any person who works the land himself and is qualified to do so may acquire agricultural land. In PA22+, the Federal Council proposes to enshrine in law the criteria to be met for personal use and to create uniform framework conditions for legal entities. In order to make it easier for individual operators to finance the purchase of a farm, the authorisation requirement for banks and insurance companies based in Switzerland to exceed the maximum load (Art. 73 ff. FLRG) is abolished.

2019 P 19.3385 How is the sectoral objective of agriculture and the food chain concerning the climate concretely implemented in order to achieve the objectives of the Paris Agreement on Climate Change? (N 27.9.19, Graf Maya)

In the dispatch of¹ December 2017 on the total revision of the CO₂ Act for the period after 2020, the⁶¹Federal Council proposes that the agricultural sector in Switzerland should make a reduction contribution of 20-25% by 2030 compared to the base year (1990). The achievement of this objective will be ensured by PA22+ measures. Corresponding changes are planned for structural improvements and, in particular, in the package of measures proposed as an alternative to the clean drinking water initiative. The aim of these adaptations is to enable agriculture to produce in a more climate-friendly way while limiting nutrient losses, extending the useful life of cows, relying on solutions that can replace fossil energy agents and improving carbon storage in soils. The Federal Council is of the opinion that the sum of the effects of the measures

⁶⁰ RS 910.16

⁶¹ FF 2018 229

will enable agriculture to achieve the target set for the reduction of greenhouse gas emissions provided that the measures are ambitiously designed and the programmes create the necessary momentum.

2 Consultation procedure

2.1 Project put out to consultation

As part of the consultation period from 14 November 2018 to 6 March 2019, the Federal Council proposed a concept for AP22+ aimed at improving the political framework conditions in the areas of the market, exploitation and environment/natural resources. Swiss agriculture and the agri-food sector will be able to take advantage of the opportunities available to them in a more independent and entrepreneurial manner. In addition, AP22+ should help to fill the remaining gaps in the economic, ecological and social fields⁶².

The project put out for consultation is based on the following orientations and objectives:

In terms of the market, the project aims to strengthen the position and competitiveness of the agricultural and agri-food sectors on the Swiss and foreign markets, but also to increase added value through a more systematic market orientation. It will be a question of better exploiting the synergies between sustainable development and the market. To this end, the Federal Council has proposed to focus milk price support on products with high added value, to introduce a uniform system of protected designations of origin (PDO) and protected geographical indications (PGI) for wine and to create a platform for agricultural exports. In addition, the abolition of the benefit for indigenous production in the context of the allocation of tariff quotas and the abolition of market support measures (including market relief measures) were submitted for discussion by means of a questionnaire.

At the farm level, the project's main objectives are to develop entrepreneurship by removing state-imposed restrictions and to make farming more efficient while maintaining the diversity of farming structures. It is about making the most of technological and digital advances. In particular, the Federal Council has proposed adapting the system of direct payments by redesigning the contributions to security of supply, modernising rural land law and agricultural tenancy law to make it easier for newcomers to farming to become farmers, and finally, including new types of production in agricultural law, such as the production of insects or algae for human or animal consumption.

In terms of the environment and natural resources, agricultural policy aims to secure agricultural ecosystem services in the long term and to further reduce environmental impact and the use of non-renewable natural resources. To this end, the Federal Council proposed during the consultation process that the RAPs be expanded, that the promotion of biodiversity be simplified and designed more effectively, and that agriculture adapted to local conditions be promoted with regional strategies.

⁶² The consultation file and the report on the results are available at: www.admin.ch > Federal Law > Consultation procedures > Consultation procedures completed > 2018 > DEFR

The project put out for consultation also includes a package of measures as an alternative to the Clean Drinking Water Initiative. This strategy includes reducing the maximum amounts of farmyard manure that can be applied per surface area under the Water Act in the area of RAP, prohibiting the use of PPh that poses an increased risk to the environment, and encouraging the non-use of PPh through contributions to the production system. If, however, concentrations of these substances in watercourses are still too high, the federal government and the cantons can develop specific measures through regional agricultural strategies (SARs) and tighten regulations in a targeted manner throughout the region.

As indicated in the draft put out to consultation, the amount of the ceilings for agricultural expenditure 2022-2025 will correspond, in nominal terms, to a large extent to the expenditure planned for the period 2018-2021.

2.2 Synthesis of the results of the consultation

A clear majority of the cantons, political parties and organisations supported the Federal Council's objectives and strategic directions in the consultation. The strengthening of empowerment and entrepreneurship in the agricultural and agri-food sectors, the improvement of value addition through stronger market orientation and the overall reduction of environmental impact were welcomed. Likewise, the majority of participants agreed with the Federal Council that the objectives pursued can only be achieved by adapting agricultural legislation. However, a legislative revision was explicitly rejected by some cantons (AR, FR, LU, SG, TG). In particular, water suppliers, the research community, several cantons, the CDCA, DTAP, PS, PES, PVL, as well as representatives of environmental organisations (WWF, Greenpeace, Pro Natura), consider it necessary to take measures and refer to existing shortcomings in the achievement of environmental objectives. Representatives of the economy (economiesuisse, etc.) also believe that reform is necessary. They see an urgent need for structural adjustments in agriculture. The Canton of Schwyz, the CVP and farmers' groups (in particular the USP and the cantonal farmers' organisations) see little or no need to change the legislation. During the consultation process, they rejected, among other things, the amendments to the Federal Act on the Recognition and Enforcement of Foreign Nationals' Rights and to the Federal Act of 4 October 1985 on Agricultural Leases (LBFA)⁶³. They argued that the measures resulting from AP 14-17 have not yet been assimilated by agriculture and that further legislative reform would, they feared, be too much of a burden on the sector.

The participants in the consultation had differing opinions as to whether the objectives of AP22+ could be achieved by means of the mechanism proposed by the Federal Council. PVL, PES, PS and the environmental community (e.g. Pro Natura, WWF) considered the project insufficient to meet the SDOs and the environmental objectives for agriculture that derive from Swiss environmental legislation. Nor do they see the proposed package of measures as an alternative to the initiative for clean drinking water and the initiative "For a Switzerland free of synthetic pesticides". Some cantons (AI, AR, BE, TG, TI) and parties (PVL, PES, PS) as well as numerous organisations

⁶³ SR 221.213.2

(WWF, Alliance Agraire, etc.) are calling for consideration of an incentive tax on PPh. The environmental protection community, the DTAP and the canton of Vaud are calling for more ambitious ecological and climate objectives, more effective environmental measures and, in general, less intensive agriculture. Farmers and economic actors have an opposing view: they feel that AP22+ places too much emphasis on the environment. The CDCA, the PBD, the SVP, the USP and the USPF want the AP22+ to be radically modified with a view to strengthening agricultural production, improving the income of family farms (a binding objective) and reducing the administrative burden. The economic sector (economiesuisse, Nestlé) is calling for less state intervention, but more entrepreneurial freedom so that agriculture can adapt to the needs of the markets.

While some cantons, the CDCA and farming circles have expressly welcomed the fact that the topic of customs protection has not been taken up in the PA22+, liberal circles (in particular the PLR, economiesuisse) believe that it is irresponsible to neglect the international aspect.

Many participants in the consultation evaluated AP22+ in the light of the new Article 104a of the Constitution (Cst.)⁶⁴ (Food Security). The SVP and farming circles found that the text did not attach sufficient importance to indigenous production. The PES and environmental advocates want agricultural policy to focus more on the resilience of ecosystems (Art. 104a, let. b, Cst.). They also regret that the issue of food waste has not been addressed (art. 104a (e) of the Constitution). Business circles deplore the fact that international trade relations have been overlooked (art. 104a (d) of the Constitution).

With regard to the implementation of the PA22+, 19 cantons, the DTAP, the CDCA, the PBD, the PDC, the PVL, the PLR, the UDC and various organisations (USP, Economiesuisse, etc.) fear an increase in the administrative burden due to the increased diversity and complexity of the measures provided for in the PA22+. They explicitly call for a simplification of the current measures and a reduction in administrative burdens. Some cantons (AG, AR, BE, GE, SZ, TG and TI) consider that the PA22+ and, in particular, the proposed changes for direct payments are too vaguely formulated and have not been sufficiently developed. They are calling for a pause in the work for a thorough examination of the viability of these measures by means of pilot projects.

With a few exceptions, the consultation participants approve of the financial resources that the Federal Council intends to make available to the agricultural sector between 2022 and 2025. They welcome the fact that the funds foreseen in the agricultural expenditure ceilings have remained considerably stable compared to the previous period. PVL and WWF consider the proposed means for contributions to security of supply too high.

2.3 Assessment of the results of the consultation

The way in which the results of the consultation have been taken into account in the present draft is presented below.

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The consultation showed that many cantons, farmers' groups and bourgeois parties see little or no need to adapt the legal framework conditions in the area of the market. For example, many cantons, farmers' associations and inter-professional organisations, as well as the SVP, the CDP (and part of the SEP), have rejected the abolition of the distribution of tariff quotas according to performance in favour of indigenous production, market alleviation measures, contributions for the development of sheep's wool in the country and measures to support public procurement infrastructure in mountain regions. A majority of the cantons, farmers' organisations and representatives of the dairy industry, as well as the SVP, also rejected an increase in the non-silage supplement and the payment for all milk marketed (without summer storage), as well as a reduction in the supplement for milk processed into cheese. These measures will therefore not be included in the project. The Federal Council also refrains from introducing a unified system for PDOs and PGIs for wine, as the national wine associations and many cantons prefer the current regulations.

In the area of direct payments, it was proposed during the consultation that direct payments per holding should be capped at a maximum of CHF 250,000. This proposal was rejected by 17 cantons, the USP and many farmers' organisations. The Federal Council is therefore proposing to dispense with it. Instead of a fixed upper limit, direct payments will be staggered in stages starting from a contribution of CHF 150,000 per holding and all current staggering and capping of direct payments will be abolished.

The introduction of a fixed farm tax was rejected by a majority of the cantons and farmers' organisations, as well as by the SVP. Many participants in the consultation asked for alternative solutions, which are, however, more complicated than the current solution. The Federal Council therefore proposes not to introduce an operating contribution. The financial means provided for this purpose will be paid per hectare via the contributions to the area.

Due to concerns of the cantons that the two-part biodiversity promotion system proposed in the preliminary draft would lead to more burdens in implementation, this new system will not be introduced. The current system of contributions for biodiversity promotion areas of quality level I and II will be further developed.

The cantons reject a federal-cantonal co-financing key of 70:30 for contributions for locally adapted agriculture based on SARs, as they reject a federal-cantonal co-financing key of 70:30 for contributions for locally adapted agriculture based on SARs. The key applied will therefore be 90:10. At the same time, the possibility of capping these contributions by canton and by thematic area will be created.

Some cantons and organisations requested an extension of the entitlement to direct payments during the consultation. Legal persons (including municipalities and cantons) operating agricultural holdings should be entitled to all direct payments. They also call for harmonisation and simplification. The Federal Council is responding to these requests in the project.

It wishes to maintain the increase in the minimum training requirements for new beneficiaries of direct payments. However, instead of the professional examination, the CFC followed by participation in three modules of business economics will suffice to meet the requirements. A majority of consultation participants supported raising the

requirements, but the professional examination as a condition for granting direct payments went too far in their view.

In the area of structural improvements, a majority of the cantons and many farmers' organisations rejected the proposal to abolish investment credits (IC) for all agricultural residential buildings. For this reason, the Federal Council proposes to maintain the ICs for the apartment of the head of the farm and to abolish them only for the parents' apartment.

During the consultation, no changes to the legal bases were proposed in the area of risk management. However, in view of climate change, which implies an increased risk to returns, participants noted that new scientific bases should be created. 8 cantons and the farming community (in particular the USP) have called for the introduction of risk insurance measures. A legal basis will therefore be created, allowing the Confederation to pay contributions for eight eight years to reduce premiums for weather insurance with low market penetration.

In the area of land law, the proposed adjustments concerning the resumption of farming outside the family, the abolition of the pre-emptive right for children of siblings and the reduction of the duration of the pre-emptive right for siblings and their children from 25 to 10 years were rejected by a majority of the cantons and many farmers' organisations. The Federal Council will therefore not apply them. Family farms will always be explicitly mentioned in the article defining the aims.

With regard to the framework conditions for legal persons, the Federal Council will stick to the principle set out in the preliminary draft, i.e. to create clear requirements for legal persons in rural land law. However, the legal provisions need to be simplified compared to the proposal submitted for consultation.

The proposal to allow the maximum burden to be exceeded without cantonal authorisation for all creditors received little support during the consultation. The Federal Council therefore proposes that the maximum charge may only be exceeded without cantonal authorisation for mortgages of banks and insurance companies with their registered office in Switzerland.

The LBFA will not be amended, as the majority of participants (especially farmers' organizations) rejected the proposals during the consultation.

3 Comparison with foreign law, in particular European law⁶⁵

From the perspective of a coherent development of Swiss agricultural policy, developments within the EU are important, mainly for political rather than legal reasons, given that the EU agricultural policy does not constitute a binding framework for Switzerland. Due to Switzerland's very close ties with the EU, it makes sense to examine developments on both sides.

⁶⁵ See: European Commission - EU Budget: The Common Agricultural Policy after 2020; Press release, IP/18/3985 of¹ June 2018, available at: https://ec.europa.eu/commission/presscorner/detail/de/IP_18_3985.

The European Commission plans to revise the Common Agricultural Policy (CAP) in view of the EU's next multiannual financial framework for the years 2021 to 2027. It proposes to reduce CAP funding by about 5%. Direct payments to farmers could therefore be around 5% lower from 2020 onwards. The new CAP has nine objectives:

1. ensuring sustainable farm incomes
2. Increasing competitiveness
3. Improving the position of farmers in the value chain
4. taking climate protection measures
5. Protecting the environment
6. preserving landscapes and biodiversity
7. Promoting generational succession
8. encouraging vibrant rural areas
9. Protecting Health and Ensuring Food Quality

The main proposals to achieve this goal are as follows:

- More flexibility: The CAP will simplify and modernise its operation in order to add value for farmers and society. In the future, there will be a greater focus on results and performance. Each Member State may decide how best to achieve the nine common objectives, taking into account the specific needs of its farmers and rural communities. In the area of investment aid, EU Member States will also be given more room for manoeuvre. However, the aim will be to avoid encouraging investments that may not be ecologically sustainable.
- Greater targeting of aid: Priority will be given to support for small and medium-sized farms and aid for young farmers. Direct payments to farmers will be reduced from EUR 60 000 and a ceiling will be applied to payments above EUR 100 000 per farm. Member States will have to allocate to young farmers at least 2% of their allocation of direct payments. Small and medium-sized farms will benefit from a higher level of aid per hectare.
- Higher environmental and climate action ambitions: The future CAP will impose both voluntary and mandatory environmental and climate measures and direct payments will be subject to increased environmental and climate requirements. At least 30% of the allocations will be devoted to environmental and climate measures and 40% of the total CAP budget should contribute to climate action. The commitments relate in particular to the following points:
 - Protecting wetlands and peatlands to preserve carbon-rich soils
 - Improving water quality and reducing ammonia and nitrogen oxide concentrations in the atmosphere through a mandatory nutrient management tool.
 - Rotation instead of crop diversification

- Better use of knowledge and innovation: The modernisation of the CAP will increase investment in research and innovation and give farmers and rural communities the opportunity to benefit from it. A budget of €10 billion from the EU research programme "Horizon Europe" will be made available in the areas of food, agriculture, rural development and the bio-economy. Member States will be encouraged to use mega-data and new technologies in their monitoring and surveillance activities. The European Partnership for Innovation in Agriculture (EIP-AGRI) will commit Horizon Europe funds and rural development funds to promote competitive and sustainable agriculture.

The agricultural policies of the EU and Switzerland are moving in the same direction in many areas. Greater flexibility, a more targeted orientation of support and greater ambitions in environmental protection are also key axes of the PA22+. An important difference with Switzerland lies in the stronger orientation of the EU towards measures aimed at opening up the market and increasing competition - both with regard to the internal market and foreign trade. This will lead to an increase in price differences between Switzerland and the EU, which will have an increasingly negative impact on Switzerland's competitiveness in the agricultural sector.

4 Overview of Agricultural Policy from 2022 onwards

4.1 Strategic Direction

The Federal Council presented its strategy for the development of long-term *agricultural policy in the Medium-Term Agricultural Policy Overview*. This strategy aims to focus the services of agriculture and the agri-food sector on market needs and value creation at all stages of the chain. These sectors must provide the markets in Switzerland and abroad with high-quality, resource-conserving foodstuffs and services that society demands, and do so efficiently. It is essential for agriculture and the agri-food sector to be able to compete in more open markets, exploit natural resources efficiently and preserve the environment. In its strategy, the Federal Council focuses on market-orientation and entrepreneurial potential, individual responsibility and the innovative capacity of agriculture. The reduction of customs duties granted to each other by the parties to the free trade agreements serves to open up new markets for agricultural or industrial products as well as foodstuffs. The Federal Council also aims to reduce the density of regulations, to seize the opportunities offered by digital technology and to reform the internal support system to make it more efficient.

The strategy devised by the Federal Council to develop agriculture in the medium term has two components: the first concerns the cross-border interconnection of markets, while the second encompasses the agricultural policy measures that will be implemented in Switzerland as a continuation of AP22+.

During the deliberations on the *Medium-Term Agricultural Policy Overview*, the National Council decided on 4 June 2018 that international aspects of agricultural policy should not be integrated into the AP22+⁶⁶. The interconnection of markets must be negotiated, in the interests of the economy as a whole, through separate free trade agreements. The Federal Council is taking this decision into account by clearly separating the two processes, i.e. the PA22+ and the free trade agreement negotiations. Any new or revised agreements are not part of the present draft, as it is planned to propose them separately to Parliament for ratification.

Negotiations are currently taking place with various trading partners (cf. 1.3.2). It will hardly be possible to extend existing trade agreements or conclude new ones, which are of crucial importance for our economy, if Switzerland does not make concessions in the agricultural sector. While these agreements may expose our agriculture to greater competition from imports, they also open up new export opportunities for foodstuffs such as cheese and other high-quality, high-value agricultural products. In this way it is possible to avoid the loss of market share due to increased imports and to generate more revenue through increased exports, provided that agriculture succeeds in becoming more competitive. The PA22+ aims to optimize the frame for this purpose.

⁶⁶ Object number in Curia Vista 18.044

4.2 A triple perspective: the market, the farms and the environment

Through its guidelines, the AP22+ links three areas, represented below as the three vertices of a triangle: the market, the environment/natural resources and farms (including social aspects).

Figure 7 :



The following chapter presents the three dimensions of this approach and their objectives and main orientations. It also shows which existing agricultural policy instruments contribute to achieving these objectives and which ones will need to be modified or created in AP22+ to fill the gaps that exist today.

4.2.1 Marketplace

4.2.1.1 Aims and priorities

In the area of the market, the PA22+ has the following aims :

- to improve the position and competitiveness of agriculture and the agri-food sector on the Swiss and foreign markets;
- increase value added through a stronger market orientation ;
- create synergies between sustainable development and the market.

The orientation of agriculture and the agri-food sector towards a quality strategy is already anchored in the AgrG thanks to AP14-17. It is expected that these sectors will increase their added value by being even more focused on consumer needs (market orientation). However, a country like Switzerland, characterised by very high production costs, can only position itself clearly in the segment of quality products and services by relying on primary production with high added value, with its own characteristics (sustainability, quality, regional identity, etc.) and for which it would be impossible or difficult to substitute other productions. PA22+ aims to make the orientation of agriculture and the agri-food sector more systematic towards quality and sustainability and the exploitation of the potential for innovation and technical progress

(digital transition). In its market support policy, the federal government focuses on the implementation of value creation strategies, both in the individual sectors and in agriculture and the agri-food sector as a whole. The Confederation supports initiatives and measures in the sectors on the basis of existing legislation.

4.2.1.2 Instruments

Existing instruments

In view of the above-mentioned market objectives, the initiatives of the players in the sectors are crucial for development. In order to achieve these objectives, agriculture and the agri-food sector are supported by federal measures in the areas of quality and sales promotion (Art. 8-13 gGG), designation (Art. 14-16 gGG) and market observation (Art. 27 gGG). In particular, the following measures should be highlighted :

- Promotion of quality and sustainability (Art. 11 of the GrpG): The objective of this instrument is to promote innovations aimed at improving the competitiveness of agriculture and the agri-food sector. The projects supported should provide added value in the areas of sustainability and quality, but also increase agricultural added value in the long term. PA22+ focuses on developing the value creation strategies of the various value chains so that Swiss agricultural products and their value creation chains are more competitive thanks to their unique characteristics.
- Export initiatives and platform for agricultural exports (Art. 12 GAA): In 2014, export initiatives have been introduced in the field of sales promotion. These initiatives may be granted as initial aid for the penetration and exploration of new markets. In 2019, a "platform for agricultural exports" was created as a complementary measure by private actors, particularly in the milk and meat sectors. This instrument helps Swiss companies in the agricultural and food sector to overcome trade barriers for exports to markets outside the EU. The activities of this platform (support for the removal of technical barriers to trade) are supported under export initiatives in the context of sales promotion in the sense of seed funding.

New or redesigned PA22+ instruments

PA22+ provides for the application of the following measure in the present draft amendment to the P-LAgr :

- Development of contributions to the production system (Articles 75 and 76 P-LAgr): Contributions to the production system make it possible to create the synergies necessary for the marketing of foodstuffs from environmentally friendly agricultural production. It is planned to use contributions to the production system to pay for the services provided by agriculture, such as the non-use of PPh, the reduction of ammonia emissions or the promotion of animal health. The aim is to create an additional incentive for producers and to add value to the services provided on the market through the labels linked to the production systems encouraged by these contributions.

4.2.2 Operations

4.2.2.1 Aims and priorities

In the area of operations, the PA22+ has the following goals :

- Chief Operating Officers are independent and responsible entrepreneurs. They are able to react flexibly to market opportunities and risks by taking advantage of the advantages of the location and by relying on an appropriate corporate strategy.
- Farmers are becoming more market-oriented with a more developed entrepreneurial spirit and making use of their potential. To this end, they are freed as far as possible from state constraints that restrict their entrepreneurial action.
- Operating efficiency, i.e. the productivity of the factors involved (labour, capital, etc.) is improved. At the same time, the structures of peasant and diversified farms are maintained.

The skills and scope for action of those responsible for operations in terms of business management (e.g. application of new technologies) play a decisive role in economic success. The objective of AP22+ is to create a more favourable framework for the development of farmers' entrepreneurial skills.

4.2.2.2 Instruments

Existing instruments

In the farm dimension, the instruments of direct payments (Art. 70 to 77 gGLA), social accompanying measures (Art. 78 to 86a gGLA) and structural improvement measures (Art. 87 to 112 gGLA) contribute to the achievement of the objectives of AP22+. Research and popularisation are also of particular importance (Art. 113-117 and 136 LAgr). The following measures specifically contribute to the achievement of the objectives :

- Contributions to structural improvements (Art. 93 to 104 of the AgrG): Land improvements supported by the Confederation (e.g. land reclamation, service roads, water supply and electricity connections, measures to regulate soil and water regimes such as irrigation and drainage) help to reduce production costs.
- Projects in support of regional development (RDPs; Art. 93 of the Grp): The RDPs aim primarily to create added value in agriculture and to promote regional cooperation. They encourage not only traditional investment projects, such as cheese dairies, but also new innovative projects and the marketing of products.
- Investment credits (art. 105 to 112 LAgr): Competitive structures are supported by interest-free loans. The loans promote the development of forms of cooperation and the establishment of farmers' self-help organisations for market-oriented production and management and for the expansion of activities (diversification, agrotourism, etc.).
- Agricultural research and extension (Art. 113-116 and 136 of the AgrG): Entrepreneurship (market orientation) and farm efficiency are promoted by Agro-

scope, by financial support for research organisations and projects, and by extension and further training supported by the Confederation, particularly in the field of business management.

New or redesigned PA22+ instruments

The PA22+ aims at the application of the following measures :

Direct payments

- Development of the contribution to security of supply and maintenance of a transitional contribution (Art. 71, 72 and 77 P-LAgr): It is planned to combine the basic contribution and the contribution to production under difficult conditions, which are part of the contributions to security of supply, and the contribution to maintaining an open landscape, which is included in the contributions to the cultivated landscape, in a new zone-related contribution. The objective is to design the contributions so that the distribution of funds by area remains stable. The minimum livestock load for the permanent grassland area is no longer required. It is planned to maintain the current transition contribution to cushion the effects of the transition to PA22+ and to ensure the financing of the new instruments developed, which are to be phased in gradually.
- Improvement of social security coverage for spouses working in the enterprise (Art. 70a P-LAgr): Appropriate compulsory social security coverage (including protection against risks [disability and death] and loss of earnings and occupational pension provision) for the spouse or registered partner working regularly and to a significant extent in the enterprise is proposed as a precondition for the payment of direct payments.
- Abolition of area and UMOS scaling and introduction of a scaling per holding (70a P-LAgr): The introduction of the new security of supply contributions and a cap on the sum of eligible direct payments per holding make it possible to abolish the limitation of direct payments per standard labour unit (UMOS) and the area-based scaling. For socio-political and economic reasons, direct payments from CHF 150,000 per holding are to be phased in gradually for socio-political and economic reasons. The PA22+ proposes to multiply the sum of direct payments from which scaling is carried out by the number of holdings grouped in farming communities.
- Training requirement: As business management requirements are more complex, new recipients of direct payments will in future be required to have at least an EFA and have also completed three modules in business economics. It is planned to add this regulation to Art. 4 of the Ordinance on Direct Payments (OPD) of 23 October 2013⁶⁷.

⁶⁷ SR 910.13

Enterprise Risk Management

- Temporary contributions to the reduction of crop insurance premiums (Art. 86b P-LAgr): It is planned to create a legal basis which will give the Confederation the possibility of making a contribution to the reduction of crop insurance premiums with the aim of improving the coverage of risks to agriculture caused by yield variations due to weather conditions. This measure promotes market penetration by insurance companies covering risks that are likely to occur on a large scale. Contributions are limited to eight years.

Structural Improvements

- Development of structural improvement measures (Articles 87 and 87a P-LAgr): The objectives and measures under investment aid are restructured and supplemented in substance. The idea is to enable the Confederation to also grant investment aid for innovative technologies designed to reduce negative environmental impacts (e.g. by means of machines and devices that conserve natural resources), to improve access to digital technologies and for the acquisition of agricultural real estate.
- Examination of profitability in the case of investment aid (Article 89 P-LAgr): The express obligation of profitability which is made for investment aid is intended to encourage holdings to concentrate their investments even more on increasing economic capacity. The aim is to grant investment aid only if the applicant is able to repay all the foreign capital of the holding within 30 years by means of a method of operation appropriate to the site.
- Investment aid only for the housing of farm managers (Art. 106 P-LAgr): The construction of housing in the agricultural sector is currently financed by the Confederation by means of investment credits (interest-free loans). It is planned to grant these credits only for the housing of heads of farms, since they are subject to the scope of the RDA and are inseparable from the farming business.

Land law

- Strengthening the position of the spouse (in particular Art. 18, 31 and 42 P-LDFR): The aim is to improve the legal status of partners working in agriculture (especially wives). It is planned to introduce a right of pre-emption for the non-owner spouse who runs the business personally, which takes precedence over that of the owner's brothers and sisters and their children. It is also proposed that, in the event of divorce, more account should be taken of the investments made.
- Framework conditions for legal persons (in particular Art. 3, 9a and 61 P-LDFR): These provisions are intended to enable family farms to also set up legal persons to provide their business with an adequate organisation and to reduce financial risks. The conditions required for this are, in particular, the majority holding of the holder in a personal capacity and agricultural or horticultural production as the main occupation.

- Amendment of the provisions relating to the maximum load (in particular Art. 76-78 and 81 FDPRA): It is proposed to adapt the provisions relating to the maximum load so that banks and insurance companies with their registered office in Switzerland will in future be able to do without a licence from the canton. The strict requirements regarding the supportability and amortization of mortgages are maintained. This measure increases the entrepreneurial room for manoeuvre of profitably managed operations with high but promising investments.

Innovation

- Digitisation (Art. 2, 87a and 185 P-LAgr): A general principle is to be enshrined in the LB Agr, according to which federal measures must support the digital transition in agriculture and the agri-food sector. It is also proposed to create the basis for encouraging the use of technologies in land improvements that promote animal welfare and animal health and avoid negative environmental impacts. In addition, farms should be given greater incentives to make their *monitoring* data available to the federal government.
- Application of measures concerning new production methods (Art. 3 P-LAgr): It is planned to apply certain measures of the LAgr for aquaculture, algae, insects and other living organisms suitable for the production of food and feed. This increases the scope for agricultural policy to support innovative production methods.
- Research, dissemination and promotion of innovation (Art. 113, 114, 118, 119 and 120 P-LAgr): The PA22+ enables the Confederation to support, by means of the *ad hoc* instruments at its disposal, the active and targeted use of new knowledge on production methods, means of production, quality criteria and factors of economic success. Various concrete approaches can be envisaged: encouraging better networking of research, training and extension with professionals in the field in the agricultural and agri-food sectors, but also supporting pilot and demonstration projects (projects on the sustainable use of natural resources, promotion of quality and sustainability, research, extension, etc.).

4.2.3 Environment and Natural Resources

4.2.3.1 Aims and priorities

The PA22+ has the following environmental and natural resource objectives:

- Provision of ecosystem services
 - The fertility of the soil is guaranteed by sustainable exploitation.
 - Agriculture is adapting to climate change, i.e. taking advantage of new opportunities, minimising risks, increasing adaptive capacity and thus increasing its resilience.

- Reduced environmental impact and footprint
 - Environmental damage caused by agriculture is reduced. The focus is on the environmental risks associated with the nutrients nitrogen and phosphorus as well as greenhouse gases, PPh and antibiotics.
 - The consumption of non-renewable energy (fossil fuels, phosphorus, soil, etc.) is reduced. This applies above all to the quantitative protection of agricultural land. The useful agricultural area, especially the most fertile soils (SDA), must be protected against sealing and the soil quality preserved over the long term.
 - It is also possible to reduce emissions and consumption of non-renewable energy in Switzerland by reducing domestic production and increasing imports. This approach only makes sense from an environmental point of view if the ecological footprint of an imported agricultural product is smaller than that of the corresponding domestic product and if the ecological carrying capacity at the production site is not exceeded.

Agriculture cannot provide long-term agro-ecosystem services (landscape maintenance, preservation of soil functions, etc.) if the natural resources of both agricultural and natural ecosystems are irreversibly damaged. It has to be said that the necessary conditions are not always in place today. Over-intensive farming, for example, leads to the disappearance of species and ecosystems. In future, Swiss agriculture will have to provide its various services in a more environmentally friendly manner than it does today in order to be able to provide sustainable ecosystem services and preserve the natural basis of life. Consistent application of existing environmental regulations can help to achieve this objective.

The principle of agricultural production adapted to local conditions is enshrined in the Constitution (Art. 104a (b) of the Constitution). Agriculture adapted to local conditions exploits the site-specific agronomic, economic and ecological potential for food production, taking into account the environmental sustainability of ecosystems. The AEOs describe the state the environment must be in if resilience and ecosystem services are to be secured over the long term. PA22+ foresees a greater focus of agricultural policy instruments on agriculture adapted to local conditions.

4.2.3.2 Instruments

Existing instruments

Compliance with legislation on environmental protection, animal welfare and epizootic diseases is a basic requirement for the exercise of agricultural activity. The AgrGG contains provisions that contribute above all to strengthening the sustainability of agriculture beyond the legal requirements: the PERs (Art. 70a AgrGG), various instruments of direct payments (contributions to biodiversity, landscape quality, the production system and the efficient use of resources; Art. 73 to 77 AgrGG), the promotion of plant and animal breeding (Art. 140 to 147 AgrGG) and the regulations on genetic resources (Art. 147a and 147b AgrGG). In addition, the Confederation promotes the improvement of sustainability in the use of natural resources within the framework of the Sustainable Use of Natural Resources Programme (Art. 77a and 77b

of the Federal Act on the Sustainable Use of Natural Resources). In addition, the following instruments are aimed at reducing environmental pollution from agriculture and protecting resources:

- Plant Protection Products Action Plan (PPAP): The action plan approved by the Federal Council in September 2017 aims to halve the risks associated with plant protection products. Some of the measures it contains will already be implemented by 2021, others will be implemented as a continuation of the AP22+.
- Sectoral crop rotation area plan (PS SDA): The instruments for the quantitative protection of agricultural land are mostly part of spatial planning. In the second stage of the revision of the spatial planning legislation, it is planned to review the regulations on construction outside building zones. Measures to improve the protection of ADS will be continued in the redesign of the ADS SP.

New or redesigned PA22+ instruments

The PA22+ provides for the application of the following measures :

- Development of ecological performance requirements (PER; Art. 70a P-LAgr): In order to close gaps in the achievement of environmental objectives, PERs must be made more effective and in particular greater account must be taken of the resilience of ecosystems. The possibility of adding more appropriate instruments to the RAPs than the current balanced manure balance (according to the Suisse-Bilanz method⁶⁸) is being examined for the targeted limitation and reduction of nutrient inputs to the environment. As an alternative to the Clean Drinking Water Initiative, the package of measures even proposes to abolish the 10% tolerance threshold in Suisse-Bilanz, to introduce an obligation to publish nutrient deliveries going beyond the receipt of farmyard manure (concentrated feed and roughage, mineral fertilizers) and to revise and make more effective the provisions on the use of PPh, as provided for in the PPh AP. A minimum share of areas for the promotion of biodiversity on arable land is now valid to fill the current gaps in the promotion of biodiversity in agricultural regions. It is intended to allow specific requirements for the protection of ecosystems to be laid down.
- Improvement of the effects of the promotion of biodiversity (Art. 73 P-LAgr): The effects of the measures for the promotion of biodiversity are strengthened by an increased targeting according to the gaps identified. PA22+ aims to harmonize the new system with the Swiss Biodiversity Strategy Action Plan.
- Promotion of animal health (Art. 75 and 87a P-LAgr): The aim is to improve overall, and taking into account the interactions of the above-mentioned elements, the behaviour of the animals, conditions of keeping, feeding, measures to avoid stress situations, medical health and the use of veterinary medicines. As regards measures, it is planned to maintain and develop the current ethological

⁶⁸ The Suisse-Bilanz method is available at www.ofag.admin.ch > Instruments > Direct payments > Ecological performance requirements > Balanced manure balance and soil analyses (Art. 13 DPO).

programmes SST and SRPA with a view to strengthening the practice of grazing, but also to introduce measures to promote animal health in production systems.

- Development of contributions to the production system and integration of contributions to the efficient use of resources (Articles 75 and 76 P-LAgr): It is proposed to maintain in principle and to adjust in the direction of greater sustainability the contributions for production systems covering the whole holding and those applied to part of the holding (organic contributions, extenso contributions, contributions to animal welfare and contributions to the PLVH). It is planned to transfer the many individual measures to promote efficient use of resources, either into PERs (e.g. hose booms) or contributions to the production system (e.g. non-use of herbicides in sugar beet crops) and supplement them with other devices. The use of individual machines and techniques will be encouraged through structural improvements or contributions to the production system.
- Promotion of region-specific measures through contributions for agriculture adapted to local conditions (Art. 76 and 87a P-LAgr): PA22+ intends to integrate the types of direct payments, namely the contribution to landscape quality and the contribution for networking, which are currently conceived as individual promotion instruments, into a new contribution for agriculture adapted to local conditions and to complement them with regionally differentiated measures for the sustainable use of natural resources. The granting of this project-related contribution is conditional on the existence of a RSA. It is intended that this strategy will also serve as a basis for a more targeted orientation of measures for structural improvements, such as the renewal of agricultural infrastructure or the strengthening of rural development.
- Support for the creation of competence and innovation networks for plant breeding, animal breeding and livestock health (art. 120 P-LAgr): The aim of these networks is to improve networking between players in the agriculture and agri-food sector and those in the research, training and extension sectors in the fields of animal breeding and livestock health.
- ⁶⁹Implementation of the DEFR's "Animal breeding strategy up to 2030" - Adaptation of the granting of contributions for the promotion of livestock breeding (Art. 141 P-LAgr): The aim is to focus the promotion of livestock breeding more closely on profitability, product quality, environmental impact, efficient use of resources, suitability for local conditions, animal health and animal welfare. Breeding organisations receive contributions if their breeding programmes focus on these areas. In addition, it is planned to support research in the field of animal breeding. This includes not only basic research, but also, and above all, applied research, i.e. the development of breeding methods and novel traits and the evaluation and use of technological advances.

⁶⁹ <https://www.news.admin.ch/newsd/message/attachments/52497.pdf>

4.2.4 **Proposed package of measures as an alternative to the clean drinking water initiative**

The federal popular initiative "For Clean Drinking Water and Healthy Food - No Subsidies for the Use of Pesticides and the Prophylactic Use of Antibiotics" (Clean Drinking Water Initiative) was submitted on 18 January 2018 with 113,979 valid signatures. It calls for an amendment to the Constitution to ensure that direct payments will now only be granted to farms that do not use plant protection products, that practise livestock farming without using antibiotics as a prophylactic and whose livestock can be fed with feed from the farm. However, acceptance of the popular initiative would have consequences for Swiss agriculture that the Federal Council considers too damaging and far-reaching. On the one hand, a complete ban on the use of plant protection products and on the purchase of feedingstuffs would lead to a sharp reduction in production on many farms receiving direct payments. On the other hand, there is a concern that the environmental burden will increase due to an intensification of agricultural production. This is because more farms are likely to leave the direct payment system and will no longer be required to meet the requirements of the RAPs.

However, the initiative does address important points, which the Confederation itself is already addressing through various agricultural policy measures, such as the AP PPh. Due to the overlapping content and deadlines, the Federal Council decided on 15 June 2018 to adopt a package of measures that offers an alternative to the popular initiative for clean drinking water in the AP22+. It is planned to add a binding reduction path for agricultural nutrient surpluses (nitrogen and phosphorus) in the LAGR. It is proposed to introduce legally binding interim targets for nitrogen and phosphorus. The aim is to reduce nitrogen and phosphorus losses by at least 10% by 2025 and 20% by 2030 compared to the average value for the period 2014 to 2016. The inter-professions will be given the responsibility to take appropriate action and to report regularly to the Confederation from 2023 onwards on the type of measures taken and their effects. It is also envisaged that if the interim targets are not met, the Federal Council will be obliged to take effective corrective measures by 2025 at the latest. These measures must ensure that nitrogen and phosphorus losses are reduced by 20% by 2030.

Table 4

Binding reduction trajectory for nitrogen and phosphorus losses

Objective	Indicators	Target values 2025	Target values 2030	Reference
Nitrogen losses	National input and output balance sheet balance	-- 10 %	-- 20 %	2014/2016 : 113,781 t N
Phosphorus losses	National input and output balance sheet balance	-- 10 %	-- 20 %	2014/2016 : 6,087 t P

An additional obligation to publish deliveries of nutrients via animal feed and mineral fertilisers to agricultural holdings is included in the AgrG to provide a basis for improved verification of nutrient balances and to supplement the obligation already in force for farmyard and recycling fertilisers. Under the Water Act, the maximum amount of farmyard manure allowed per hectare is reduced from 3 to 2.5 livestock manure units (LUM) per hectare. In addition, the Federal Council is empowered to lower this limit if the targets set (reduction path) for reducing the quantities of nitrogen and phosphorus are not achieved. PhPs that pose an increased risk to the environment are no longer permitted in the RAP area and the non-use of PhPs is further encouraged through direct payments.

In the area of PPh, measures complementary to those set out in the Action Plan are being introduced. Products presenting an unacceptable risk to human health or the environment are already withdrawn from the market as part of the review of the authorisation of old products. In addition, the remaining authorised products posing a higher risk than the others will no longer be allowed to be used under the RIP rules unless there are no other options for crop protection. Particular emphasis is placed in the selection of products on the risk of contamination of drinking water by metabolites and the risk to aquatic organisms. RAP requirements are also being strengthened to reduce the drift and runoff of PhPs into streams and biotopes adjacent to treated plots. Finally, contributions for production systems make it possible to dispense with the use of any PPh by promoting alternative methods of crop protection.

If, however, concentrations of these substances in watercourses are still too high, the Confederation and the cantons will support region-specific measures by means of contributions for agriculture adapted to local conditions. In addition, it is intended to create the basis for a targeted tightening of RIP requirements at regional level.

DETEC, in collaboration with DEFR, the relevant departments and the cantons, examined whether a legal basis should be created which obliges the Confederation to take measures to reduce inputs if it is found that the limit values for PPh in surface waters are exceeded several times and over a large part of Switzerland. The requested

review has shown that, while optimizations are necessary, there is no need for adjustments at the legislative level. It is planned to examine *ad hoc* measures to improve processes and to implement them at the Ordinance level.

The Committee on Economy and Fees of the Council of States (CER-É) has tabled parliamentary initiative 19.475 "Reducing the risk of pesticide use". It is asking for a draft act to be developed to include in the law a reduction trajectory with valid target values for the risks arising from the use of pesticides. The handling of this committee's initiative should be coordinated as far as possible with the deliberations on AP22+.

Table 5

Summary description of the proposed package of measures as an alternative to the Clean Drinking Water Initiative

<div>Postman</div> <div>Plan</div>	Crop protection products	Fertilizing elements
National	<p>PER :</p> <p>Additional requirements to reduce inputs to ecosystems, especially to water (measures to reduce drift and runoff).</p> <p>It is planned to generally replace MPPs that pose a higher risk to the environment with MPPs that pose a lower risk.</p> <p>→ Art. 70a, para. 2, let. g, P-LAgr.</p>	<p>Binding reduction trajectory with targets to be achieved by 2025 and 2030 for nitrogen and phosphorus losses and mandate for action by the inter-professions. If the interim targets are not achieved by 2023, the Federal Council is obliged to take further measures from 2025 at the latest.</p> <p>→ Art. 6a P-LAgr</p> <p>Reinforcement of the orientation of the manure balance towards limiting nutrient losses</p> <p>→ Art. 70a, para. 2, let. b, P-LAgr.</p> <p>Obligation to publish deliveries of nutrients to farms.</p> <p>→ Art. 164a P-LAgr</p> <p>Reduction of the maximum permissible fertiliser application rate from 3 to 2.5 LU per hectare.</p> <p>→ Art. 14, para. 4, P-Laws</p> <p>Competence of the Federal Council to further reduce the number of LUFs admitted per hectare if the objectives referred to in Art. 6a P-LAgr are not achieved and if the measure is necessary and appropriate for the achievement of these objectives.</p> <p>→ Art. 14, para. 6bis, P-Laws</p>

Postman Plan	Crop protection products	Fertilizing elements
	<p>Promotion of low-input systems with reduced use of PPh as well as measures for more efficient use of nitrogen and reduced ammonia emissions through contributions to the production system.</p> <p>→ Measures on the basis of the current Art. 75 of the AgrG (contributions to the production system)</p>	
Regional/Local	<p>It is foreseen to specifically reinforce at regional/local level national plant protection and nutrient protection measures if environmental requirements are not met because of agricultural inputs. The measures are in principle determined jointly by the Confederation and the cantons. If necessary, the federal government can also define regionalised PER measures itself.</p> <p>→ Art. 70a, para. 2, subpara. h, P-LAgr.</p> <p>Promotion of specific regional measures for the sustainable use of natural resources through contributions for agriculture adapted to local conditions.</p> <p>→ Art. 2, 76 and 87a P-LAgr.</p>	
Execution	<p>It is foreseen that compliance at farm level with the agricultural provisions of water protection legislation will be integrated into the RIPs, as is the case for the keeping of livestock in accordance with the needs of the species (animal protection). Enforcement can thus be strengthened and any infringement of the legal provisions which takes place on an agricultural holding can be sanctioned in the same way throughout the national territory by a reduction in direct payments.</p> <p>→ Art. 70a, para. 2, let. i, P-LAgr.</p>	

The package of measures aims at near-natural agriculture, adapted to local conditions, which will satisfy the main demands of the popular initiative. The aim of these measures is to strengthen the protection of ecosystems, watercourses and drinking water against PPh and excessive concentrations of fertilisers, thus ensuring safe drinking water in the long term. The entrepreneurial room for manoeuvre of the farms is less limited compared to what is advocated by the initiative. In addition, it is planned to strengthen the enforcement of environmental legislation applicable to agriculture. In contrast to the initiative, part of the package of measures (nitrogen and phosphorus reduction pathway measures, obligation to publish nutrient deliveries, limitation of LULUCF) also applies to farms that are not entitled to direct payments. This mechanism prevents farms from opting out of the direct payment system in order not to have to meet these requirements.

4.3 Targets and indicators for the period 2022 to 2025

Monitoring of agricultural policy to date (see Section 1.2.2) has shown that the achievement of objectives is still inadequate in some areas (e.g. conservation of natural resources, particularly biodiversity and emissions of nitrogen, phosphorus and PPh, and Switzerland's international competitiveness). In addition, there are new framework conditions and challenges (e.g. digital transition), for which new agricultural policy objectives need to be set (cf. 4.2). In areas with gaps and new target areas, target values are set for the next stage of reform and indicators are chosen for continuous monitoring (see Table 6). The target values indicate the direction and extent to which PA22+ measurements should be made. When assessing the achievement of objectives, it should be taken into account that this may be influenced by events and developments outside the scope of agricultural policy. The Annex contains a detailed description and assessment of the indicators and a derivation of the target values.

Table 6

Operational objectives for agricultural policy up to 2025

Objective	indicator	Target value 2025	Current situation
Market success in Switzerland and abroad			
Improved position and competitiveness in international comparison	Competitiveness: Ratio of domestic producer price to foreign price ⁷⁰ and in % (OECD NPC ⁷¹)	< 140 %	158 % (2016/2018)
	International competitiveness: value of food exports based on domestic raw materials	> FRF 3.0 billion	FRF 3.2 billion (2018)
Increase in added value on the market	Gross value added according to the Economic Accounts for Agriculture EAA (FSO), current price indications	FRF 4.0 billion	FRF 4.0 billion (2017/2019)

⁷⁰ Import prices at the border

⁷¹ NPC = *Producer Nominal Protection Coefficient*

Objective	indicator	Target value 2025	Current situation
Creating synergies between sustainable development and the market	Development of base areas for sustainability labels: UAA with at least one area-based contribution to the production system	+2% per year	+1.2% per year (2016/2018)
Entrepreneurial farm development			
Promotion of entrepreneurship / reinforcement of personal responsibility	Ratio between gross capital investment (GCI) and the value of agricultural output (EAA)	> 15 % < 18 %	15,6 % (2017/2019)
Improvement of the company's productivity	Labour productivity ⁷²	>1.5% per annum	1.1% per year (2006/2010 compared to 2015/2019)
Use and protection of natural resources			
Reducing losses and emissions	Nitrogen, phosphorus, greenhouse gas and ammonia emissions	10 per cent reduction from 2014/2016 ⁷³	113,938 t N 6122 t P 7,571,000 t in CO ₂ equivalents 42 300 t NH ₃ -N (2015/2017)

⁷² FSO: change in gross value added at previous year's prices, by annual work unit

⁷³ Reference values 2014/2016: 113,781 t N, 6,087 t P, 7,581,000 t CO₂ equivalent, 42,500 t NH₃-N; extension of the targets for N and P by 2030 in accordance with 4.2.4 and 5.1.3.2 and Art. 6a P-LAgr (reduction path for nutrient losses)

Objective	indicator	Target value 2025	Current situation
Biodiversity conservation	State of biodiversity and quality of species and agricultural environments over the entire area used for agricultural purposes	Increase in biodiversity in the SPBs and stable evolution on the rest of the agricultural area between the 1 st and 2 nd cycles of ALL-EMA surveys. ⁷⁴	1 st reading cycle of the ALL-EMA monitoring program
Improvement of water quality	Biological condition of watercourses ⁷⁵	Increase in the proportion of water of good or very good quality	1 st statement 2018
	Nitrogen inputs to waters from agriculture	-10 %	36.5 t N (2010)
	Risks to Aquatic Organisms from PhPs ⁷⁶	50% risk reduction	Situation 2014/2016
Preservation of the basis of agricultural production	Annual loss of UAA	<800 ha per year	865 ha per year (2014/2018)
	Open Land Preservation: UAA share	> 26 %	26,2 % (2016/2018)
	Estimated livestock load on alpine pastures (normal pastoralists)	> 290 000	305 466 (2016/2018)

⁷⁴ First survey cycle of the ALL-EMA *monitoring* programme: 2015-2019, second survey cycle: 2020-2024

⁷⁵ New NAWA measuring stations in small watercourses mainly under the influence of agriculture, diatom bioindicators (nutrient indicators) and invertebrates (SPEAR pesticides index as an indicator of PPh load)

⁷⁶ Indicator to be developed in collaboration with Agroscope and FOEN, average 2014/2016; according to the Action Plan for Risk Reduction and Sustainable Use of Plant Protection Products, development 2012/2015 to 2026/2028

5 Project outline

5.1 Federal Agriculture Act

This chapter sets out the new regulations that the Federal Council plans to include in the AgrG Act as part of AP22+. The themes are treated according to the structure of the LAgr.

5.1.1 General principles

The general principles of the Leygr remain valid. The proposed amendments are largely consistent with current principles. The areas of promoting innovation and digitisation need to be completed. In addition, it extends the scope of the law to all living organisms, such as aquaculture, algae and insects, used as a basis for the production of food and feed, and sets reduction targets for nutrient losses.

5.1.1.1 Promotion of innovation

Current regulations and the need for action

On the basis of the AgrG, the Confederation promotes agricultural research, extension and plant and animal breeding. Research and selection activities often lay the foundation for innovation. For newly acquired knowledge to be implemented successfully and as quickly as possible in the form of innovations, it is not enough to provide farmers with sound advice. There is also a need for more systematic networking at the Swiss level of all actors in the agricultural innovation and knowledge system (the LIWIS system, which encompasses research, training, extension, and agricultural and agri-food practice), a more systematic and practice-oriented use of useful knowledge in the form of pilot projects, and the active dissemination of results from successful projects in the form of demonstration projects.

Proposed new regulations

Art. 2 para. 1 let. e of the AgrG is supplemented to mean that the Confederation, with a view to strengthening the innovative strength of the Swiss agricultural and agri-food sector, supports not only the promotion of research, extension and plant and animal breeding, but also, explicitly, the use of new knowledge in the field. Successful valorisation presupposes closer networking of all LIWIS actors (including processors and distributors) in the sense of improved coordination and cooperation (e.g. in competence and innovation networks). To this end, it is appropriate to provide for the conceptual extension of "agriculture" to "agriculture and the agri-foodstuffs sector" in the LAGG. This enlargement is possible on the basis of the new Article 104a (c) of the Federal Constitution ("agriculture and the agri-foodstuffs sector in line with the requirements of the market"). In addition to enhanced networking, more consistent implementation of pilot and demonstration projects is also important so that research knowledge can be tested and disseminated in practice.

➔ Art. 2, para. 1, let. e, P-LAgr.

5.1.1.2 Scanning

Current regulations and the need for action

In September 2018, the Federal Council adopted an updated "Digital Switzerland" strategy⁷⁷. By systematically exploiting the opportunities offered by digital technology, Switzerland should be able to position itself as a pleasant place to live and an innovative economic and scientific centre. In agriculture, digital technology can also help to improve resource efficiency, reduce pollution or simplify administrative work through digitised documentation. The Federal Council considers it important to prevent state regulations from having the effect of favouring traditional technologies or business models, thereby hampering innovation. Furthermore, any support for digitisation in agriculture should not compete with the existing and functional universal service instrument in the telecommunications sector, or even provide an incentive for the private sector to accelerate the expansion of telecommunications connections. Rather, it is necessary to actively address the changes brought about by digital technology and to coordinate transformation processes.

Digitisation is already supported by current agricultural policy measures:

- In the field of research and extension: development of application-oriented databases, extension tools and digital tools for knowledge transfer.
- Within the framework of projects aimed at the sustainable use of resources (Art. 77a and 77b of the Swiss Federal Law on the Protection of Nature and Natural Resources): Possibility of testing the use of digital technologies for the reduction of negative environmental impacts (e.g. use of *smart farming technology*, data acquisition by means of soil moisture sensors, humic balance).
- For the improvement of quality and sustainability (Art. 11 GGG): Support via the OQuaDu for innovative projects that use digital technologies, especially in the areas of traceability, documentation and supply planning. Support also for the development of new technologies in the field of means of production (e.g. use of drones and robots for weeding).
- Under structural improvement measures: financial support for the joint purchase of machines and vehicles as well as for fixed installations (e.g. milking robots).
- As part of the financial resources allocated for sales promotion: support for the financing of digital communication channels and market research.
- The Confederation's agricultural information systems are being continuously developed with a view to ensuring simple data management without changing media between the various federal and cantonal offices. New data harmonization and standardized interfaces will help to facilitate the networking of systems and reduce redundant data collection.

Proposed new regulations

The federal government already supports the digitisation process in agriculture and the agri-food sector on the basis of current legislation. However, there is no explicit

⁷⁷ The strategy can be found at www.bakom.admin.ch > Digital Switzerland and the Internet > Digital Switzerland.

anchoring of this support in the Ley Orgánica. The dynamic development of digital technologies calls for continuous optimisation of the framework conditions and measures. For this reason, a corresponding principle must be enshrined in the Act. As agriculture must, in many cases, collaborate with upstream and downstream sectors in order to exploit its full potential, explicit mention should be made here of the agri-food sector. The proposed complement is in line with the adaptation of the instruments in the area of structural improvements, which aims at optimal support of agriculture in the digitisation process.

➔ Art. 2: par. 4bis, P-LAgr.

5.1.1.3 Application of certain measures of the AgrG to aquaculture, algae, insects and other organisms used as a basis for the production of food and feedingstuffs

Current regulations and the need for action

Agriculture includes in particular the production of foodstuffs suitable for consumption and processing, which are derived from the cultivation of plants and the keeping of livestock (Art. 3, para. 1 of the AgrG). This also applies to mushroom production, as confirmed by the Federal Council in its opinion on motion Hess 10.3388 "Extending the scope of the Agriculture Act to mushroom production". Beekeeping (Art. 3, para. 4, GAg) is also part of agriculture. The scope of the measures concerning beekeeping has been set by the 2011 agricultural policy. Professional fishing and fish farming (Art. 3 para. 3 of the AgrG) are not part of agriculture according to Art. 3 para. 3 of the AgrG. 1 according to the current interpretation of the Constitution. It follows that fish is not an agricultural production animal within the meaning of agricultural legislation. Professional fishermen and fish farmers, however, benefit from several support measures, for example in the areas of sales promotion and structural improvements. More recently, agricultural production has seen some very innovative developments, including the production of insects and algae for use as food and feed. Certain measures provided for in the AGR should apply to such bodies in the future.

Proposed new regulations

The measures in Chapter 1 of Titles 2, 5 and 6 and Chapter 4 of Title 7 must be applicable to aquaculture products (fish, crabs, molluscs), algae, insects and other living organisms (duckweed, etc.) which are not foodstuffs suitable for consumption and processing from plant production and the keeping of livestock (Art. 3 (1), GAg). The concept of "other living organisms" is not exhaustive; it covers all living organisms not included under agriculture and agricultural production according to Art. 3, para. 1, LFG. The new para. 3bis includes fish farming, which must therefore be deleted from Art. 3 para. 3 of the LFG. In addition, by analogy with the activities close to agriculture under Article 3(1a) of the AgrG (agricultural activities), the new paragraph 3a is supplemented with the condition that the application of the measures is subject to an agricultural activity within the meaning of paragraph 3a of the AgrG. On the other hand, the current paragraph 3 now applies only to professional fishing, for which

the same possibilities of application are maintained. The condition of agricultural production within the meaning of paragraph 1 shall be waived. 1, given that professional fishing is not agricultural production in the strict sense of the term and that requiring it to be so is not appropriate.

This amendment also creates the legal basis for regulating aquaculture in the Organic Farming Ordinance of 22 September 1997⁷⁸. This will give Swiss producers the opportunity to switch to organic aquaculture if demand increases. The inclusion of aquaculture in the Organic Farming Ordinance is also necessary to complete equivalence with corresponding provisions in other countries (e.g. Canada and EU).

➔ Art. 3, par. 3 and 3bis, P-LAgr.

5.1.1.4 Reduction path for nutrient losses

Current regulations and the need for action

In his report of December 9, 2016 in⁷⁹ implementation of Bertschy's postulate 13.4284 "Natural bases of life and resource efficiency in agricultural production. Updating the objectives", the Federal Council has shown that the degree of non-attainment of the AEOs varies depending on the sector and that none of these objectives has been fully achieved to date. Due to the correlation of effects and remaining gaps, and in view of the high production intensity in Switzerland, the need for action remains high in the areas of nitrogen and phosphorus losses. Nutrient losses are the difference between the incoming flow (e.g. in the form of fertiliser and feed) and the outgoing flow in the form of plant and animal foodstuffs. By keeping production at the same level, it is possible to reduce nutrient losses by better adapting the input flow to needs and by adjusting losses, hitherto considered unavoidable in the nutrient balance, in line with the increase in nutrient efficiency. Otherwise, the higher efficiency of the nutrients used in the balance sheet would simply be compensated for by an additional supply of nutrients (rebound effect). Nutrient losses can also be reduced by using appropriate production techniques. Thus, efficiency in this area is increasing. Due to the natural processes of the nitrogen cycle, the maximum possible efficiency is higher for phosphorus than for nitrogen and higher in crop production than in livestock production. For nitrogen in particular, there are unavoidable losses in the form of leaching and volatilization depending on production conditions. It is striking that nitrogen discharges to watercourses and emissions of ammonia and greenhouse gases decreased mainly between 1990 and 2000 and have since stagnated at levels well above the ecological carrying capacity. The decline between 1990 and 2000 mainly reflects a decrease in livestock numbers and lower use of mineral fertilizers. Currently, annual losses are approximately 111,700 tonnes of nitrogen and 6,100 tonnes of phosphorus.

Proposed new regulations

⁷⁸ RS 910.18

⁷⁹ The report is available at: www.parlement.ch > 13.4284 > Report in response to parliamentary intervention.

A legal basis should be created to reduce nitrogen and phosphorus losses. The objective is to achieve a reduction of these losses by 10% until 2025 and 20% until 2030 compared to the average for the years 2014 to 2016. In order to achieve this objective, the inter-professions are required to take the necessary measures. The PA22+ provides for a series of concordant measures to support inter-professional cooperation.

- Nutrient deliveries
 - Obligation to report nutrient deliveries
- Adaptation in the area of ecological performance requirements (PER)
 - Abolition of the 10 % tolerance limit and other deduction possibilities in Suisse-Bilanz
 - Minimum 3.5% share of areas for the promotion of biodiversity on arable land
 - Possibility to tighten RIP regulations at regional level
 - Mandatory phased feeding for pigs
- Support through contributions to the production system
 - Limitation of crude protein intake in ruminant feedstuffs
 - Ammonia reduction in animal husbandry
 - Longer duration of use for dairy and mother cows
 - Complementary contribution for the AFS program in case of more frequent grazing
 - Efficient use of nitrogen in field and special crops
 - Promotion of humus formation or soil fertility measures package
- Support through contributions for locally adapted agriculture
 - Manuring plans per plot
 - Encouraging the use of permanent pasture
 - Adapted livestock load
- Support through structural improvements
 - Encouragement of particularly environmentally friendly forms of production through investment aid
- Adaptation of the Water Act
 - Reduction of the maximum permissible fertiliser application from 3 to 2.5 LWHU per hectare
 - Competence of the Federal Council to make a further reduction if the reduction targets are not met

Other measures are implemented outside the PA22+ to reduce nutrient losses. The delimitation of 20,000 ha of the UAA as a water reservation area under water protection legislation, for example, leads to a reduction in nutrient losses. Its implementation is currently very heterogeneous. However, it must be taken into account that already today part of the future water space cannot be fertilised (3 m buffer strip along the watercourses), so the additional reduction will be smaller overall. The measure falls within the competence of the cantons and is supervised by DETEC. In addition, from

¹ January 2022, the OAPC will require the use of low-emission techniques for the

storage and spreading of liquid manure (use of pendants). At the same time, these two requirements become an integral part of the PERs.

The achievement of the defined objectives depends on the one hand on the participation of agriculture in the measures made available to it by the Confederation. On the other hand, agriculture is called upon to take its own measures. Achieving the objectives also depends on the ambitious design of the measures. From 2023 onwards, the Federal Council is to receive regular reports on the measures taken by the inter-professions and their effects.

Data on nutrient losses are not available until two years later in each case. It is therefore only in 2025 that we will be able to take stock of the year 2023. However, the achievement of the targets should be monitored with a linear reduction path of minus 2% per year from 2021 onwards. If the trend in nutrient losses between 2014/2016 and 2023/2028 shows that the interim targets are unlikely to be achieved in 2025/2030 with the measures taken, the Federal Council must take the necessary measures to ensure the 20% reduction by 2030 in accordance with Article 6a para. 4 P-LAgr.

➔ Art. 6a P-LAgr

5.1.2 Production and sales

5.1.2.1 Supplements for the dairy economy

Current regulations and the need for action

Under the agricultural agreement, trade in cheese between Switzerland and the EU has been fully liberalised since ¹ June 2007. Other dairy products are still subject to high tariffs. The Confederation compensates the difference in customs protection with the supplement for milk processed into cheese sold in Switzerland. In addition, it supports the production of cheese specialities from raw milk with the supplement for silage-free fodder. Today, both supplements are paid to milk processors, who must pay them back to milk producers within one month in accordance with⁸⁰Art. 6 of the Milk Price Support Ordinance of 25 June 2008 .

About 10 years ago, a milk processor failed to meet its obligation to pay supplements to milk producers within the one-month time limit for several months. Some producers had then taken the case to the Federal Court (TF). In its judgment of 4 December 2018⁸¹, the Federal Court ruled that the appellant (the milk producers) could require the FOAG to pay the supplement for milk processed into cheese and the supplement for fodder without silage for the period in question. The Swiss Federal Audit Office (SFAO) also concluded in its audit report of September 2010 "Dairy Supervision - Audit of the adequacy and compliance of the supervision carried out by the Federal Office for Agriculture"⁸² that the FOAG runs the risk that the subsidies do not reach milk producers as required by law and that it cannot therefore avoid its responsibility in this respect.

⁸⁰ RS 916.350.2

⁸¹ ATF 2C_403/2017

⁸² The audit report is available at: www.efk.admin.ch > Audit mandate 10284.

The LGgr provides that its Chapter 2 (Dairy economy) applies only to cow's milk, but that the Federal Council may apply certain provisions, in particular the supplement for milk processed into cheese and the supplement for fodder without silage, to goat's and sheep's milk. Free trade in cheese with the EU also applies to buffalo mozzarella. In recent years, imports of this product have increased and are increasingly competing with mozzarella made from Swiss buffalo milk. It is therefore advisable to pay both supplements also for buffalo milk.

Proposed new regulations

The supplement for milk processed into cheese and the supplement for fodder without silage must be extended to buffalo milk; Art. 28 para. 2 of the AgrG is supplemented accordingly. The funds for these two supplements remain unchanged.

Parliament has fixed the amount of the supplement for milk processed into cheese in Art. 38 (2) LAgr and the amount of the non-silage supplement in Art. 39 (2) LAgr. Although the Federal Council can set the amount of the surcharges taking into account the development of quantities, it has no discretion as to whether or not it wishes to pay the surcharge. The potestative formulation of Art. 38 para. 1, Leygr is therefore deleted. In addition, the wording of Art. 39 para. 2 of the AgrG must be corrected.

Today, both supplements are paid to milk processors for organizational reasons. Due to technological advances, an alternative method of payment may be used. For this reason, the legislator should open up both payment options to the Federal Council. It is therefore proposed that Art. 38 and 39 of the AgrG be supplemented by a paragraph 1bis, which allows the Federal Council to decide on the terms of payment. For the period during which the supplements continue to be paid to milk users, the federal government ensures that they pay the supplements to producers. The liberating effect of al. 1bis for the Confederation shall only apply in the event of bankruptcy of the milk processor or in the event of abuse (e.g. misappropriation) on the part of a milk processor established by the authorities or by a court. This provision eliminates the financial risk for the Confederation of having to pay double supplements in this case.

➔ Art. 28, para. 2, 38, para. 1 and 1bis, 39, para. 1bis and 2, P-LAgr.

5.1.2.2 Milk control contribution

Current regulations and the need for action

Hygiene is of paramount importance in food handling (cf. Art. 10 of the Food Act of 20 June 2014 [LDAI]⁸³). Hygiene regulations for agricultural products are also necessary in order to comply with international obligations and standards that are essential for Swiss agriculture. This ensures product quality and avoids possible obstacles to export. Implementing provisions on milk hygiene and quality are contained in the

⁸³ SR 817.0

Ordinance of 20 October 2010 on Milk Control⁸⁴ and the DHA Ordinance of 23 November 2005 on Hygiene in Milk Production⁸⁵. Milk controls apply to all Swiss cow, buffalo, sheep and goat milk marketed by producers.

The Confederation participates in the financing of milk control. Financial aid and payments related to milk control were examined in the State Account 2015. It was found that the legal basis for subsidising milk control (Art. 11 of the GrVG) did not meet the current requirements for a subsidy provision and had to be adapted accordingly⁸⁶.

Proposed new regulations

During the 2018 budget deliberations in the 2017 winter session, Parliament came out in favour of continued support for milk recording, against the advice of the Federal Council. An explicit legal basis for this should therefore be created in Art. 41 P-LAgr, under the new Section 4a (Contribution for the control of milk). In order for this contribution to be paid also for buffalo milk, Art. 28 para. 2 of the AgrG must be supplemented.

➔ Art. 28, para. 2, and 41 P-LAgr.

5.1.2.3 Requirements governing maximum staffing levels

Current regulations and the need for action

The Ordinance of 23 October 2013 on the maximum number of animals (OEM),⁸⁷ based on Articles 46 and 47 of the Ordinance on the maximum number of animals per holding for the rearing and fattening of pigs, the keeping of laying hens and the fattening of chickens, turkeys and calves, lays down the maximum authorised number of animals per holding. It aims to prevent surpluses that threaten to occur in meat and egg production and to prevent the establishment of above-ground farms.

The FOAG is responsible for the execution of the OEM; on the basis of Art. 20 OEM, it levies a fee on operators if the maximum number of employees laid down in Art. 2 OEM is exceeded. The following holdings may apply for a higher number of employees:

- farms that supply the RAP without delivering farmyard manure (10 such farms currently have a higher number of staff authorised);
- holdings rearing pigs that use by-products from milk processing or food production in the public interest (maximum 200 % of the maximum number of pigs). The energy needs of pigs must be met at least 25 % by by-products from milk processing and at least 40 % by milk by-products and/or food by-products not obtained from milk processing (currently 22 such holdings) ;
- Federal test farms and agricultural research stations (currently one such farm).

⁸⁴ RS 916.351.0

⁸⁵ RS 916.351.021.1

⁸⁶ State Accounts 2015, Volume 3, pp. 69 and 70.

⁸⁷ SR 916.344

Limiting the number of employees runs counter to the principles of entrepreneurial freedom, personal responsibility and competitiveness. Nor is it justified by the animal welfare argument, since the number of animals per holding has no direct influence on animal welfare. As the limitation of numbers is not related to surface area, it is also not an appropriate environmental requirement. Current legislation on spatial planning, water protection and environmental protection already has a limiting effect on the number of animals per site. In addition, enforcement is becoming increasingly difficult as more and more holdings are cooperating with each other and incorporating.

Although the reasons given above speak in favour of abolishing the maximum numbers, it is proposed to maintain them for the following reasons:

- the company adheres to the principle of maximum headcount. The poultry industry, in particular, uses this argument to differentiate itself from abroad.
- If the maximum number of employees is abolished, it cannot be ruled out that farms will start to have higher numbers of employees than is possible today, which would damage the image of Swiss agriculture.

The exhaustive listing of test farms and agricultural research stations in Art. 46 of the AgrarG Act excludes private organisations or companies from applying for authorisation to hold higher numbers of staff for testing and research purposes.

The authorisation of exceptions for farms that carry out a disposal task in the public interest concerns only by-products (e.g. whey and cheese waste, leftover dough and bread) that originate from a food processing company (e.g. dairy, bakery). It does not extend to by-products from the retail trade or unprocessed foods (e.g. ripened bananas). In his reply to the interpellation Grin 15.3148 "Ordinance on maximum numbers in the production of meat and eggs. List of by-products referred to in Articles 9 and 10", the Federal Council announced that it would review the by-product regulations with a view to making better use of food waste.

Proposed new regulations

The requirements on maximum numbers will not be abolished, but developed to allow better use of by-products and waste from milk and food production and to take into account the needs of private research farms.

The amendment of Art. 46 of the Swiss Animal Health Act is intended to allow a larger number of animals for the permanent testing activities of all organisations and companies, provided that this is necessary for the performance of scientifically based tests and examinations and that the statistically weighted results contribute to the support of Swiss animal production.

Since, due to the optimisation of logistics chains, it is no longer possible today to establish conclusively whether the by-products come from processing companies or retail businesses, and since, on the other hand, it is useful to recycle food waste, an amendment to Art. 46 of the LgrG is necessary. Under the new rules, the recycling of all perishable food waste can be considered for the authorisation of higher numbers of pigs, provided that the disposal of such waste is considered a public task and that its use in pig feed makes more sense than in conventional dry feed.

→ Art. 46, para. 3, P-LAgr.

5.1.2.4 Contributions for the adaptation of fruit and vegetable production to market needs

Current regulations and the need for action

Art. 58 para. 2 of the AgrG constitutes the legal basis for a limited period (last deadline: end 2017) for the allocation of contributions to producers who take collective measures to adapt fruit and vegetable production to market needs. Innovative fruit and vegetable crops subsidised between 2004 and 2011 have made it possible to achieve this goal. After consultation with the industries concerned, it was decided not to introduce new measures in the context of the extension of the legal basis, initially set for 2011. The existing instruments for promoting quality and sales, promoting research and innovation or supporting production systems (e.g. high-stem fruit cultivation) are sufficient to provide targeted support for market-oriented production and value creation. Product-specific support in the area of fruit and vegetables is no longer necessary.

Proposed new regulations

Due to its limited validity and lack of need, the legal basis for contributions to producers who take joint measures to adapt fruit and vegetable production to market needs is repealed.

→ Art. 58, para. 2, P-LAgr.

5.1.2.5 Assortment of grape varieties

Current regulations and the need for action

The federal assortment of grape varieties, as defined in the old law, was renewed in 1998 by Art. 62 of the Federal Law on Grape Varieties. In the meantime, the EU has changed its legislation: it no longer requires third countries whose wines are labelled with the name of the grape variety and imported into its territory to maintain an assortment of grape varieties.

Proposed new regulations

Art. 62 LAgr (Assortment of vine varieties) is obsolete, as the EU has changed its rules on the mentioning of the names of vine varieties, and must therefore be repealed. This repeal has no impact on the activities entrusted to Agroscope under Title 6 of the Agr.

→ Article 62 P-LAgr

5.1.3 Direct payments

5.1.3.1 Entry and Limitation Criteria

Current regulations and the need for action

In addition to the RIPs (see 5.1.3.2), the payment of direct payments to operators is subject to various general requirements and social criteria:

- peasant farms cultivating soil,
- compliance with the requirements applicable to agricultural production under water protection, environmental protection and animal welfare legislation,
- professional agricultural training,
- age limit for entitlement to contributions: 65 years,
- minimum work load on the holding, expressed in UMOs: at least 0.20 UMOs,
- sharing of the work done by the holding's labour force: 50 %.

The provision of PERs is an essential requirement for the granting of direct payments; PERs are explained in ch. 5.1.3.2.

Peasant farms cultivating the soil

In accordance with the Cst. and the LAGR, direct payments are made to farmers cultivating the land. Since the implementation of the Agricultural Policy 2002, legal persons (including municipalities and cantons) operating year-round businesses have, with a few exceptions, been excluded from direct payments because they do not meet the "peasant farming" criterion. However, they are entitled to contributions to biodiversity and, from 2014, also to contributions to landscape quality (Art. 70a para. 3 let. e of the LAGR). Holdings recognised as "SA or Sàrl famille paysannes" are eligible for all contributions provided that two thirds of the company capital or three quarters of the votes are held by a natural person who runs the holding as a farmer in a personal capacity and fulfils the requirements for entitlement to contributions. In the summer zone, all contributions are also paid to legal entities (including municipalities).

Following the Streiff-Feller interpellation 18.3486 "Direct payments for agricultural holdings of social institutions" of 11 June 2018, the Federal Council requested a legal opinion to clarify the validity of "peasant farming cultivating the soil" within the meaning of Art. 104 para. 2 of the Federal Constitution as a decisive criterion for entitlement to contributions. Two independent expert opinions have concluded that the concept of "peasant farm cultivating the soil" is included in the Constitution as a key concept that gives the legislator a certain degree of latitude. Furthermore, the law does not explicitly exclude legal persons from belonging to the category of "peasant". Over the years, the delimitation between "peasant" and "non-farming" farms applied at the regulatory level has evolved:

- Direct compensatory payments were introduced in 1993 and were then paid to all farmers with up to 7 labour units (full time), irrespective of their legal form. For holdings mainly engaged in special crops, the limit was set at 12 labour units. Farms employing more labour and those with livestock in excess of the maximum allowable load were considered non-farmers and did not receive compensatory direct payments.

-As part of the 2002 agricultural policy (AP2002), the delimitation of farmers' holdings eligible for direct payments was no longer based on the size of the holding, but on its legal form. Legal persons, as well as holdings with live-stock in excess of the maximum allowable stocking density, were considered as non-farmers and excluded from entitlement to direct payments. However, an exception applied to contributions to biodiversity. Summer farms were not excluded from the contributions, as they are traditionally managed by legal entities such as municipalities, cooperatives or Alpine corporations.

-Since the introduction of AP 14-17, legal entities (including municipalities and cantons) are eligible not only for contributions to biodiversity, but also for contributions to landscape quality. In addition, promotion measures have been more focused on the services provided.

With the present project, the direction given by AP 14-17 is maintained or even strengthened (cf. contributions to the production system, contributions to biodiversity, contributions to agriculture adapted to local conditions). The services required as compensation for the contributions shall be provided by the holdings, irrespective of their legal form. The fact that the majority of legal persons are currently excluded from direct payments is an inequality of treatment that is no longer justified. In addition, various other federal promotion instruments are available to agricultural holdings irrespective of their legal status (e.g. supplements for milk processed into cheese, non-silage supplement investment aids, and contributions for specific crops). Nor does the EU apply restrictions according to the legal form of the holdings.

Ceilings and ladders

The payment of direct payments shall be capped or limited by different criteria :

- ceiling of direct payments (excluding contributions to networking, landscape quality, resource efficiency and transition contribution) to CHF 70,000 per UMO ;
- area limits per holding, from which area-based contributions are reduced per hectare (staggering of the basic contribution for security of supply; contribution for biodiversity promotion areas of quality level I paid for a maximum of 50% of the UAA) ;
- income and asset limits for eligibility for the transitional contribution.

The cap on the amount of contributions per UMO was introduced at the time to prevent too much land from being used as ecological compensation area. In practice, it was found that this measure had mainly limited the contributions paid to holdings that do not keep livestock and that grow arable crops in production systems eligible for contributions (contribution for organic farming, contribution for extensive production). On the other hand, intensive livestock production farms were hardly affected, as they have high UMO values. The measure therefore did not achieve its aim.

Compliance with the relevant provisions for agricultural production

Direct payments shall be made on condition that the requirements applicable to agricultural production under water protection, environmental protection and animal welfare legislation are complied with. Infringements leading to a decision by the authority shall result in a reduction of direct payments. At present, compliance with nature and landscape protection legislation in accordance with the Federal Act of¹ July 1966 on the Protection of Nature and the Landscape (NPL)⁸⁸ is not mentioned among these requirements, although agriculture must also comply with them.

Agricultural training

The requirements for agricultural vocational training are currently fulfilled by means of basic training in the agricultural sector, which is completed by a diploma (Federal Vocational Training Certificate or FAVC) or higher vocational training for farmers (certificate). Higher education in these professions also fulfils the requirements. In addition, basic training acquired in another profession and completed by the continuing training course for obtaining direct payments or by at least three years' practice on an agricultural holding is recognised as equivalent (Art. 4, para. 2, OPD).

Under the current training system, initial training gives graduates the ability to practice the trade, but not the skills to run a farm. Topics relating to the management of a farm (profitability, personnel management, etc.) are only covered in higher education courses. In the agricultural sector, only one third of farmers currently have such training, a much lower proportion than in other craft or independent professions.

In particular, society expects farmers receiving direct payments to manage their farms in a broadly sustainable way. Basic training does not teach business management, even though nowadays - in an increasingly difficult and complex environment - this subject is becoming increasingly important for the successful management of a sustainable and market-oriented company.

As an Agroscope study shows⁸⁹, there is a positive correlation between labour income and educational attainment. Better trained farm managers tend to achieve higher revenues.

Social security coverage

In the report "Women in agriculture", the Federal Council presented, inter alia, the current situation with regard to social insurance in agriculture. In contrast to non-family labour, family members involved in agricultural work are not subject to unemployment insurance, accident insurance or occupational pension provision (2nd pillar). While insurance cover is compulsory for treatment and care costs, the same does not apply to loss of earnings in the event of incapacity for work due to illness or accident. While the social protection of non-family workers is compulsory, it is up to the family members themselves or the heads of the holdings employing them to set up an insurance scheme when the person in question does not also carry out a paid activity outside the agricultural holding through which he or she would be insured. At present, family

⁸⁸ SR 451

⁸⁹ www.agroscope.admin.ch/agroscope/fr/home/publications/recherche-publications/agroscope-science.html ; Economic heterogeneity at farm and branch level, p. 23 ; seulement en allemand

members who are active in the business are not adequately insured against loss of earnings and do not benefit from an appropriate occupational pension plan.

Proposed new regulations

The following conditions shall be maintained without change: age limit, minimum labour requirement and minimum share of work done by the holding's own labour force.

Peasant farms cultivating the soil

Natural and legal persons, including municipalities and cantons, must be put on an equal footing with regard to entitlement to direct payments. Legal persons also provide services in the public interest and strive for the use of resource and environmentally friendly methods, irrespective of the legal form of operation.

However, the Federal Council's power to exclude certain types of holdings from direct payments should be maintained. As hitherto, this applies in particular to holdings whose livestock exceeds the maximum authorised load. In addition, the Federal Council must always be able to react to developments in the agricultural sector.

Ceilings and ladders

With the introduction of the expanded security of supply contributions (see 5.1.3.3), the basic security of supply contribution will be abolished. As a result, the single area-based contribution disappears from the direct payment system. The UMOs cap is also being removed as it has not had the desired effect. On the one hand, its continuation would run counter to the efforts required under the measures proposed as an alternative to the clean drinking water initiative, as it limits or negates the effect of direct payments on reducing the use of PPh. On the other hand, it has been found that this measure favours intensive livestock production farms producing large quantities of nutrients, as these are not affected by the cap as they have a high level of UMOs. The removal of the limitation by UMOs also has the effect of simplifying the system of direct payments. UMOs factors are strictly standardized values that measure the size of a farm. They shall be suitable as an entry criterion for the granting of direct payments or for defining the minimum size of a farm enterprise. However, they are of no use as a ceiling criterion for developed security of supply contributions or other targeted contributions, as the corresponding measures are set according to the objectives to be achieved irrespective of the size of the operation. Finally, the capping of the transition contribution based on income and wealth will also be abandoned. It had only a small impact, but generated a significant increase in work in the cantons.

For economic and socio-political reasons, the current system of partly very complex staggering and limitations is being replaced by the staggering of total direct payments received per holding. Specifically, the Federal Council is to be empowered to limit the amount of direct payments per holding or per type of contribution. As it stands, it is planned to opt for the staggering of the total amount of direct payments per holding. This provision shall not apply to summering and community pasture holdings. From a total amount of CHF 150,000 in direct payments, each additional CHF 50,000 will

result in a reduction. This will be progressive in 10% increments. For example, a holding entitled to CHF 200 000 in direct payments will have this amount reduced by CHF 5 000 (10% reduction for the overrun from CHF 150 000 to 200 000); for a holding entitled to CHF 250 000 in direct payments, this amount will be reduced by CHF 15 000 (- 10% for the overrun from CHF 150 000 to 200 000 and - 20% for the overrun from CHF 200 000 to 250 000), etc. With this system, a farm can obtain a maximum of CHF 375,000 in direct payments. For farming communities, the figures are multiplied by the number of farms grouped together. A community formed by two farms will therefore see its direct payments reduced from 300,000 francs. The reduction will be 10% between 300,000 and 400,000 francs, 20% between 400,000 and 500,000 francs, etc. The reduction will be 10% between 300,000 and 400,000 francs. This system is comparable to the one proposed by the European Commission for the period 2021-2027, which provides for a staggering from EUR 60 000 and an absolute ceiling of EUR 100 000 per holding. A system of staggering the total amount of direct payments per holding is easier to understand than the many cumulative staggering and limitations applying to the different types of contributions. It takes into account the effects of scale on an entire farm, since large farms can provide services related to security of supply, the environment or animal welfare at a lower cost per hectare or per animal.

The Federal Council should also be empowered to set ceilings for certain types of contributions if necessary. Such a limitation is already in force for contributions to biodiversity in the summering area and will be maintained.

Compliance with the relevant provisions for agricultural production

For formal reasons, all the laws that are decisive for agricultural production - including the NPA - are now listed in Art. 70a para. 1 let c, AHG. Compliance with their provisions is already a condition for the granting of direct payments.

Agricultural training

In view of the increasingly complex challenges of farm management, all new recipients of direct payments will in future be required to hold a CFC and to complete three modules in business economics offered as part of the training for the vocational examination in agriculture ('brevet'). This training is of direct use to future operators: the programme provides, for example, that the knowledge acquired during three mandatory modules is directly applied in a study that each candidate will have to carry out on his or her own farm. The principle of social acceptability of this requirement is respected by the fact that it applies only to new farmers or new beneficiaries of direct payments. Farmers receiving direct payments before the entry into force of the new provisions are not affected. New provisions also apply to women farmers and persons with basic training in another branch. Women farmers with a patent who wish to claim a right to direct payments will now be required to complete the three business economics modules of the professional examination in the agricultural vocational field, which have hitherto been optional for them. Persons who enter agriculture after a professional career in another sector must now not only hold the CFC corresponding to

their original profession and have completed the required further training or agricultural practice, but also complete the three modules mentioned above. The derogations for vocational training provided for in the current law for mountain farms requiring less than 0.50 UMOS are maintained without change (cf. Art. 4, para. 3, DPO). The same applies to other derogations, for example in the event of the death of the operator. The adaptation of VET/PET requirements can be implemented at the Ordinance level and therefore does not require a change in the law. The introduction of these new requirements will be accompanied by transitional provisions.

Table 7

Training requirements for entitlement to direct payments

PA14-17 (current)	PA22+ (new)
Maintenance of the acquis for farmers who have received direct payments for at least three years between 2007 and 2013	<ul style="list-style-type: none"> - The new requirements do not apply to farmers currently already receiving direct payments. - Application of the new requirements with a transition period
<i>New beneficiaries of direct payments since 2007</i>	<i>New beneficiaries of direct payments after the transition period</i>
1) Federal Vocational Training Certificate or CFC in the "professional field of agriculture and its professions" (Art. 37 or 38 of the Federal Act of 13 December 2002 on Vocational and Professional Education and Training [VETA] ⁹⁰)	1) CFCs in the "professional field of agriculture and its professions" (art. 38 LFPr) + three modules of business economics
2) Peasant woman with patent (Art. 43 LFPr)	2) Farmer with patent (art. 43 LFPr) + three modules of business economics
3) Higher education in the professions referred to in Nos. 1) and 2)	3) Higher education in the professions referred to in Nos. 1) and 2)
4) Federal Certificate of Vocational Training or CFC in a professional field other than agriculture (Art. 37 or 38 LFPr) + continuing education in agriculture (courses for obtaining direct payments) or at least 3 years of practice on an agricultural holding	4) CFCs in an occupational field other than agriculture (38 LFPr) + three business economics modules + further training in agriculture (courses for obtaining direct payments) or at least three years' practice on a holding

⁹⁰ SR 412.10

PA14-17 (current)	PA22+ (new)
<i>Exceptions</i>	
<ul style="list-style-type: none"> - Operation in mountain areas with < 0.5 UMOS - Heirs and hereditary communities in the event of the death of the operator (3 years) - Resumption of the holding by the spouse when the established holder reaches retirement age, provided that the spouse has worked on the holding for 10 years. 	

Social security coverage

In order to improve the social security of family members working on the holding, the granting of direct payments is now linked to the existence of social security coverage. For administrative reasons, this new regulation will only apply to spouses and registered partners who are active on the farm. Farmers will have to provide proof that a spouse who regularly, significantly or significantly contributes to the farm and who does *not* have another sufficiently high income is covered by social insurance.

Social security cover must include risk prevention (disability and death) and loss of earnings (daily allowances in the event of incapacity for work due to illness or accident). Since insurers may refuse certain persons on the grounds of their state of health or charge disproportionate premiums in the case of older persons, derogations are provided for in these cases.

Since insurance coverage including pension and loss of earnings is now compulsory for the partner, it is recommended that, if necessary, it be set up with the advice of an expert in the field. The requirement for social protection applies only to the partner who collaborates in the operation, not to the head of the operation who manages it independently.

A transition period of two years is planned, during which all farmers will receive information on the spouse's social security cover situation on the basis of a small number of targeted questions to be asked in the context of the application for direct payments submitted to the cantonal agricultural service (self-declaration). This will enable them to obtain advice and take the necessary steps if coverage is insufficient. Inexpensive loss of earnings insurance and retirement provision solutions for family members who participate in the business with or without a salary already exist. During the transitional period, direct payments will not be reduced if the required social security coverage has not yet been achieved.

After the two-year introductory phase, risk-based checks will be carried out each year on part of the self-declarations attached to applications for direct payments. The cantonal agricultural service may require farmers to provide proof or, in the context of administrative assistance, ask the tax authorities to provide certain data. If proof of social security cover is not provided, or is only partially provided, direct payments shall be reduced according to a system similar to that applied for RIPS.

Table 8

Social protection for the partner collaborating in the operation

		Currently	New	Remarks
Pension	State (1 st pillar)	Mandatory	Mandatory	Compulsory contribution paid, provided that the spouse pays at least double the minimum contribution (964 fr. p.a.; 2019).
	Professional (pillar 2b)	Optional	Compulsory for direct payments* (pillar 2b or 3a/3b)	According to the pension funds, affiliation to the 2 nd pillar b (optional pension provision) is only possible from an insured income corresponding to at least 12.5% of the maximum AHV/AVS pension (3555 fr. p.a.; 2019).
	Private (3 rd pillar)	Optional		Private pension provision, optional (pillar 3b), also possible for people without income.
Per diems	Disease	Optional	Mandatory for direct payments	Insurance against loss of earnings in case of illness or accident.
	Accident	Optional		

* with exceptions due to age or state of health

Table 9

Conditions and limitations for obtaining direct payments

PA14-17 (currently)	PA22+ (new)
<ul style="list-style-type: none"> peasant farms cultivating the soil ; PER ; compliance with the relevant provisions for agriculture in the field 	<ul style="list-style-type: none"> peasant farms cultivating the soil, including legal persons ; appropriate personal social protection for the spouse or registered partner collaborating in the exploitation ; PER (adapted) ; compliance with the relevant provisions for agriculture concerning the protection

PA14-17 (currently)	PA22+ (new)
<p>of water, environmental and animal protection ;</p> <ul style="list-style-type: none"> • basic agricultural vocational training, peasant with certificate or other basic training plus further agricultural or practical training on an agricultural holding ; • age limit 65 years ; • minimum work load 0.20 UMO ; • at least 50 % of the work done by the holding's labour force ; • capping of direct payments at 70,000 Fr / UMO ; • staggering of the basic contribution for security of supply ; • contribution to biodiversity promotion areas of quality level I for a maximum of 50% of the UAA (regulated in the ordinance); • income and asset limits for the granting of transitional contributions. 	<p>of water, the environment, animals, nature and the landscape ;</p> <ul style="list-style-type: none"> • for new recipients of direct payments: CFC, peasant with certificate, CFC obtained in another profession plus further agricultural training or practical training on a farm; and in all cases: completion of three training modules in business economics ; • compliance with the new training provisions is not required for farmers already receiving direct payments ; • age limit 65 years ; • minimum work load 0.20 UMO ; • at least 50 % of the work done by the holding's labour force ; • capping the total amount of contributions per operation and the amount per type of contribution.

→ Art. 70a, paras. 1 and 2, P-LAgr.

5.1.3.2 Ecological benefits required

Current regulations and the need for action

Direct payments are made only on condition that RAP requirements are met throughout the operation. At present, these requirements are as follows: keeping animals in a species-friendly manner, a balanced manure balance, an appropriate proportion of areas for the promotion of biodiversity, proper use of the objects listed in the inventories of national importance, regular crop rotation, appropriate soil protection and the targeted selection and use of plant protection products.

Introduced in the early 1990s, PERs have helped to reduce pollution from agriculture. In their current form, they guarantee a minimum level of environmental performance

and are applied throughout the country. For the rest, they provide little incentive for farmers to further improve their production methods.

Proposed new regulations

RAPs should be developed to address the remaining gaps in achieving ecological objectives. They are intended to contribute to better achievement of the OAS in the areas of biodiversity and resource protection and to support the implementation of the PPh AP. The amendments are part of the package of measures proposed as an alternative to the popular initiative for clean drinking water (cf. 4.2.4).

Table 10

Overview of the ecological performance requirements (Art. 70a GGLA)

PA14-17 (currently)	PA22+ (new)
<p>² The following environmental services are required :</p> <ul style="list-style-type: none"> a. the keeping of livestock in accordance with the needs of the species ; b. a balanced manure balance ; c. a fair share of areas for the promotion of biodiversity ; d. the proper use of the objects listed in the federal inventories of national importance within the meaning of the NPA; e. regular crop rotation; f. appropriate ground protection ; <ul style="list-style-type: none"> g. the targeted selection and use of plant protection products. <p>³ The Federal Council</p> <ul style="list-style-type: none"> a. lays down the concrete requirements for the required ecological performance; 	<p>² The following environmental services are required :</p> <ul style="list-style-type: none"> a. the keeping of livestock in accordance with the needs of the species ; b. <i>a nutrient balance with limited losses;</i> c. satisfactory promotion of biodiversity ; d. the proper use of the objects listed in the federal inventories of national importance within the meaning of the NPA; e. regular crop rotation; f. appropriate ground protection ; g. <i>environmentally friendly plant protection ;</i> h. <i>specific requirements for the protection of ecosystems in specific regions, ;</i> i. <i>compliance with water protection requirements.</i> <p>³ The Federal Council</p> <ul style="list-style-type: none"> a. achieves the required ecological services, taking into account the <i>resilience of ecosystems;</i>

RAPs need to focus more strictly and explicitly on ecosystem resilience. This requirement is linked to the concept of production adapted to local conditions introduced in Art. 104a para. 2 Cst. In this way, the Federal Council can continuously improve

measures to preserve the long-term resilience of ecosystems. The adaptation of agriculture to local conditions takes into account the particularities of different regions and aims at the resilience of ecosystems influenced by agricultural activities. Since the contributions to resource efficiency are now included in the contributions to the production system under Art. 75 of the AgrG, the elements that were previously promoted by means of contributions to resource efficiency are now promoted either by the PERs or by contributions to the production system (cf. 5.1.3.5).

The AEOs concretize the requirements of environmental legislation relevant to agriculture and describe the desired state, guaranteeing long-term resilience and ecosystem services.

Nutrients: the problem of nutrient surpluses needs to be tackled in a more transparent and targeted manner, so that persistent losses, particularly of nitrogen, can be reduced. The manure balance is no longer just a tool to ensure balanced manuring at farm level; it must also allow for the reduction of surplus nutrients.

The main question is how a reduction in these losses can be achieved on a continuous basis, until the sustainable level for the ecosystems concerned is reached. A study is currently under way to determine whether a new method of calculating the manure balance, showing transparently the losses of each farm, is needed. It would replace or supplement the current Suisse-Bilanz method, which is based on the state of knowledge in 2000. Adaptation to the latest scientific knowledge, to developments in nutrient management in agriculture and to the loss targets set is clearly necessary. The implementation of the new manure balance method is planned from 2026 onwards.

In parallel with the development of this new instrument, preparations for its implementation by computerised means must be made. A comprehensive digital nutrient management project has been launched for this purpose. Other applications should be included, such as the recording of ammonia emissions, forage and mineral fertiliser streams. The implementation and use of this integral management system is planned to start in 2026. A revised Suisse-Bilanz method will be implemented as early as 2022 and merged with the IT application by 2026.

In order to achieve the objective of reducing nitrogen and phosphorus losses by 10 % by 2025 and 20 % by 2030, the following measures will be introduced in two stages from 2022: In 2022, a series of measures to modernise Suisse-Bilanz and the abolition of the 10 % tolerance and the lowering of water protection limit values from 3 to 2.5 LUF will be introduced. By 2026, nutrient management should be fully concentrated in a digital system. Nutrients such as mineral fertilisers and fodder delivered to the farms must be advertised by the sellers (Art. 164a of the AgrGG) in order to ensure transparency and monitoring of the individual balance sheets as well as the national balance sheet that determines the assessment of the achievement of the goals set for 2030. This system will provide administrative simplification at all levels. It will integrate the specific tools for the objectives of reducing nitrogen and phosphorus surpluses. The table below gives an overview of the actions planned for this purpose:

Table 11

Measures to reduce nitrogen and phosphorus losses under the RAPs and the Water Protection Act

Instrument	By the year 2022	Between 2022 and 2024	By 2026 and beyond
Suisse-Bilanz	Revision of the methodological bases : Where necessary, adjustments and deletions of tolerances and weak points in the calculation method; Revision of nitrogen use coefficients; consideration of possible simplifications and exemptions for farms without environmental problems.	Implementation of the revised Suisse-Bilanz method. Introduction of mandatory declaration of the use of mineral fertilisers. Removal of the 10% tolerance.	As part of the Nutrient Management project, development of new methods for balance sheet preparation. Recording of nitrogen emissions. Implementation of a comprehensive digital nutrient management system.
Max. 2.5 LU/ha of fertilisable area according to LEaux	Adjustments to the implementing instruments at federal and cantonal level.	Implementation of limits in the context of enforcement.	

If the interim objectives for reducing nitrogen and phosphorus losses set in a binding manner in Article 6a paragraph 1 of P-LAgr are not achieved, the Federal Council shall take additional measures in accordance with Article 6a paragraph 4 of P-LAgr by 2025 at the latest. In addition, it can decide on a further reduction of the UGBF values per ha (cf. art. 14, para. 6bis, P-LEaux).

The management of farmyard manure using emission-limiting techniques, which is covered by environmental legislation and in particular by legislation on air protection, is also a measure to limit nutrient losses. In this respect, particular emphasis must be placed on the storage and spreading of manure.

Biodiversity: In their current form, the RAPs require a "fair share of areas for the promotion of biodiversity"; in the new provision, this requirement is replaced by "satisfactory promotion of biodiversity". The change from "fair" to "satisfactory" indicates, on the one hand, that effective promotion of biodiversity can be achieved by means other than those related to land and, on the other hand, that not all farms are currently doing the minimum required in this area. Large deficits exist particularly in

arable areas, which is why the AP22+ requires that a minimum share of open land be developed as a BPS. This share is to be set at 3.5% and will be included in the 7% total GPS required of all holdings (or the 3.5% required of special crop holdings) (cf. 5.1.3.4).

Soil protection: In recent years, the PER regulations on soil protection have been revised several times with the aim of curbing erosion caused by agricultural practices. On the other hand, the RAPs do not make any requirements with regard to soil compaction, despite the fact that soil compaction represents a major and lasting risk to the fertility of agricultural land. This risk is aggravated by the use of heavy machinery in adverse weather conditions. Therefore, with the introduction of PA22+, protective measures will be enacted at the regulatory level. To prevent particularly damaging subsoil compaction, the criterion of the bearing capacity of the tilled soil will be introduced in the RAP. Software (Terranimo) will be made available to farmers and custom contractors to enable them to assess the risk based on the machinery used and the weather conditions. As a simplification, its use will not be mandatory as long as the load per wheel does not represent an excessive risk. This software helps to prevent soil compaction, which is the cause of yield losses over many years, and makes it easier to choose which machines to use. With this instrument, farmers will be more aware of their responsibilities, but will also be better able to demand that contractors, in particular, assume their own responsibilities.

Plant protection: The current PER regulations already incorporate elements of integrated pest management (preventive measures such as regular crop rotation, promotion of beneficial organisms and appropriate fertilisation) and restrict the choice of plant protection products. The new term "environmentally friendly plant protection" will allow for improvements in both areas. The following measure is provided for :

- **Restricting the use of PPh that pose a high environmental risk:** RAPs will restrict the use of PPh. PPh that pose unacceptable risks to the environment will be removed from the market as part of the review of authorizations. For environmental protection purposes, other authorised products posing a high risk will be replaced by products posing a lower risk, provided that such products are available. In this context, Agroscope has been commissioned to investigate the potential of metabolites in groundwater for each authorised active substance and assess the risk potential for surface water. Alternatives to products with a high risk potential are also being sought. The list of MPPs that will be limited under the RAPs will be established in the Implementing Provisions on the basis of this study. In addition, contributions to the production system will encourage the total or partial non-use of PhPs (see 5.1.3.5).

In addition, the RIPs must be complemented by the implementation of emission reduction measures:

- **Implementation of measures to reduce emissions:** the discharge of pollutants into the environment during filling, rinsing and cleaning of sprayers must be avoided. This is to be achieved by using tank cleaning systems on the fields or, in the case of cleaning on the farm area, by ensuring that rinse water is collected and treated.

In addition, places where spraying equipment is filled or cleaned and areas where farmyard and recycling fertilisers are produced or transferred must be provided with a drainage system that complies with water protection regulations. In addition, RAPs will require the use of techniques and measures to reduce drift and runoff. The "Instructions for Risk Reduction Measures When Applying Plant Protection Products"⁹¹ presents the proposed measures to reduce drift and runoff. Among these measures, operations will be required to take those that reduce undesirable emissions of PPh by at least 75%.

Adaptation to local conditions: Taking into account the principle of ecosystem resilience, specific RAP requirements will be defined for certain regions. This regionalisation of the PERs allows the requirements to be adapted to local conditions and site specificities. Stricter manure balance requirements are already in force, based on the annex to the Ordinance on Direct Payments, for certain sensitive sites such as defined lake catchment areas in connection with the phosphorus problem. Within the perimeter of these sites, farms with a phosphorus self-fertilisation rate according to Suisse-Bilanz of more than 100 % may apply a maximum of 80 % of the crop's phosphorus requirement.

These measures will make it possible in future to reduce, for example, excessively high nitrate levels in drinking water catchments or nitrogen immissions in sensitive ecosystems. The measures are in principle determined jointly by the Confederation and the cantons. If necessary, the federal government can also set regionalised PER measures itself. As a first step, the regionalisation of the RAPs will have to be applied in order to ensure the success of the projects according to Art. 62a LEaux; in this context it will be possible, for example, to set a minimum rate of grassland areas in the catchment area.

Water protection: At present, it is only possible to reduce direct payments to an operator who has infringed water protection provisions on the basis of an enforceable decision or an administrative decision. This entails work for the enforcement authorities. In future, certain water protection regulations will be incorporated into the RAPs; however, by analogy with the regulations on the keeping of livestock in accordance with the needs of the species, controls will continue to be carried out in accordance with water protection legislation. They shall be based exclusively on simple visual criteria and shall be carried out as part of the basic checks. This will include checking for leaks of manure or slurry juices into the environment, drainage on hard-packed exercise areas, storage of hazardous materials, etc. The criteria will be based on the recommendations developed in 2017 by the ECA on the implementation of basic controls on farms. In future, breaches in this area may be penalised by a reduction in direct payments on the basis of their finding. An enforceable decision will no longer be necessary. However, the allocation of responsibilities for monitoring compliance with the Water Act on farms remains unchanged. It is up to the cantons to designate the competent service.

⁹¹ www.ofag.admin.ch >Sustainable production >Plant protection>Plant protection products>Sustainable use and risk reduction

→ Art. 70a, para. 2, P-LAgr.

Incentive taxes are another means of controlling the use of plant protection products. By taxing, according to the principle of causality, products that pose a high risk to the environment, the aim is to encourage producers to use less hazardous products or other plant protection strategies and to internalise the external costs of environmental and health damage. A system of differentiated taxes and sufficient alternative solutions should make it possible to limit the financial burden on farms, and therefore the impact on production.

Several European countries, such as Sweden, Norway, Denmark and France, already apply such a system, each in its own way. According to a study commissioned by the FOAG and carried out by the ETH Zurich, a levy can also provide an incentive in Switzerland to refrain from using plant protection products or to use them more sensibly. Modelling shows that taxation can lead farmers to reconsider their PPh choices. This result is confirmed by the experiences in the European countries mentioned above, but the available data also show that the average effect observed is only limited.

There are many pitfalls in defining the terms and conditions and implementing an incentive tax on PPh. Such an instrument will only have the desired effects if there are many alternatives available and these are evaluated in relation to the risks to humans and the environment. A system of differentiated taxes must therefore necessarily be accompanied by prioritised objectives such as, for example, the protection of people or water protection. The amount of the differentiated tax can only be set correctly - i.e. in such a way as to produce the optimum incentive effect - if these objectives are clearly related to each other and weighted.

Moreover, such an instrument implies the establishment of a service responsible for collecting the tax. Such a structure does not yet exist, and its creation and subsequent management would be very burdensome.

In view of the above advantages and disadvantages, the incentive taxation model has not been further developed. At present, other instruments are proving to be better or equally effective in achieving the desired result. The PER regulation on the restriction of the use of products presenting an increased risk to the environment thus achieves the same goal as an incentive tax, namely the reduction of the use of such products. The PER solution has the advantage of taking into account the lack of alternatives for crop protection which are of little interest for the development of new solutions.

5.1.3.3 Contributions to security of supply and contributions to the cultivated landscape

Current regulations and the need for action

Contributions to security of supply are intended to ensure the supply of food to the population. Under the current system, they include three types of contributions: the basic contribution, the contribution for production under difficult conditions and the contribution for open land and perennial crops. The basic contribution consists of a

uniform amount of CHF 900 per hectare. Permanent grassland areas used as a biodiversity promotion area are entitled to CHF 450 per hectare, while fallow land is excluded from contributions to security of supply. The contribution for production under difficult conditions compensates for climatic disadvantages and is paid for all areas in mountain and hill regions. The contribution for open land and perennial crops is used to promote these crops in particular. It should also be noted that contributions to security of supply are only paid for permanent grassland areas if the holding has a minimum number of livestock consuming roughage.

The structure and effect of the contributions to security of supply were analysed by Agroscope in an evaluation⁹². Several opportunities for improvement were identified. For example, there is a need for a clearer and more concrete definition of the objectives pursued with this type of contribution. Rules such as the minimum stocking density or the staggering of the contributions according to the size of the holding and the intensity of use of the grassland area have been reviewed. The evaluation concludes that a reduction in contributions to security of supply would only lead to a small reduction in calorie production, i.e. by around 4 % in the event of a 25 % (approx. CHF 280 million) reduction in contributions. Moreover, the evaluation shows that a much greater effect would be achieved by strengthening measures to promote arable crops compared to grassland. This would make it possible to achieve the goal at a lower cost.

Contributions to the cultivated landscape are made with the aim of maintaining open landscapes. They include several types of contributions: contribution for the maintenance of an open landscape, contribution for sloping areas, contribution for steeply sloping areas, alpine grazing contribution and summer grazing contribution. The contribution to maintaining an open landscape is staggered according to the area and is paid for areas in the mountain and hill region. The aim is to preserve these areas from overgrowth and forest growth. The contributions for sloping surfaces, steeply sloping surfaces and sloping wine-growing areas serve the same purpose, more specifically in steeply sloping areas that are particularly threatened by forest encroachment. The alpine pasture contribution is paid to farms that put their animals out to summer in Switzerland and thus contribute to the use of these areas. The summering contribution is paid to operators who manage and maintain summering farms.

Proposed new regulations

Art. 104a of the Swiss Constitution, which came into force in 2017, explicitly mandates the Confederation to create the necessary conditions for the preservation of the basis of agricultural production, in particular the preservation of agricultural land. *Contributions to security of supply* must be developed taking into account the results of the above-mentioned evaluation, so as to ensure the sustainability of these production bases.

⁹² Möhring, A., Mack, G., Zimmermann, A., Mann, S., & Ferjani, A. (2018). Evaluation of security of supply contributions. Final report. Agroscope Science, (66), 123rd (Seulement en allemand)

The revised contributions are intended not only to ensure the security of the population's food supply and to preserve the production capacity of indigenous agriculture, but also to adequately compensate for the disadvantages suffered in Switzerland due to the level of costs and the climatic conditions at high altitudes. Contributions to security of supply now include two types of contributions: an area contribution, staggered according to area (area contribution), and a contribution for open land and perennial crops.

- Contribution according to area: this contribution is paid per hectare and is staggered according to area. It applies to the entire useful agricultural area of holdings from the lowland area to mountain area IV, with a progressive contribution amount. Its aim is to compensate, on the one hand, for the disadvantages compared to other countries due to the high costs in Switzerland and, on the other hand, for the climatic disadvantages linked to altitude (shorter growing season, lower yields), so that agricultural land remains exploited in all areas and the production capacity of agriculture is preserved.
- Contribution for open land and perennial crops: this contribution is paid per hectare and the amount is the same in all areas. The main aim is to maintain open land and perennial crop areas, so that production capacity and effective calorie production can be maintained at an appropriate level.

Both types of security of supply contributions are financed by transferring a large part of the funds from the existing security of supply contributions and the part of the funds from the cultivated landscape contributions that has been earmarked for the maintenance of an open landscape to the current contributions.

A minimum livestock load per unit of permanent grassland area is no longer required in the new system. Agroscope's evaluation of this measure showed that, contrary to expectations, it had little effect on the intensity of grassland use and contributed little to the achievement of the calorie production targets. By abolishing a number of rules (minimum livestock density, staggering of contributions to security of supply from 60 ha, abolition of differentiated basic contributions for permanent grassland areas used as areas to promote biodiversity) and reducing the number of types of contribution to just two, the system is simplified and becomes more comprehensible.

In the category of *contributions to the cultivated landscape*, the contribution for maintaining an open landscape is removed and the resources allocated to it are transferred to the area-based contribution, which is now part of the contributions to security of supply. This transfer is justified, since the new contribution has the same purpose as the abolished one, i.e. to compensate for the climatic disadvantages linked to altitude and since a minimum livestock load is no longer required. In addition, the redesign simplifies the contribution system. The other types of contributions to the cultivated landscape (contribution for sloping areas, contribution for steeply sloping areas, contribution for sloping wine-growing areas, mountain pasture contribution and summer grazing contribution) are maintained with unchanged amounts of direct payments. The requirements for summering farms (use of PPh, fertilisation, feeding with concentrated feed, etc.) are regulated at the regulatory level. They will be reviewed as part of the development of PA22+ enforcement orders.

Table 12

Overview of Contributions to the Cultivated Landscape and Contributions to Security of Supply

PA14-17 (currently)	PA22+ (new)
<u>Contribution to the cultivated landscape :</u> <ul style="list-style-type: none"> • contribution for sloping surfaces • contribution for steeply sloping surfaces • contribution for sloping vineyard areas • Alpine contribution • summer contribution • contribution to maintaining an open landscape 	<u>Contribution to the cultivated landscape :</u> <ul style="list-style-type: none"> • contribution for sloping surfaces • contribution for steeply sloping surfaces • contribution for sloping vineyard areas • Alpine contribution • summer contribution
<u>Contribution to security of supply :</u> <ul style="list-style-type: none"> • core contribution • contribution to production under difficult conditions • contribution for open land and perennial crops 	<u>Contribution to security of supply :</u> <ul style="list-style-type: none"> • contribution by area • contribution for open land and perennial crops

➔ Art. 71, para. 1, let. a, and 72 P-LAgr.

5.1.3.4 Contribution to biodiversity

Current regulations and the need for action

Contributions to biodiversity are made with the aim of promoting and conserving biodiversity and thus ecosystem services. They represent nearly 410 million francs per year. There are three levels of contributions, which are paid according to surface area and can be accumulated:

- Quality Level I (QI), with specific measurement-oriented requirements defined for each type of SPB (e.g. extensive grassland, hedges, tall fruit trees) ;
- quality level II (QII), with basic requirements according to IQ specific requirements relating to botanical quality or structures promoting biodiversity; depending on the type of SPB, implementation is partially or totally results-oriented ;
- networking, with project-specific operating regulations or with site-specific criteria.

The principle of promoting ecological compensation in agriculture was introduced at the beginning of the 1990s and adapted in the course of agricultural policy reform.

The Confederation, the cantons and farms are making great efforts to promote biodiversity. However, although participation in incentive programmes is steadily increasing, the decline in biodiversity has so far not been halted⁹³. A comprehensive assessment of contributions to biodiversity completed in 2019 revealed various gaps in impact and identified the causes⁹⁴. This evaluation took into account the initial results of the ALL-EMA⁹⁵ monitoring programme.

Over the years, the various adjustments made to measures for the promotion of biodiversity, motivated by practical demands and political decisions, have resulted in an increase in the elements to be promoted and the burdens to be met. The regulations have become complex and implementation complicated. Therefore, the review of contributions to biodiversity should aim to identify more effective measures and set more enforceable conditions. In addition, the results of the evaluation will need to be taken into account and improvements will need to be made in the following areas where deficits have been identified:

- Insufficient achievement of AEOs in the area of biodiversity, particularly due to the insufficient share of high quality BPS areas ;
- too few GPS in arable areas, especially on cropland ;
- lack of microstructures ;
- inappropriate choice of the type of BPS, due to lack of knowledge and unfavourable economic incentives ;
- too few offers of advice for operators ;
- too much complexity in the system.

In the draft PA22+ put out to consultation, the Federal Council had proposed a new, two-pronged system for promoting biodiversity. Operators would have had a choice between the current simplified system and a diversified system depending on the operation. The consultation procedure showed that the proposed model was too complicated, would lead to additional burdens during implementation and would not gain majority support. Thanks in particular to the evaluation carried out, the deficits of the current system are now known. The proposed redesign should address this and lead to greater efficiency and simplified implementation.

Proposed new regulations

The current system is essentially developed on the basis of the current Art. 73 LGBTgr. The changes will be implemented at the regulatory level. The work in this area has been and will continue to be carried out in close collaboration with experts representing the various stakeholders (cantons, industry, scientific circles, the general public, the Federal Office for the Environment [FOEN]).

⁹³ Biodiversity in Switzerland: Status and Development (FOEN, 2017) and Status of Biodiversity in Switzerland in 2014: A Scientific Analysis (Swiss Biodiversity Forum et al., 2014)

⁹⁴ Econcept, AG, Agridea and L'Azuré (2019): Evaluation der Biodiversitätsbeiträge - Schlussbericht, report in German with summary in French, commissioned by FOAG, Bern

⁹⁵ www.ALL-EMA.ch

Contributions to biodiversity will be developed under six clusters of measures :

- Arable crops: deficits are particularly significant in arable crop regions. In order to achieve a better effect, the requirements defined in the RAPs are strengthened (cf. section 5.1.3.2), new types of SPBs are created and others adapted. As an example, all farms with field crops will be able to claim a right to the contribution for the type of SPB "Cereals with wide row spacing".
- Grassland: in this area, it is planned to improve the match between the types of SPBs announced and the potential of the surfaces. The measures should lead to a better choice between "extensive grassland" and "low-extensive grassland" types. The means to achieve this is not yet defined. Furthermore, with regard to the promotion of wildlife, it will be a question of applying proven measures, such as the creation of refuge strips or the ban on the use of mower-conditioners on SPB grasslands, whatever their type.
- Microstructures supporting biodiversity: The maintenance and upkeep of microstructures (e.g. ponds or rock piles) are encouraged through contributions to biodiversity.
- Biodiversity consultancy: Biodiversity contributions will be made to operators who use a biodiversity consultancy service. Various studies show the positive effects of extension on biodiversity conservation⁹⁶. Contributions to consultancy fees will help support farmers in recognising and making better use of the biodiversity potential of their farms. This will improve the effectiveness of contributions to biodiversity.
- Additional services for biodiversity: Contributions must be available for farms that provide additional services for biodiversity. For example, there is a high proportion of QII and SPB areas on cropland.
- Simplification: the current rules are systematically simplified. A few examples:
 - grouping of flowered strips, "floral fallows and rotational fallows" and "hems on cropland" into a single type of SPB ;
 - Standardization of commitment periods to 8 years for IQs ;
 - standardisation of the shares of microstructures which, on the SPBs, are counted in the useful agricultural area ;
 - removal of the contributions for isolated trees and pathways, as these elements are now part of the new contributions for locally adapted agriculture (previously contributions to landscape quality).

Of all the measures in these six groups, the introduction of contributions for additional services in favour of biodiversity and the introduction of contributions for consultancy

⁹⁶ Chevillat V., Stöckli S., Birrer S., Jenny M., Graf R., Pfiffner L., Zellweger-Fischer J. 2017 Agricultural extension gives rise to greater proportions of biodiversity priority areas of higher quality [Mehr und qualitativ wertvollere Biodiversitätsförderflächen dank Beratung], Swiss Agricultural Research, vol. 8, issue 6: p. 232 and 239.

⁹⁷ Gabel V.M., Home R., Stolze M., Birrer S., Steinemann B., Köpke U. 2018 The influence of on-farm advice on beliefs and motivations for Swiss lowland farmers to implement ecological compensation areas on their farms, Journal of Agricultural Education and Extension, vol. 24, issue 3 : p. 233 à 248

costs in the field of biodiversity require an amendment to Art. 73 of the Biodiversity Act (cf. 6.1).

Summer farms

In order to be entitled to direct payments, summering farms must continue to meet the specific conditions for the summering region as set out in Art. 70b of the Agr. Those relating to aspects of importance from the point of view of biodiversity will be reviewed and strengthened.

The type "Species-rich grassland and litter areas in the summer region" is maintained unchanged.

Networking

From 2025 onwards, networking will be promoted through contributions for agriculture adapted to local conditions (Art. 76a P-LAgr, cf. ch. 5.1.3.6). Ongoing networking projects are maintained or extended at most until the end of 2024. The farms must then decide whether they wish to implement the new measures within the framework of the contributions for agriculture adapted to local conditions or whether they wish to renounce them. The condition for such measures is that the farm must be located within the scope of a regional agricultural strategy project.

→ Art. 73 P-LAgr

5.1.3.5 Contributions to the production system and contributions to the efficient use of resources

Current regulations and the need for action

Contributions to the production system encourage natural, environmentally and animal-friendly forms of production. Contributions to resource efficiency aim more specifically at improving the sustainability of resources such as soil, water and air, as well as the efficiency of the means of production used. The granting of these contributions is limited in time.

Contributions to the production system are paid for organic farming, applied on the whole farm, as well as for extensive production, HVP and participation in animal welfare programmes SST (and SRPA, which only concern certain parts of the farm. The HVLP program came into effect in 2014, with PA14-17, while the other programs have been in existence since 1999.

Contributions to the efficient use of resources were also introduced with AP 14-17, with the aim of encouraging techniques for the precise application of plant protection products, soil-conserving cultivation techniques and emission-reducing farm manure application techniques. Subsequently, they were extended to equipping sprayers with field tank cleaning systems, two-phase feeding of nitrogen-depleted pigs, and reducing the use of PPh in arboriculture, viticulture and beet crops. Since 2019, the non-use of herbicides in field crops has also been encouraged through these contributions.

Contributions to the production system and contributions to the efficient use of resources contribute significantly to the achievement of ecological objectives in coordinated interaction with legal requirements and PERs. However, there is still room for

improvement. For example, current incentives do not sufficiently address humus content, which is a key determinant in particular for soil structure, nutrient enrichment and water regime. Incentive programs for low greenhouse gas and ammonia emission production systems are still not in place, although there are significant gaps in the achievement of these objectives. In measures that address only part of the operation, the incentives to reduce the use of PPh are still too weak.

Furthermore, there are as yet no agricultural policy measures to promote the integral health of livestock. In this context, "integral health" means both the absence of disease and respect for the dignity and welfare of animals, by analogy with the World Health Organization's definition of human health. Improving animal health aims to reduce the use of antibiotics in the long term and thus reduce the incidence of resistance, for the benefit of the population and the environment. The Swiss Animal Health Strategy 2010+⁹⁸ and the StAR of the Swiss Confederation have identified areas for improvement in this area.

The "One Health" approach of the StAR strategy covers human and animal health as well as the environment. Only a global approach can preserve the effectiveness of antibiotics. In terms of prevention and investment in animal health, some neighbouring countries go further than Switzerland. Sales statistics for antibiotics, for example, show that Switzerland is only in the middle range of European countries. Although there has been a decline in sales of antibiotics for livestock, this is mainly due to cost and investment considerations. At the federal level, a growing number of animal health project initiatives are being implemented. At present, these are promoted by time-limited programmes that are part of the promotion of quality and sustainability or programmes for the sustainable use of resources based on Art. 77a and 77b of the LGTA. Experiences to date are generally positive. However, participation and objectives vary greatly from one programme to another. Other deficiencies are the lack of coordination between the various programs and the fact that too few of them are aimed at preventive management, which guarantees long-term improvement in herd health.

Contributions to developed production systems should provide further incentives to reduce the ecological footprint and protect natural resources. In this way, they will contribute to better achieving the environmental objectives set for agriculture in the field of resource protection on the one hand and the objectives of the Action Plan on Plant Protection Products on the other.

Incentive programmes will also need to be accompanied by flexible rules. Result-oriented measures should be favoured and contributions should be based on the services provided.

Contributions to the production system enable synergies in the marketing of products from environmentally friendly agriculture. Production systems encouraged by the contributions can lead to the creation of labels, thus strengthening incentives. Contri-

⁹⁸ The strategy can be found at: [www.blv.admin.ch> FVO > Strategies > Animal health](http://www.blv.admin.ch/FVO/Strategies/Animal%20health) strategy in Switzerland.

butions to the production system remain, however, subsidiary. This synergy with markets must be taken into account when designing the contributions, so that they promote sustainable agriculture that generates added value.

Proposed new regulations

Contributions to the production system are continued and developed. The implementation of the various measures is largely scheduled for 2022. Depending on the progress of the work, certain measures may be implemented at a later stage.

Contributions to the production system for whole-farm production methods: Contributions for organic farming remain unchanged. The holdings benefiting from it may participate in the various measures proposed in the contributions applying to part of the holding. Currently, this does not apply to the measure "plot management with inputs in line with organic farming".

Contributions to the production system applying to part of the holding are developed in three sectors, namely field crops, special crops and livestock. The aim is to achieve greater environmental efficiency and flexibility for farmers. Promotion will be strengthened for the following services and efforts :

- production with reduced use of PPh,
- increasing humus levels to maintain soil fertility,
- reduction of nutrient losses,
- promotion of functional biodiversity,
- reduction of greenhouse gas and ammonia emissions (climate),
- improvement of animal health.

The development of contributions to the production system is part of the package of measures proposed as an alternative to the clean drinking water initiative (cf. 4.2.4).

In order to improve the ecological efficiency of the measures, it is planned to allocate more financial resources to them. A study conducted by Agroscope on the structure and effect of contributions to security of supply showed that the current level of calorie production could be achieved with fewer resources invested (cf. section 5.1.3.3). The amounts freed up in this way (approx. CHF 300 million) will be transferred to the more earmarked contributions to the production system.

Table 13

Contribution to the production system: areas concerned

Domain	Field crop production system	Production system Special crops	Production system Livestock production system
Plant protection	x	x	
Soil fertility	x	x	
Fertilizing elements	x		x
Functional Biodiversity	x	x	
Climate	x	x	x
Animal Health			x

The measures to be implemented from 2022 onwards as part of the contributions to the production system have been drawn up in close cooperation with producer organisations, cantons, environmental protection organisations, research centres and other interested parties. They were identified through 12 workshops held between February and August 2019 with approximately 60 stakeholder representatives. Aspects relating to effectiveness, applicability and enforcement were particularly considered. This constructive collaboration has made it possible to define specific measures for the different parts (hereafter modules) of the system (Table 13), to be implemented for the first time from 2022 onwards. The system is bound to evolve.

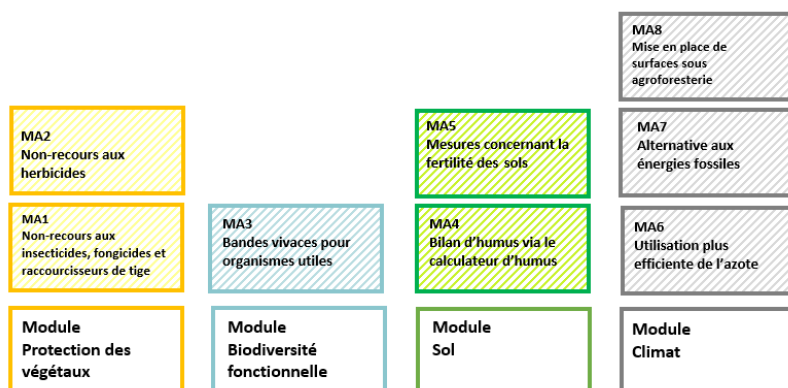
In order to ensure systematic coverage of the objectives, the Federal Council may set minimum contributions per production system and per module.

Production Systems in Crop Production: SPs in Field Crops (SPGC) and Special Crops (SPCS)

In each of the modules, the aim was to identify and integrate measures to reduce the environmental costs of production without adversely affecting production. The encouragement of innovation and the cross-positive effects of measures were particularly sought after: for example, encouraging soil fertility by increasing humus content has a substantial cross-effect in the climate module. This systemic approach is complementary to the provisions of the RAPs, based on the same concept, and the PPh AP, thus facilitating complementarities. Many labels also work in this way and it is expected that this unity of concept will facilitate the pooling of measures in the future. This set of provisions should help agriculture to meet its environmental objectives.

Figure 8

Overview of the production system in crop production

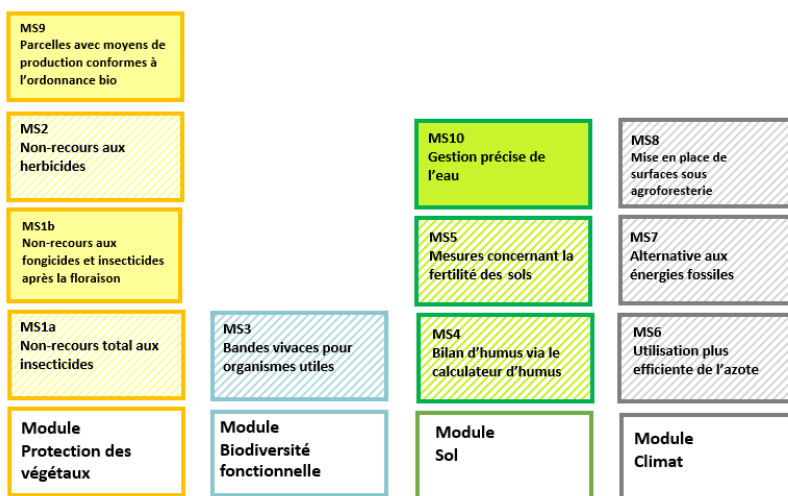


MA = Measurement in the field crop production system

Hatched fields = common measures SP Arable Crops and SP Special Crops

Figure 9

Overview of the production system in special crops



MS = measurement in the production system Special Crops

Hatched fields = common measures SP Arable Crops and SP Special Crops

The following are the measures used in the GCPS and SPCS, by module:

Plant Protection Module

SPGC: Encouragement of total or partial non-use of plant protection products.

- MA1: total or partial non-use of insecticides, fungicides and shorteners during the main crop period.
- MA2: total or partial non-use of herbicides. Targeted weed control interventions in strips, on the row, have in some cases a potential for substantial reduction of PPh: an incentive for partial non-use for certain crops was therefore retained.

Contributions are registered by year and by culture. Contributions are allocated on a per acre basis based on risk and the extent of potential yield loss per crop.

In order to streamline the system and ensure sufficient efficiency of the measures, participation is at the crop level rather than at the plot level.

SPCS : Special crops are characterised by very high yield values and a marked market intolerance to product defects (fruit, vegetables). In order to provide an incentive for reduced plant protection, it is necessary to create opportunities to mitigate some of the financial risk associated with these agricultural approaches. In perennial crops only, with a long-term commitment (at least 4 years) and a minimum proportion of area under the various measures (at least 10%), participation in the plot allows this without complicating the system. For vegetable crops where rotations are rapid and dependent on the market in the short term, one participation per plant family is foreseen.

It is planned to introduce the following measures :

- MS1a: non-use of insecticides and acaricides in viticulture and vegetable growing.
- MS1b: non-use of insecticides, acaricides and fungicides in post-bloom in arboriculture and viticulture (products conforming to organic farming remain authorised).
- MS2: Complete non-use of herbicides in viticulture, arboriculture and vegetable growing. In the latter, partial non-use between ranks is also retained.
- MS9: management of the plot only with organic inputs in arboriculture and viticulture. This approach encourages a phased transition to more holistic and demanding production systems, such as organic farming. This contribution will therefore be limited in time.

Functional Biodiversity Module

- MA3, MS3: the development of perennial strips favourable to beneficial (auxiliary) organisms in field crops (SPGC) and special crops (SPCS) will be supported. The measure aims to increase the natural antagonists of pests and thus help to reduce the phytosanitary pressure on crops. This should result in an improved resilience of the agro-ecosystem and easier management of the phytosanitary area.

Ground Module

The SPGC and SPCS offer a choice between two alternative programs aimed at maintaining and increasing soil fertility by acting mainly on humus levels:

- MA4, MS4: establishment of a humic assessment and implementation of the chosen actions. The aim is to check the evolution of the humus rate using a computer solution developed by Agroscope. This simple and ergonomic program is made available to operators. Data shall be entered for each parcel of the holding. The term of appointment is 6 years. The contribution shall be paid for each year of participation and an additional contribution may be granted depending on the overall result achieved at the end of the commitment period. In special crops, only vegetable crops can participate.
- MA5, MS5: implementation of specific measures. These are predefined measures to promote soil fertility on all the parcels of the farm, planned for a period of 6 years. The measures are aimed at minimum tillage, plant cover and diversified crop rotation. In special crops, support for the establishment of plant cover and additional organic matter inputs is provided, but only in market gardening and viticulture.
- MS10: Special crops (SPCS) are by nature resource intensive. In the perspective of climate change, an incentive for accurate water management is proposed. The aim is to support the implementation and use of terrestrial or foliar probes linked to water management systems. A combination of investment credits for the acquisition of the facilities (optional) and an annual maintenance contribution, limited in time, is foreseen. The conditions of participation will be specific to arboriculture, market gardening and viticulture. In viticulture, a significant cross-effect on grassing in dry areas is expected.

Climate Module

- MA6, MS6: a decrease in the use of mineral nitrogen fertilizers induces a substantial reduction in greenhouse gases (reduction of laughing gas emissions). Farmers who use nitrogen fertiliser particularly efficiently will benefit from a specific contribution to the area. Nitrogen use efficiency will be measured using the manure balance. It is planned to grant a staggered contribution for manure balances from a nitrogen coverage rate of less than 95%. Contributions for this measure are foreseen for field and vegetable crops.
- MA7, MS7: a contribution is envisaged for the reduction of the use of fossil fuels. It must encourage agriculture in the current energy shift. A combination of (optional) investment credits to facilitate the replacement of fossil-fuelled machinery and time-limited PSGC and PSCS contributions related to the use of these new technologies is planned.
- MA8, MS8: Agroforestry is to be encouraged. It concerns both field crops and special crops. The organized combination of trees and crops has, under our conditions, positive effects documented, for example, in a study carried out by Agridea. The contribution is per installed surface (strips with regular presence of trees).

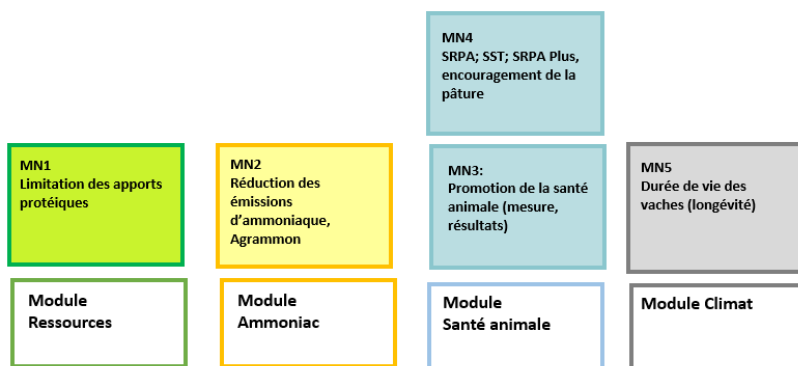
Production system Livestock farming (hereafter referred to as the Livestock production system)

The Livestock production system aims, on the one hand, to reduce gaps in the achievement of natural resource and climate objectives and, on the other hand, to promote the integral health of animals, including their welfare.

The main goals are food and staffing levels adapted to local conditions. In addition, incentives to reduce ammonia and greenhouse gas emissions will need to be created.

Figure 10

Overview of the production system Livestock



MN = measurement in the production system Livestock farming

Resources Module

MN1: Limitation of crude protein intake

The evaluation of the current criteria governing the HVMP program showed that in ruminant production, the measures have not had the expected effects on the use of concentrated feed, the grass portion and the corn silage portion. Another weakness of the programme is that compliance with the conditions can hardly be verified. A simpler and more easily controllable measure is therefore introduced, namely the staggered limitation of crude protein intake. As a result of this limitation, it is no longer necessary to limit the use of maize in ruminant feed.

The protein required for feeding the animals must come in the first instance from the holding's own production. Forms of regional collaboration to enable farmers to exchange protein-rich forages among themselves are being studied. Energy rebalancing of the ration will remain possible when the forages have a very high protein content, as may be the case during the grazing season. In order to continue to promote the PLVH, contributions are paid per hectare of grassland area.

Ammonia Module

MN2: Reduction of ammonia emissions

This measure should create incentives for farms to reduce ammonia emissions in a targeted manner. As it is a result-oriented instrument, farmers are free to choose the measure that suits them. Contributions are paid on the basis of the emissions of the entire operation. They reward emission reductions as well as the maintenance of a particularly low level already achieved previously. The calculation of emissions will only take into account those measures whose effects are scientifically proven, go beyond legal requirements and are verifiable. The range of measures proposed will be regularly adapted to the evolution of scientific knowledge. In principle, emissions will be calculated using a computer tool similar to the "Agrammon" application.

Animal Health Module

In addition to the measures in the field of animal welfare (cf. LV4), a two-pronged "Animal Health" incentive scheme, relating to animal behaviour, housing conditions, feeding, stress situations, measurable health and the use of veterinary medicines, will be introduced. It will include a measure-oriented component, aimed at farmers who wish to take advantage of offers of support for the promotion of animal health, and a result-oriented component, which will take into account the actual health status of the livestock and reward particularly outstanding performance. The two components are independent of each other. The amounts paid as contributions for animal health will be capped.

DM3: Animal health, measurement-oriented component

Measures to strengthen animal health are proposed in the areas of prevention and improvement of the production base. Rather than enacting new regulations, the Confederation intends to make direct payments to farmers who participate in comprehensive advisory services. Some such offers already exist; they are mainly aimed at prevention and show what measures can be taken at the farm level (e.g. herd monitoring services, health services; hereafter referred to as private programmes). In order to be recognised by the FOAG, private programmes must meet a number of criteria, corresponding to the aims pursued in the ruminant, pig and poultry sectors. Farmers who participate in a program tailored to their farm and who apply the proposed measures are reimbursed a portion of the costs. The proportion reimbursed and the total amount per holding still need to be defined. Farmers choose the program that suits their farm from the list of recognized private programs. The Confederation does not impose any measures. To verify the effectiveness of private programmes, an evaluation of their impact is required every four years and an interim report every year.

This model has several advantages. On the one hand, proven private initiatives can be maintained, if necessary by extending or adapting them. On the other hand, prevention is becoming more attractive due to the financial participation of the Confederation. With official recognition, private programs will reach a broader clientele and their impact will be multiplied tenfold.

DM3: Animal Health, Outcomes Component

Contributions shall be granted to farmers who manage by their own means or by using support measures to keep a particularly healthy herd whose status exceeds the legal requirements. No measures are imposed and no instructions are given. The health status of animals is determined by means of a range of indicators for which the FOAG and the Federal Office of Food Safety and Veterinary Affairs (FOSV) jointly set target values. Farms that meet the objectives may apply for contributions. This component rewards the services provided to strengthen the health of the herd and compensates for the additional costs incurred.

Health status indicators are being developed as part of a project that will be launched in 2019 and will likely be completed in 2021. The result-oriented component will only be introduced after the completion of this project and will therefore come into effect in 2024 at the earliest.

Due to the new legal basis for these animal health contributions introduced in the LFE, corresponding provisions have to be introduced in the LFE (cf. 5.1.10).

MN4: Animal Welfare

The Animal Welfare measure includes animal-friendly forms of production such as OHS and AMPS. These two forms of production are maintained as they are.

In the SST programme, the share of grazing must be increased by means of an additional contribution per LU, in particular for cattle. It will be paid on condition that all categories of an animal species on the holding meet the SST conditions. In addition, during the growing season, the main part of the diet should come from grazing.

Climate Module

LV5: Cow life span

According to a study by Agroscope on the ecological and economic evaluation of climate protection measures to be implemented on farms in Switzerland⁹⁹, methane emissions from cattle farming are significant. Their reduction would significantly reduce the greenhouse effect caused by farms. In order to achieve this, increasing the number of lactations is a promising and economically advantageous measure. The payment of a contribution to farms with an above-average number of calvings per cow provides an incentive to extend the useful life of cows and thus helps to reduce greenhouse gas emissions. An extension of the operating life of dairy cows in two lactations corresponds to a potential reduction in methane emissions of about 20%. The average useful life of cows is currently about 3.9 lactations.

The production techniques and methods hitherto supported through contributions to resource efficiency are integrated into the contributions to the production system applying to part of the farm (see tables 14 and 15).

Table 14

⁹⁹ Ecological and economic evaluation of climate protection measures for implementation on farms in Switzerland, Agroscope Science,¹⁰⁰ 29, 2015

Overview of the contributions to the production system applying to a part of the holding (CSP)

Contribution PA14-17 and PA18-21	PA22+ contribution
SSC for the extensive production of cereals, sunflower, protein peas, field beans, lupins and rapeseed (plant protection objective)	Transfer to the field crop production system
CSP for POS	Transfer to the production system Live-stock farming
CSP for OHS	Transfer to the production system Live-stock farming
CSP for SRPA	Transfer to the production system Live-stock farming Additional contribution for more frequent grazing

Table 15

Overview of contributions to resource efficiency (RECs)

Contribution PA 14-17 and PA 18-21	Contribution / requirement PA22+
CERs for non-use of herbicides in field crops (foreseen from 1.1.2019)	Transfer to the field crop production system
CER for the reduced use of plant protection products in arboriculture, viticulture and beet cultivation	Transfer to : - Production system Special crops - production system Field crops
CERs for soil conservation farming techniques	Transfer to the field crop production system
CERs for spreading techniques that reduce pollutant emissions	Integration in OPair; PER
RECs for the use of specific application techniques	PER requirement: environmentally friendly plant protection
CER for the installation of a cleaning system with a separate flushing water circuit on sprayers for the cleaning of plant protection spraying equipment	
CER for the two-phase feeding of pigs depleted in nitrogenous material	PER requirement: limitation of nutrient losses

At the level of the law, Art. 75 para. 1 let. b, LGBa will be amended so that result-oriented elements, such as the reduction of ammonia emissions, can be included in the contributions to the production system. In addition, the law no longer explicitly prescribes a contribution per hectare, as contributions for result-oriented measures will in some cases be paid per holding. After an introductory phase of several years with financial support, it must be assumed that the necessary machinery is acquired and the techniques established. These production methods are now part of the good agricultural practices preserving the environment as required by the RIPs. Measures encouraged so far that are part of contributions to resource efficiency are either integrated into the RAPs (e.g. promotion of the hose boom) or transferred into contributions to the production system. S. 76 of the Agr Act is repealed. As a result, there is now only one type of contribution (contributions to the production system) for the promotion of production methods that preserve the environment and natural resources, which helps to simplify the system. Environmentally friendly and more resource-efficient techniques and installations may be supported within the framework of structural improvements (Art. 87a, para. 1, let. d, ch. 1, P-LAgr) or by means of contributions to the production system.

The new contributions to production methods for part of the farm provide a solid basis on which the Swiss agri-food sector can build to strengthen its market position as a supplier of high-quality, regionally produced and environmentally friendly foodstuffs.

➔ Art. 75, par. 1, let b and d, and 76 P-LAgr.

5.1.3.6 Contributions for agriculture adapted to local conditions

Current regulations and the need for action

In Switzerland, agriculture is largely carried out on fragmented areas with highly variable natural and production conditions. The many challenges that arise from this, particularly in the environmental field, require coordinated approaches between several farms and companies at the regional level. Apart from instruments for national or sectoral objectives (e.g. customs protection or contributions to security of supply), agricultural policy has various instruments to support geospecific or regional objectives. For this purpose, the federal government provides financial support in the form of direct payments or investment grants, usually linked to already approved regional projects (e.g. landscape quality projects or networking projects in the field of biodiversity).

The principle of agricultural production adapted to local conditions is enshrined in Art. 104a (b) of the Federal Constitution. (cf. section 4.2.3.1). There is currently a need for action, particularly in the environmental field, to better adapt food production to local conditions. As set out in the Federal Council's report in implementation of Bertschy's postulate 13.4284, this need is more or less marked depending on the region and a differentiated approach is therefore necessary.

The current support instruments specially adapted to local and regional conditions have been developed and put in place at different stages of agricultural policy reform. They were designed without any real coordination and their structure as well as their

material objectives vary widely. Thus, the rules governing the organisation of implementation, funding or project requirements differ from one instrument to another. The boundaries of some projects overlap, so that an operation can have areas that are linked to several project boundaries. This results in additional administrative work for the operators and the cantons. In addition, material synergies, for example between the promotion of biodiversity at regional level and the promotion of landscape quality, are only partially exploited. Given that the challenges of adapting agriculture to local conditions differ from region to region, it makes sense to strengthen the integral and regional aspect of promotion measures, both in their design and implementation.

Proposed new regulations

The current contributions to networking (Art. 73 para. 3, GrGLA) and landscape quality (Art. 74 GrGLA) are grouped together in a new contribution based on projects to promote agriculture adapted to local conditions (Art. 76 P-GGLA). The objectives of networking and landscape quality, hitherto supported by individual projects, will now be promoted in the framework of multi-thematic projects. The aims are better exploitation of material synergies, elimination of overlaps, reduction of the administrative burden for operators and simplification of enforcement for the cantons. The responsible bodies, project durations and project scopes are harmonized.

Regional measures in the field of sustainable resource use are also supported by project-based LFA contributions. The aim is to target regional environmental deficits in order to achieve better implementation of the OAS.

Contributions for agriculture adapted to local conditions (LFA contributions) are complementary to biodiversity and production system contributions deployed at the national level. LCD measurements are coordinated with these two instruments. Overall, they contribute to the further adaptation of agriculture to local conditions, in particular through the optimal exploitation of the potential of the sites in terms of biodiversity and landscape quality. In addition, they provide an incentive to address regional gaps in the achievement of environmental objectives.

Project-based LFA contributions are paid only in regions that have a federally approved SAR. The RAS sets, describes and coordinates the initial situation, objectives, measures and contributions relating to the following areas:

- Regional biodiversity*: Based on the networking projects in force, the cantons or responsible bodies review and, if necessary, update regional or site-specific objectives (with regard to species, areas or structures) and the corresponding measures. LFA contributions complement the contributions to biodiversity under Art. 73 GGLA by providing support for measures that require regional coordination, take account of local criteria and, where appropriate, require the establishment of new structural elements. Objectives and measures must be coordinated with the development of the cantonal ecological infrastructure.
- Landscape quality* : on the basis of ongoing landscape quality projects, the cantons or responsible bodies define regional objectives and measures to enhance the quality of the natural landscape and preserve the variety of culti-

vated landscapes. The focus is on reviewing and, if necessary, updating existing objectives and measures with reference to the Confederation's concepts for the development of landscape policy, for example with the current revision of the concept "Paysage suisse" or the interdepartmental strategy "Culture of the Built Environment" currently being developed.

-Sustainable use of natural resources: The degree of achievement of the OAS in the areas of soil, water, air and climate should be documented at the regional level, and then ambitious objectives and corresponding measures should be defined to fill the identified gaps. The measures can either aim to strengthen the regional effect of the elements proposed in the modules of contributions to the production system (cf. 5.1.3.5), or be of a more specifically regional nature. In addition, measures resulting from projects in accordance with Art. 62a of the Water Act may be supported if they contribute to the achievement of the objectives. The higher requirements under the regionalised RAPs (see section 5.1.3.2) are not supported by direct payments. It is possible to remunerate agricultural measures based on Art. 62a LEaux.

In the development of the RAS, the analysis of the initial situation and the setting of targets should take into account the higher objectives defined for the three areas mentioned above, for example, in the context of environmental infrastructure requirements or air protection requirements. The OAS are the frame of reference for defining the actions to be taken at the regional level: in particular, it should be shown within what time frame and by what measures these objectives can be achieved in the region. In practical terms, the Confederation will offer the responsible bodies a range of measures to choose from, all of which will be promoted according to uniform criteria (e.g. amount of contribution, conditions and charges, controls). In the area of landscape quality, for example, this may involve measures that are implemented in a similar way in many landscape quality projects (e.g. colourful main crops, diversified crop rotation). The responsible bodies may also propose other measures, complementary to those of the Confederation.

LFA measures are financed jointly by the cantons and the Confederation, the latter's share being a maximum of 90%. The duration of the projects is eight years, as is the case for the current networking and landscape quality projects. Implementation at farm level is the responsibility of the cantons. At regional level, the effects will be measured at the end of the projects by means of monitoring taking into account the specific indicators defined initially. The result will make it possible to establish the degree of achievement of the objectives, on the basis of which part of the contributions will be paid and which will determine the possibility of extending the project. In view of the environmental deficits that remain at the regional level, it is important that projects are implemented throughout Switzerland if possible. This ensures that LFA contributions finance and lead to the implementation of effective measures that promote the establishment of agriculture adapted to local conditions. Financial incentives should take this aspect into account (cf. 7.4.4).

ACL contributions will be paid from 2025 onwards. This means that networking and landscape quality projects will only be financially supported until the end of 2024. In

the meantime, ongoing projects continue and are financed in accordance with the law in force (cf. art. 187e P-LAgr). An orderly transition from the current project-based contributions to the new system is thus ensured and the cantons have sufficient time to develop the SARs, which are financially supported under the new Art. 87a para. 1 let. d, ch. 4 P-LAgr (cf. ch. 5.1.5.1).

An implementing ordinance and implementation aids will be drawn up for this new contribution. To this end, five pilot projects were set up in the regions of Upper Aargau (BE), Sursee (LU), Beverin (GR), Central Valais (VS) and Broye (VD/FR). By the end of 2020, they will enable the SAR process to be tested so that its final design, based on existing networking and landscape quality projects, is efficient.

→ Art. 76 P-LAgr

5.1.3.7 Transition contribution

Current regulations and the need for action

The transition contribution was introduced to ensure the social compatibility of the transition to AP 14--17. In 2014, the cantons calculated a basic value for each farm, which was used to determine the difference between the general direct payments under the old law and the sum of the contributions to the cultivated landscape and the contributions to security of supply paid to farms on an annual basis under the new law. The means allocated to the transitional contribution shall correspond to the amount of the appropriation for direct payments less expenditure arising from all types of contribution (contributions to the cultivated landscape, security of supply, biodiversity, landscape quality, production system, resource efficiency) and expenditure on projects for the sustainable use of resources and water protection.

The annual payments shall be determined by the ratio between the amount available for the transitional contribution and the sum of the basic values of all holdings. The transition contribution allowed operators to react to the changes brought about by PA14-17 and, where necessary, to adapt their operations. With the increased participation in the new contribution programmes, the amount available for the transition contribution has decreased over the years. In the message concerning AP14-17, the Federal Council had suggested that this contribution would be paid for eight years, but no time limit was set in the AHG. The goal of the transition contribution will be achieved by the end of 2021. However, in order to ensure the social compatibility of the transition to PA22+, it will be maintained beyond that date.

Proposed new regulations

The reorganisation of the various types of direct payments is not deliberately aimed at redistributing the means available. Nevertheless, some farms are likely to undergo changes. Therefore, the transitional contribution is maintained to offset part of the impact at farm level. Another advantage is that it is easier to manage the increase in the number of participants in existing and new programs under the Direct Payment Vote, rather than having to adjust contribution rates annually. As was the case for

AP14-17, it is planned to set a base value for each farm based on the difference between the contributions under the old and the new law. The precise method of calculating this basic value will be laid down by the Federal Council in the OPD. As it stands, it should look like this:

+ contributions to security of supply under the old law (Art. 72 of the GrG) +	
contributions to maintaining an open	
landscape	under the old law (Art. 71 para. 1 let. a of the GrG)
- contributions to security of supply	according to PA22+ (Art. 72 P-LAgr)
= basic value of the holding	

The calculation of the basic farm value will be based on the value of the contributions and area data of the year in which the contributions to security of supply and the contributions for maintaining an open landscape paid were highest in the three years prior to the entry into force of the change in law. As hitherto, the amount of the annual contribution will be determined by the ratio between the means available for these contributions and the sum of the base values of all holdings. The Federal Council will determine the terms and conditions governing the new transitional contribution in the OPD. The income and wealth limits are repealed, since since 2014 (entry into force of PA14--17), direct payments linked to benefits are no longer capped according to these criteria.

→ Art. 77 P-LAgr

5.1.4 Risk management on farms

Current regulations and the need for action

Studies show that the frequency and intensity of climatic hazards will increase. According to the most recent projections for Switzerland, based on a scenario without climate protection measures, average summer temperatures will rise by between 2.5 and 4.5 °C by the middle of the 21st century. The number of tropical days will increase and the periods without precipitation will be longer. Due to higher evaporation and less rainfall, periods of drought will also be much more frequent¹⁰⁰. The frequency and intensity of extreme events means an ever-increasing risk of crop losses for agriculture. Preventive measures to reduce these risks at farm level will thus become increasingly important.

Agricultural risk management must be conducted in a holistic manner and the solutions envisaged must take account of the diversity of situations. The solutions can be classified into two categories: internal operational solutions, aimed at avoiding risks, and external solutions, aimed at covering them. Internal solutions that can be directly influenced by farmers include, on the one hand, preventive measures of a technical nature, such as the choice of crops and varieties, irrigation or optimal soil protection, and, on the other hand, management options for the farm, such as adaptation of production intensity or strategies to diversify income sources. Farmers, on the other hand,

¹⁰⁰ NCCS (ed.) 2018: CH2018 - Climate Scenarios for Switzerland, National Centre for Climate Services, Zürich

have no control over the weather or the evolution of prices and markets, which have a direct impact on farm income. Faced with these risks, insurance is one of the most appropriate external solutions. Agricultural insurance is an effective way to reduce risk. Worldwide, insurance solutions exist for most of the risks in agriculture; in Switzerland, however, only hail insurance is widely available.

In view of the prospect of increasing risks of yield losses in agriculture, scientific bases have been developed in recent years to assess the extent to which the Confederation should intervene to support measures to manage these risks¹⁰¹. In principle, insurance solutions for agriculture do exist in Switzerland, but their market penetration is low, especially for risks occurring on a large scale such as drought or frost. For example, only 12% of arable farms have drought insurance and only 5% of fruit growers are covered against the risk of frost. The low market penetration is partly explained by the fact that drought and frost are risks that occur over large areas and affect a large number of producers at the same time. This means that insurance premiums are expensive and unless there is a state contribution, the corresponding offers are hardly successful on the market. This is borne out by experiences in Switzerland and abroad. Moreover, participation in insurance also depends on the economic vulnerability of companies. The intention to purchase insurance increases with the size of the farm business. Lower insurance premiums contribute to better market penetration and thus to greater resilience to extreme weather events, which will become more severe. Against this background, the study recommends, *inter alia*, that the State should contribute to the reduction of insurance premiums for products designed to cover risks such as frost and drought, which threaten crops on a large scale.

Proposed new regulations

In order to improve the coverage of the risks of crop fluctuations due to weather conditions, a legal basis has been created to enable the Confederation to grant contributions towards the reduction of insurance premiums. The aim is to encourage the conclusion of insurance policies covering risks on a large scale. As the measure is seed funding, contributions must be limited to eight years. The contributions will amount to a maximum of 30% of the insurance premium. This share corresponds approximately to the transaction costs in the insurance field and, consequently, to the part of the premium that is not used to reimburse the operator in the event of damage. In this way, the federal government's contributions will not have an income transfer effect in favour of agriculture. The federal government participates subsidiarily and only for insurance covering the risk of large-scale yield losses, such as drought or frost. The measure provides an incentive for insurers to develop and propose solutions that do not yet exist on the market or to review those that are currently too expensive.

The proposed measure provides a safety net for farms considering taking out insurance. In order to ensure that it does not have the undesirable effect of competing with preventive measures such as the choice of robust crops and varieties or the establish-

¹⁰¹ WARM Consulting Group LTD (2019): Analysis of agricultural insurance solutions for Switzerland, final report, Bern

ment of irrigation facilities, the co-financing will only apply to products with an excess of at least 15 % and will amount to a maximum of 30 % of the amount of the premium. The aim is for agriculture to proactively prepare itself for the increasing climate-related risks. The moderate reduction in premiums complements internal risk management measures. Its primary aim is to alleviate the consequences of extreme events, for which, moreover, compensation by the public authorities is often demanded.

Insurance encourages entrepreneurship. Indeed, reduced income volatility offers the possibility of allocating a larger portion of cash to a variety of strategies. According to the study commissioned by the FOAG, a 30% reduction in the premium amount develops a leverage effect of around CHF 80 to 180. In other words, each franc of reduced premium allows to insure between 80 and 180 francs of agricultural value.

On the assumption that the market penetration of products covering large-scale risks will increase considerably as a result of the new measure, and taking into account a 15% deductible, it can be estimated that the co-financing costs for the Confederation will amount to an average of around CHF 5 million per year over the period 2022 to 2025. The funds used for this purpose will be offset by direct payments (cf. 7.4.2). An evaluation of the measures is foreseen four years after the entry into force of the measure.

→ Art. 86b P-LAgr

5.1.5 Structural Improvements

5.1.5.1 Extension of measures and optimisation of the structure of Title 5 LAg

Current regulations and the need for action

The promotion of structural improvements is currently governed by a plethora of measures. The specific objectives associated with each one are not always clear. The evaluation of these regulations, carried out in 2015 by the SFAO "Investment aid in agriculture - Evaluation of design, costs and effectiveness",¹⁰² led the FOAG to review the system in order to eliminate the lack of transparency of the objectives and measures.

In addition, a legal basis should be created to explicitly support investments that have a positive effect on the environment. Investment aid is already being granted for certain measures, such as urine collection channels to reduce ammonia emissions or cleaning areas for sprayers, for example. But others could be added: indeed, digital technologies, which are undergoing rapid development, have also made their entry into the agricultural sector (remote sensing, machines controlled by GPS or camera, electric tractors, etc.). Applications based on these technologies help to improve the performance and efficiency of agriculture in the areas of environmental protection, animal health and farm profitability and management. It therefore appears that this development should be encouraged.

¹⁰² The evaluation is available at: www.efk.admin.ch > audit mandate 13469.

On the other hand, there is currently no legal basis to support the takeover not only of agricultural businesses, but also of farm buildings.

Finally, the existing provisions do not allow the Confederation to make a substantial contribution to the planning costs of regional infrastructure projects. This means that unless the law is adapted, the Confederation will not be able to provide financial support for the development of the SARs, which form the basis for the granting of contributions for locally adapted agriculture (cf. 5.1.3.6).

Proposed new regulations

The current Art. 87 P-LAgr needs to be updated, as it does not reflect all the objectives currently pursued with the structural improvement measures. The table below provides an overview of the new higher-level objectives in accordance with Art. 87 of the AgrG (left) and the corresponding partial objectives (right).

Table 16

Higher and partial objectives of structural improvement measures

Higher Objectives (SO)	Partial Objectives (PO)
SO 1: Strengthen the competitiveness of farms	OP 1: Increasing entrepreneurial leeway
	OP 2: Increase value creation
	OP 3: Reduce production costs
SO 2: Improve working and living conditions on farms.	OP 4: to improve working and living conditions on farms and reduce the workload (hardship and working time)
SO 3: Protect and enhance the productive capacity of agriculture	OP 5: Protect and improve farm infrastructure and agricultural infrastructure in general
	OP 6: To guarantee exploitation over the whole territory and improve soil fertility and yield potential
SO 4: encourage environmentally and animal-friendly production	OP 7: Contribute to the achievement of the OAS
	OP8: Contributing to animal welfare and health
SO 5: Strengthening the rural area, including the mountain region	OP 9: Strengthen intersectoral collaboration
	OP 10: Preserving agricultural holdings in rural areas and in particular in the mountain region
	OP 11: Achieving Land Use Planning Objectives

Up to now, the measures encouraged in the context of structural improvements have been included in various articles of Title 5. In order to improve the overview of the promoted measures, a new Art. 87a (P-LAgr) sets out which categories of measures are supported by means of structural improvements. The 12 categories of measures are listed in Table 17 (left column). Table 17 also shows which partial objectives (according to Table 16, right-hand column) are to be achieved through the 4 categories of measures under Art. 87a (P-LAgr). Table 17 thus provides the transparency of objectives-measures which has been lacking until now in the area of structural improvements.

Table 17

Transparency of objectives-measures in the field of structural improvements

Category of measures (in accordance with Art. 87a para. 1)		Partial objectives (OP; according to Table 16, right column)
The Confederation supports :		
a. Rural engineering measures	1. land improvements	Reducing production costs (OP 3); promoting biodiversity (OP 7); achieving spatial planning objectives (OP 11)
	2. agricultural transport infrastructure	Guarantee the exploitation on the whole territory (OP 6)
	3. installations and measures in the field of soil water regime	Maintain and improve soil fertility and yield potential (OP 6)
	4. basic infrastructure in rural areas	Preserving agricultural holdings in rural areas, particularly in mountain regions (OP 10)
b. Measures in the field of rural buildings	1. buildings and installations used for the processing, storage or marketing of regional agricultural products	Increase value creation (OP 2)

Category of measures (in accordance with Art. 87a para. 1)		Partial objectives (OP; according to Table 16, right column)
	2. farm buildings, residential buildings and agricultural installations	Reducing production costs (OP 3); improving working and living conditions on farms and reducing the workload (OP 4); ensuring farming throughout the territory (OP 6); preserving farms in rural areas, particularly in mountain regions (OP 10)
	3. diversification of activities in the agricultural sector	Increasing value creation (OP 2); preserving farms in rural areas, especially in mountain regions (OP 10)
c. Regional development projects ^a		Increasing value creation (OP 2); preserving farms in rural areas, especially in mountain regions (OP 10)
d. Additional measures	1. measures to encourage healthy livestock and environmentally friendly production	Contributing to animal health (OP 8), biodiversity and the achievement of the OAS (OP 7)
	2. measures to encourage inter-farm collaboration	Reduce production costs (OP 3)
	3. measures to encourage the takeover of farms and farm buildings	Increasing entrepreneurial flexibility (OP 1)
	4. the development of regional agricultural strategies	<i>Basis for various partial objectives</i>

Sub-Objective 5 "Protect and improve the infrastructure of farms and agricultural infrastructure in general" is not mentioned as such in Table 17, as it concerns most categories of measures (in particular letters a to c). Furthermore, no specific sub-targets are indicated for letter d, No. 4, as this category of measures concerns the development of regional agricultural strategies which form the basis for the implementation of various measures and therefore has several sub-targets.

The new structure does not change the elements encouraged. However, material adjustments are made in the following areas.

Digital access: A needs analysis carried out within the FOAG for the "basic infrastructure in rural areas" measure category (Art. 87a para. 1 let. a no. 4 P-LAgr) assessed whether, in addition to the connection of farms to electricity and drinking water networks, broadband connections should also be supported as a subsidiary measure. This takes into account the fact that a minimum data transmission rate is necessary for farmers to effectively manage farm data and use the new Smart Farming applications. There are currently gaps in broadband network coverage in some regions of Switzerland. In order to enable farms in underserved regions to exploit the potential offered by new technologies, whether in the field of production (e.g. environmentally friendly or animal-friendly techniques), marketing, business organisation or agricultural data administration, it must be possible to promote broadband connections as part of the basic infrastructure.

As things stand, it is planned to implement subsidiarily measures to promote digital access on the basis of existing legislation, i.e. as part of the ordinance package planned for 2020. In order to avoid distortions of competition and duplication, the definition of the universal service within the meaning of the Law of 30 April 1997 on Telecommunications¹⁰³ applies and the federal contributions are limited to the exceptional cases referred to in Article 18, para. 2, of the Ordinance of 9 March 2007 on Telecommunications¹⁰⁴ (costs in excess of CHF 20,000).

Promotion of animal health and forms of production that are particularly respectful of animals and the environment: Art. 87a, para. 1, let. d, ch. 1, P-LAgr also allows support for constructions, installations and technological applications that contribute to the promotion of animal health and welfare and to the limitation of negative effects on the environment. On the one hand, this provision establishes the legal basis for existing construction measures such as urine collection channels, raised feeding areas or washing places. On the other hand, it gives the Federal Council the possibility of allocating investment aid for other projects with a positive effect on the environment and animal health. This includes resource-saving techniques that have so far been promoted by means of contributions to the efficient use of resources (Art. 76 of the GrGLA), but also the exploitation of the great potential of digital technology to reduce pollution and improve animal health. Examples include digital herd management (promoting animal health), the use of weeding robots (saving herbicides) or electric drive for agricultural vehicles (reducing fuel consumption and CO₂ emissions). In particular,

¹⁰³ SR 784.10

¹⁰⁴ SR 784.101.1

contributions are possible for measures with a very high positive environmental impact or insufficient economic viability. Measures that are supported by contributions to the production system shall in principle receive no contribution. Other planned measures include those that have a positive effect on the landscape (restoration and good adaptation of new buildings).

Takeover of farm buildings: in order to give farmers more room for manoeuvre and enable them to reduce their costs through economies of scale, the takeover of farm buildings can now also be supported by investment loans.

Harmonisation of the system of contributions: currently, diversification measures can only be supported through contributions under RDPs. Outside of these projects, they can benefit from investment credits. The same applies to the measures implemented in the lowland region for the processing, storage and marketing of farm products. In the interests of harmonisation, measures implemented in the lowland region for the processing, storage and marketing of farm products and diversification measures outside the RDP can now also be supported by contributions.

Development of regional agricultural strategies (SAR): an explicit legal basis is created in Art. 87a para. 1 let. d, ch. 4 P-LAgr in order to provide financial support for the development of SARs by the responsible bodies and the cantons. The aim of the RAS is to define objectives and measures for the allocation of contributions for locally adapted agriculture (cf. 5.1.3.6) and to contribute to the targeted development of regional agri-food structures. Experiences with AP14-17 have shown the need for financial support for the use of external professional support for the design of complex processes (e.g. landscape quality projects). The provision of Art. 87a para. 1 let. d, ch. 4 P-LAgr should help most cantons or regions to draw up a SAR and implement the corresponding projects.

In the area of structural improvements, the RAS should help to identify the basic data needed for long-term planning of investments in agricultural infrastructure. The aim is twofold: *firstly*, that all regions develop the basis for a strategic investment plan to maintain the value of agricultural infrastructure (e.g. roads, drainage or irrigation facilities); *secondly*, that the integrative approach makes it possible to identify regional economic potential, develop long-term perspectives for the countryside and implement measures to develop this potential commercially, for example within the framework of RDPs. In order to achieve these objectives, structural improvement measures under Art. 87a para. 1 letters a to c and d, ch. 1 to 3, P-LAgr, which specifically contribute to the achievement of the goals defined in the SAR are promoted by means of an additional federal contribution.

The above amendments lead to the amendment or repeal of several articles in Title 5.

➔ Art. 87, 87a, 88, 89, 93, 94, 95, 96, 97a, 98, 105, 106, 107 and 107a P-LAgr.

5.1.5.2 Assessment of economic viability

Current regulations and the need for action

Investment aid is intended to support agricultural holdings which need to adapt production and infrastructure to changing requirements and framework conditions. The

overriding objective is to promote the competitiveness of productive and sustainable agriculture. This aid is intended mainly for mountain and hill regions and helps to improve living and economic conditions in rural areas.

In view of the greater market orientation required of farms, profitability, economic resilience and debt levels are increasingly important factors. In this context, the rules for evaluating future investments should focus on the following three main criteria: project financing (including the minimum share of equity), financial viability (including investment risk analysis) and the relevance of the investment to the strategic direction of the operation. Currently, economic viability is not an assessed criterion. By making it an explicit requirement, investments in the future will have to be even more focused on improving economic efficiency. On the one hand, this approach provides the best possible basis for financing new investments with a promising future and, on the other hand, it gives farms greater flexibility to adapt to changing framework conditions.

Proposed new regulations

Various options were studied to define an appropriate indicator of economic viability. In order to limit the administrative burden and to solve the various problems of delimiting between revenues and costs, an indicator based on the ability to repay the borrowed capital was chosen. Investment aid will thus be granted only if the holding can repay its loan capital in full within 30 years¹⁰⁵ (3.33 % per year). The evaluation must be based on a financing plan for at least five years (similar to the regulations under the current¹⁰⁶ Structural Improvement Ordinance of 7 December 1998). The value added generated (*cash flow*) must be greater than 3.33% of the borrowed capital (average of at least five years).

Operators who manage their business profitably have the ability to quickly repay capital borrowed for an investment. The new provision does not require the loan to be actually repaid within 30 years; however, the repayment period for investment loans (max. 20 years) is maintained. Managers must be able to decide for themselves how to use the cash flow, either to repay debt or for other purposes (savings, investments). In the case of a new application for investment aid, the economic viability shall be re-examined under the same procedure.

The debt repayment period is the same in all fields. There is no need for a special rule for the mountain region, as the additional costs of farm buildings for livestock consuming roughage are already compensated for proportionally through the granting of contributions. Agroscope's centralised analysis of the accounting data (Synthesis Report 2018¹⁰⁷) also shows that mountain farms have a more favourable debt ratio (net debt/cash flow) than lowland farms.

¹⁰⁵ Depreciation period: dwelling 50 years (value level 41%); farm building with fixed installations: 25 years (value level 40%); land: no depreciation (value level 19%); value levels according to farm yield value assessment guide.

¹⁰⁶ SR 913.1

¹⁰⁷ [www.agroscope.admin.ch/Topics > Business and technology > Business economics > Centralized accounting data processing > Basic & main report](http://www.agroscope.admin.ch/Topics/Business%20and%20technology/Business%20economics/Centralized%20accounting%20data%20processing/Basic%20&%20main%20report)

The stricter assessment of investment projects excludes support for farms whose debt is too high in relation to the cash flow generated. This measure therefore contributes to reducing the indebtedness of agriculture.

➔ Art. 89, par. 1, let. b, P-LAgr.

5.1.5.3 Investment credits for residential buildings

Current regulations and the need for action

The legislation in force (Art. 106 (1) (b) and (2) (c) of the Act) authorises the granting of investment loans for residential buildings (housing for the head of the farm and the part intended for the parents). These interest-free loans are repayable within a maximum period of 18 years and are limited to a maximum of CHF 200,000, of which a maximum of CHF 160,000 is for the accommodation of the head of the farm. Between 2013 and 2017, they accounted for more than CHF 50 million annually (19.5% of all investment loans granted), spread over an average of 380 farms (22.5% of all applications).

The FDC has carried out an evaluation of the concept, costs and effects of the investment aid granted between 2013 and 2015. In its final report, it recommends that the productivity of investments encouraged in this way should be taken more rigorously into account and, to this end, that consideration should be given to whether investment credits for housing should be maintained.

The IRPA defines an expense limit beyond which an operation cannot be financed by interest-bearing mortgages. This load limit corresponds to the farm yield value increased by 35%. The revised Farm Yield Value Assessment Guide, effective April ¹ 2018, now provides that only the farm manager's dwelling must be assessed at farm yield value, with all other dwellings assessed at non-farm yield value. Assessing all of the parent housing to non-agricultural standards increases the value of the yield, which makes it easier to finance. The load limit for the farm manager's dwelling, estimated at the farm yield value, corresponds to approximately 40% of its intrinsic value (construction cost weighted by age and current condition). The result is a financing gap.

According to the Federal Supreme Court, the construction of new agricultural buildings for housing purposes can only be authorised if the conditions set out in Article 34, paragraph 3, of the Ordinance on Spatial Planning of 28 June 2000 (OAT) are¹⁰⁸ met¹⁰⁹. In accordance with the use of the area, buildings used for housing which are essential to the agricultural undertaking shall be in conformity with the use of the area.

Proposed new regulations

Investments in the housing of the farm manager continue to be encouraged, as they help to improve the living conditions of peasant families. On the other hand, since only the accommodation of the head of the holding will now be valued at the farm yield value and since the accommodation for relatives is likely in future to be deemed

¹⁰⁸ SR 700.1

¹⁰⁹ Notably ATF 145 II 182 consid. 5.6 s.; ATF 125 II 175 c.2b; ATF 121 II 307 consid. 3b.

not to be in line with the use of the area, the encouragement of investment in favour of the latter is no longer justified. The funds freed up in the Working Capital Fund by the abolition of investment credits for farm residential buildings for parents (approx. CHF 20 million per year) can in future be used for measures that generate greater added value for farms and expand their room for manoeuvre. This will improve the overall competitiveness of the sector.

➔ Art. 87a and 106 P-LAgr.

5.1.5.4 Simplification of administrative tasks

Current regulations and the need for action

According to the NFE, structural improvements are a joint task of the Confederation and the cantons. On behalf of the FOAG, a working group (FOAG and the Suissemelio association) analysed the processes in this area and proposed improvements. A survey of the cantons revealed that the actual efficiency gain that would result from these improvements is relatively small. Moreover, in most cases it could already be achieved today through better coordination of procedures. However, some provisions create unnecessary administrative burdens on enforcement authorities:

- In certain cases (e.g. federal contributions of CHF 100,000 or more or objects listed in a federal inventory), the cantons must submit the project to the FOAG;
- applications for investment aid and applications for loans for farm aid below the limit set by the Federal Council are examined by the FOAG on the basis of the announced key data; if necessary, incorrect data are corrected and, in the case of more substantial errors, a correction of the cantonal decision is requested on a consensual basis, to avoid appeals.

Proposed new regulations

The following measures are proposed to simplify procedures and reduce burdens:

- Abolition of the obligation to submit the project to the FOAG: Art. 97 para. 6 of the AgrG is repealed, so that the cantons can decide for themselves whether they wish to seek the opinion of the FOAG; they thus assume more responsibility and can reduce their administrative burden. The FOAG's opinion is still required if the project concerns a federal inventory.
 - Abolition of the FOAG's examination of investment credits and loans for farm aid below the limit set by the Federal Council: cantonal decisions concerning amounts below the limit are no longer monitored. The cantons can therefore notify decisions without waiting for the FOAG's response. If it emerges from the high level of supervision (Art. 179 GrVG) that investment credits or loans under the farm aid scheme have been granted illegally, the canton may be required to reimburse them.
- ➔ Art. 97 and 179, para. 2, 1st sentence, P-LAgr.

5.1.6 Research and extension, encouragement of animal and plant breeding

5.1.6.1 Basis for the acquisition, use and exchange of knowledge

Current regulations and the need for action

Under the current article of principle (Art. 113 of the AgrG), the Confederation supports farmers in their efforts to produce in a rational and sustainable manner by contributing to the acquisition and transmission of knowledge. The term "transmission of knowledge" is no longer relevant. Furthermore, according to the wording of the article, the Confederation supports agriculture solely through *its* contribution to the acquisition and transmission of knowledge. This provision is in contradiction with the support to institutions outside the Confederation under Chapters 1a (Research), 2a (Extension) and 3 (Plant and animal breeding, genetic resources), LAgr. Under the current wording of Art. 113, the Confederation lacks the possibility of supporting the use of new knowledge that is important for exploiting the innovative potential in the agri-food sector. Knowledge use" means the development of new products, processes and services on the basis of scientific results. Successful valorisation requires, on the one hand, effective and efficient networking of LIWIS actors and, on the other hand, the implementation of pilot and demonstration projects. It must be said that neither of these are done systematically today. LIWIS is not alone in facing this challenge. The Swiss National Science Foundation (SNSF) has found that there is still unused potential in Switzerland for implementing scientific results in practice.

Proposed new regulations

The rewording of section 113 of the Act (Principle) modernizes the terminology. The term "knowledge transfer", which refers to the one-way transfer from theory to practice and which is now recognized as inefficient, is replaced by "knowledge exchange". With this new term, the Confederation underlines that it intends to support the reciprocal transfer of knowledge between research and the field. The reworded article will also retain the possibility of supporting institutions that do not belong to the Confederation. It also creates the legal basis for support for the use of new knowledge. Concrete measures are defined in Chapter 2 (arts. 118, 119, 120 and 121 P-LAgr) (cf. ch. 5.1.6.3 and 5.1.6.4). Good valorisation is essential for the rapid and successful exploitation of innovation potential and the effective and efficient use of research funds.

As in art. 2 P-LAgr, "agriculture" is replaced by "agriculture and the agri-food sector".

➔ Art. 113 P-LAgr

5.1.6.2 Agricultural research

Current regulations and the need for action

Ss. 114 and 115 of the Act contain the term "research stations". However, since 2014 the Swiss Confederation has been running Agroscope as a centre of competence for agricultural research.

Today, Agroscope is active on about ten sites. With a view to improving the efficiency of the Federal Administration and managing the Confederation's financial resources more sparingly, the Federal Council adopted a concept for structural reforms in November 2017 and commissioned studies to further develop it. For Agroscope too, it has identified potential for efficiency improvements through portfolio adjustments and consolidation of sites. Following this review, the Federal Council decided on 30 November 2018 to operate the Agroscope agricultural research station as a central research campus with regional research centres and decentralised test stations.

During the review of the portfolio, the Savary motion 18.3241 "Anchoring in the law of agronomic research adapted to local conditions" was tabled and accepted on 6 June 2018 by the Council of States and on 21 March 2019 by the National Council. This motion called for the replacement of the potestative formulation by an imperative formulation concerning the management of research stations by the Confederation (Art. 114 AgrG), as well as the orientation of agricultural research towards the needs of the regions.

Proposed new regulations

According to art. 114, para. 1, P-LAgr, the Confederation is obliged to manage an agricultural research station. And according to the al. 2, in accordance with the Federal Council Decision of 30 November 2018, the agricultural research station consists of a main research site, regional research centres and decentralised test stations. These sites must be distributed among the different regions of the country according to the research portfolio and taking into account regional specificities.

➔ Art. 114 and 115 P-LAgr

Current regulations and the need for action

In accordance with the Federal Act of 14 December 2012 on the Promotion of Research and Innovation (LERI)¹¹⁰, the Confederation promotes research and innovation. In accordance with Art. 116, this includes the possibility of awarding research contracts and concluding service agreements with institutions outside the Confederation, as well as the possibility of providing financial support for studies and tests carried out by organisations.

Proposed new regulations

The reformulation of Art. 116 is intended to improve the structure of the text and has no material consequences.

➔ Art. 116 P-LAgr

Current regulations and the need for action

The Federal Council establishes a permanent council for agricultural research (ARC). This body is responsible for making recommendations to the FOAG concerning agricultural research and in particular its long-term planning. The circles concerned, in

¹¹⁰ SR 420.1

particular producers, consumers and scientific circles, must be fairly represented. The ARC has served as an extra-parliamentary committee since 1996. It sits twice a year.

The FOAG can only have a significant influence on long-term planning in institutions that it manages (Agroscope; Art. 114 AgrG) or to which it provides substantial financial support (Research Institute for Organic Agriculture [FiBL]). At the universities, research priorities are set by establishing institutes and making appointments. Both are the responsibility of the universities themselves. The recommendations of the ARC therefore focus primarily on the strategic direction of Agroscope.

Until 2019, the Agroscope Council was an internal committee of the FOAG, integrated into the hierarchy of the administration. He was responsible for the strategic direction of Agroscope research, as well as for setting annual objectives and monitoring the achievement of these objectives in accordance with the New Management Model of the Federal Administration (NMG) as part of the Integrated Task and Financial Plan (ITFP). The members of this council were the director of the FOAG as chairman, at most four other representatives of the FOAG and the director of Agroscope. Since 2019, the Agroscope Council has been active as a consultant. As before, the director of the FOAG is represented as chairman, the head of Agroscope and the FOAG (one member). Following the National Council's acceptance on March 21, 2019 of the Häberli-Koller motion 18.3404 "Transforming the Agroscope Research Station into an independent federal public-law institution with legal personality", the Agroscope Council now includes representatives of the agricultural sector. Different types of production and different regions are represented. In addition, agricultural research, the FVVO and the FOEN are also represented. The offices represented in the council provide expertise on the social and ethical requirements of agriculture in the areas of the environment, animal welfare, animal health and food safety, as well as markets and consumption. The enlarged Agroscope Board deals with the strategic direction of Agroscope's research.

The enlarged Agroscope Board and its new role is redundant with that of the ARC in terms of remit and composition. Both boards provide recommendations on the strategic direction of Agroscope, the Agroscope Board exclusively, mainly the ARC. And both are made up of researchers and practitioners. In addition, other departments are represented on the Agroscope Board in addition to the DEFR. In view of this overlap, there is no point in maintaining the two councils.

Proposed new regulations

S. 117 of the Act is repealed.

→ Art. 117 P-LAgr

5.1.6.3 Promotion of knowledge use and exchange

Current regulations and the need for action

There are currently deficits in the agriculture and agri-food sector in the exploitation of new knowledge and the exchange of knowledge between research and practice. New scientific results are not always directly applicable in the field. Further implementation steps are usually required. In addition, new knowledge is not systematically

transferred to other partners in the knowledge system, or is transferred with unnecessary delay. Shortcomings in knowledge exchange and stages of development are detrimental to an innovative sector.

Networking of actors in agriculture and the agri-food sector with those in research, training and extension is an important prerequisite for the successful exploitation of new knowledge and fruitful knowledge exchange. Efforts are already being made in this direction, but the existing networks are not sufficiently representative of all links in the value chain or do not cover the whole of Switzerland.

Demonstration projects are used to introduce new technologies, methodologies, processes and services to users and the general public by presenting them in a real-world context. Pilot projects make it possible to acquire scientific, technical, economic or social knowledge about a given system or product that cannot be obtained in a laboratory before the system or product is marketed or distributed. The objective of both types of projects is to optimize the prospects of success.

The importance of pilot and demonstration projects will increase in the future, particularly with the increasing digitisation of agriculture (use of UAVs, satellites, unmanned vehicles, etc.). The Swiss Agency for Innovation Promotion Innosuisse supports innovation projects in which researchers and business partners work together. But the fact is that agriculture suffers from a lack of economic partners, especially in the area of resource conservation and efficiency, and therefore can only benefit from Innosuisse support to a limited extent.

Proposed new regulations

Art. 118 P-LAgr creates the legal basis for the Confederation to promote the networking of all actors in agriculture and the agri-food sector with those in research, training and extension, and to provide financial support for certain projects. This expanded networking will facilitate a faster and more systematic exchange of knowledge, as actors will be able to better coordinate and cooperate. Overall, the LIWIS system, and thus its effectiveness and efficiency, will be strengthened.

Art. 119 P-LAgr gives the Confederation the possibility to promote pilot and demonstration projects. Such projects make it possible to test scientific results in the field and make them known to a wide public. A gap in the instruments for the promotion of Innosuisse is thus closed within the framework of the LAG. Aid for pilot and demonstration projects increases the likelihood of practical implementation of new knowledge. It is therefore an important instrument for promoting innovation. An instrument that also contributes to enhancing the effectiveness and efficiency of research funds.

➔ Art. 118 and 119 P-LAgr

5.1.6.4 Development of competence and innovation networks

Current regulations and the need for action

In order to strengthen the exchange and exploitation of new knowledge, it is important that actors work together in a network. The networks process this knowledge and disseminate, coordinate, accompany, optimise and evaluate the exchange of knowledge between research, training, extension and the field. In this way, they raise awareness and support practitioners in the agricultural and food sector in exploiting technological and economic potential, and strengthen their technical, organisational and ergonomic skills, as well as those of their cooperation partners.

By combining their efforts, the players create added value for the practice. As a rule, networks are conceived as centres of competence. These can take a wide variety of forms in terms of legal personality, organisational structure and infrastructure provision.

There is currently no legal basis for explicit, non-project-related support for such networks.

Proposed new regulations

Article 120 P-LAgr creates the legal basis for the Confederation's financial support to (existing or new) competence and innovation networks. The mission of the networks is to develop solutions to the technical, ecological, economic and organizational challenges of agriculture and the agri-food sector, to coordinate, extend and disseminate these solutions to the target groups. This new scheme will encourage actors to carry out innovative projects independently.

According to needs analyses carried out by the Confederation, competence and innovation networks in various fields should be created or developed for the agricultural innovation and knowledge system. The corresponding work focuses on examining the optimal organisational structure of these networks, taking into account their orientation and optimal connection to existing infrastructures (e.g. Agroscope, ETH Zurich). The aim is to ensure that the services of these networks are provided efficiently and that cooperation between the network partners generates added value compared to current services.

- **Plant breeding:** The DEFR's "Plant Breeding Strategy 2050" identifies "cooperation between actors" as one of the main fields of action in which the Confederation can promote plant breeding in order to achieve the objectives of the strategy. Significant gaps have been identified in this area, to be filled by the development of a network of competence and innovation. Based on a needs analysis, key stakeholders noted a gap in the application of new knowledge and methods. The main task of the network would therefore be to strengthen enforcement. Overall, it should have the following objectives: to improve the exchange of knowledge between research and the field and to strengthen the skills of Swiss plant breeding companies; to promote the transfer of research on plant breeding to applied breeding; to support training in the field of plant breeding and to provide active information on the subject of plant breeding. The network itself should not be part of the market, but should support existing structures and players. It would therefore not compete with established companies. Its main partners would be breeding companies, research institutions and players in the value

chain. The Competence and Innovation Centre for Plant Breeding should help to ensure the long-term availability and access of Swiss agriculture to the latest improved varieties and thus promote sustainable plant production.

- Animal breeding: work on the "Animal Breeding Strategy 2030" has highlighted the need for a network of competence and innovation in animal breeding. This network should be developed in the first instance on the basis of existing structures and advance networking and the valorisation of knowledge. Existing organisations, e.g. in the field of cattle and pig farming, should participate in the network with their specific expertise. The network should have close relationships and data exchange with research institutions (Agroscope including the Stud Farm, FiBL, Hochschule für Agrar-, Forst- und Lebensmittelwissenschaft [HAFL], ETH, universities). The aim is to promote access to technology for recognised livestock organisations and to increase their capacity for innovation. The use of synergies with a network of competence and innovation for livestock health could also be explored.
- Livestock health: the creation of a competence and innovation network for livestock health should ensure a faster and better coordinated transfer of new knowledge to veterinary and agricultural authorities and to livestock farmers. This is a fundamental precondition for meeting the new challenges in livestock production, including the fight against antibiotic resistance, through comprehensive and modern health promotion and prevention.

The operation of the National Stud as a centre of competence of the Confederation for the breeding of horses is currently regulated in Art. 147 of the Swiss Federal Law on Horse Breeding. The tasks at the Avenches site have changed considerably over the past decades. Research on the keeping of horses (ethology) and the valorisation of knowledge about horses in agriculture, in particular, have gained in importance. This is also due to a shift in emphasis in the use of horses in agriculture from breeding to guarding. Due to the concentration of the stud farm's tasks on the keeping of horses and the development of knowledge, the provisions relating to the stud farm in Art. 147 of the Ley de la Agraria will be repealed and will now be included in the new Art. 121 P-Ley de la Agraria. In April 2019, the Committee for Economics and Fees of the Council of States (E-REC) transformed the parliamentary initiative Feller 17.461 "Mentioning the tasks of the Swiss National Stud in the law" into motion 19.3415. In July 2019, the National Council's Committee on Economy and Fees (CER-N) accepted the motion and suspended the parliamentary initiative Feller 17.461. The concrete tasks of the Stud Farm will thus be mentioned at least at the level of the ordinance.

➔ Art. 120 and 121 P-LAgr

5.1.6.5 Livestock promotion

Current regulations and the need for action

Healthy and robust animals with a genetic potential adapted to their natural environment and the economic conditions of the market are an essential condition for the

production of high-quality and profitable animal products. Functional or fitness characteristics such as health, vitality, robustness, resistance, fertility, etc., are becoming increasingly important in an increasingly ecologically oriented production. Functional or fitness characteristics such as health, vitality, robustness, resistance, fertility, etc., are becoming increasingly important in an increasingly ecologically oriented production.

The Ordinance of 31 October 2012 on¹¹¹ animal husbandry defines the conditions to be met by organisations to be recognised as breeding organisations and specifies the contributions provided for the various zootechnical measures. These contributions are paid to improve the basis for the breeding of herd-book animals (pure breeds).

Contributions for classical zootechnical measures (*herdbook* management and performance tests) are paid for all breeds of an animal species, regardless of the breed's "threat status". Federal contributions for the breeding of pure-bred livestock should enable recognised breeding organisations to offer their zootechnical services to breeders at the most favourable prices possible. Contributions for classical zootechnical measures are also paid for Swiss breeds worthy of conservation. This ensures that herd books and performance tests for these breeds too are carried out with a view to producing suitable animals.

Conservation measures complement conventional zootechnical measures. By ratifying the International Convention on Biological Diversity of 5 June 1992¹¹², Switzerland committed itself to protecting biodiversity and thus to safeguarding Swiss breeds. In addition to the contributions for classical zootechnical measures, to which all recognised breeding organisations in Switzerland are entitled, they may also apply for financial support for the preservation of Swiss breeds. To date, Switzerland lacks a *monitoring* system for the regular monitoring of the development of animal genetic resources.

The "Animal Breeding Strategy 2030", developed in 2017 with the help of external experts, highlighted the need for action and adaptation in the field of public and private promotion of breeding. In the opinion of the Confederation, the current legislation on animal breeding no longer meets the requirements. The selective breeding of livestock in Switzerland has changed considerably in recent decades. Technical progress also has an impact on selection structures. This development must be taken into account in the development of agricultural policy.

Proposed new regulations

The Confederation's support measures are intended to enable breeding organisations, as hitherto, to improve their breeds through selection. They have a great deal of freedom to organise their breeding programmes around the three axes "breeding for agricultural production in line with market expectations", "breeding for the conservation

¹¹¹ RS 916.310

¹¹² SR 0.451.43

of animal genetic resources" and "breeding for the vitality of the countryside" according to their own needs. The Confederation is keen to ensure that the selection is in line with the three aspects - economic, ecological and social - of sustainable development.

In the field of animal breeding, Switzerland will remain true to its international commitments. The agricultural agreement contains a declaration of equivalence of European and Swiss legislation on animal breeding. Swiss breeding legislation has since complied with these regulations. This concerns in particular the recognition of breeding organisations, the issuing of pedigree documents and the placing on the market of animals. No new regulations are planned in these areas.

However, Switzerland is free to design its financial support system for animal breeding as it sees fit. The new regulation proposed in Art. 141 P-LAgr specifies the zootechnical measures to be supported in the future and the conditions to be met in order to benefit from the Confederation's support. In this case, aid to promote animal breeding will be granted only if the breeding programme takes sufficient account of profitability, product quality, efficient use of natural resources, environmental impact and animal health and welfare.

It will be established at the Ordinance level that recognised breeding organisations must meet an entry threshold for contributions for data collection and evaluation. These organizations must identify and evaluate a certain proportion of the characteristics resulting from the selection of a breed. The influence of characteristics on the areas of profitability, product quality, resource efficiency, environmental impact, animal health, including animal welfare, is decisive in this respect. The nature, volume and purposes of the data are also specified in the ordinance, guaranteeing the protection of confidential data, personal data and intellectual property rights. The zootechnical measures for the preservation of Swiss breeds and their genetic diversity (cf. art. 141 para. 3 let. b, P-LAgr) cover two areas: in situ conservation and cryogenic (ex situ) conservation. In addition to the projects for the conservation of Swiss breeds, which are already supported by the Swiss Confederation today, it is planned to introduce contributions for the preservation of all Swiss breeds worthy of conservation at the level of the ordinance. This premium will be paid especially for animals of particularly endangered Swiss breeds. It creates an additional incentive for the breeding and keeping of Swiss breeds. The total sum of the contributions for preservation measures will be maintained or slightly increased at the expense of the other contributions for breeding. In order to define the seriousness of the threat to the Swiss breeds worthy of conservation, it is planned to set up a *monitoring system to monitor the genetic diversity of the various breeds*.

Recognised organisations and institutes belonging to federal or cantonal universities must be given the opportunity, as before, to carry out research projects in the field of zootechnical resources. The Confederation makes funds available within the framework of the loan for animal breeding.

➔ Art. 141, 142, 143, 144, 146a, 146b and 147 P-LAgr.

5.1.7 Plant protection and means of production

5.1.7.1 Requirements for the protection of crops and plant material

Current regulations and the need for action

In accordance with Art. 149 para. 1 of the AgrG, the Confederation promotes appropriate plant protection in order to protect crops against harmful organisms. According to the message of 27 June 1995 concerning the agricultural package 95¹¹³, the term "adequate protection" must be understood in its entirety and must be based on the principle of sustainable agriculture. It also includes measures such as the prevention of plant protection product-resistant pests, the improvement of techniques for the application of plant protection products or the selection of disease-resistant varieties. For example, the federal government can promote appropriate plant protection by supporting research projects. The Federal Council also undertakes to issue regulations for the protection of crops against particularly dangerous pests (para. 2). The term "plant health" is commonly used today for this aspect of plant protection. The Federal Council has taken this obligation into account by enacting the Plant Health Ordinance of 31 October 2018¹¹⁴.

Most of the other provisions of the Chapter include regulations that relate to plant health. In order to make the systematics of the "Plant Protection" chapter more consistent, two provisions will be moved and Section 2 will be renamed "Plant Health".

At present, only the regulation of particularly dangerous pests is delegated to the Federal Council. The definition of "particularly dangerous" pests and their regulation are governed by the standards and principles of the International Plant Protection Convention of 6 December 1951¹¹⁵ (hereafter IPPC). The IPPC, revised on November 28, 1979, entered into force in Switzerland on September 26, 1996. On 17 November 1997, FAO adopted a revised text. This is now in force for all contracting parties, irrespective of the date of their accession. According to the IPPC, pests are species, strains or biotypes of plants, animals or pathogens that directly harm plants or plant products. This definition excludes plants that indirectly harm other plants through competition and thereby cause economic damage ("weeds"). The IPPC does not apply to protection against pests in general, but only to certain categories of pests, namely quarantine and non-quarantine regulated pests.

Quarantine pests must meet the following criteria :

- they are not yet present in the area, or are only present very locally;
- their presence is likely to cause considerable economic damage ;
- effective control measures against them are known.

¹¹³ FF 1995 IV 621

¹¹⁴ RO 2018 4209

¹¹⁵ SR 0.916.20

Non-quarantine regulated pests are particularly dangerous pests that are already widespread in Switzerland, mainly through host plant material for planting (seeds and seedlings), and can therefore cause unacceptable economic damage. Since their spread through seed and seedlings must be prevented, control measures during the production of the seed and seedlings concerned and quality requirements for their placing on the market are prescribed. On the other hand, there is no longer any obligation to control these organisms in crops or orchards.

Some pests do not readily meet the criteria for classification as particularly dangerous pests because their biological characteristics make it impossible to control their introduction and spread effectively (e.g. cherry fruit fly). Other organisms no longer fill them because, despite official control measures, they have spread to such an extent that they have lost their quarantine status (e.g. San José louse). If these organisms also do not meet the criteria for non-quarantine regulated organisms, the provisions of the Plant Health Ordinance do not apply to them, preventing their control at the national level. However, some have a huge potential for nuisance, as the current examples of the cherry fruit fly and the edible tiger nut are showing. The promotion of good phytosanitary practices, e.g. through research projects, has proved insufficient. For this reason, the cantons (and the industries concerned) request that the Federal Council be able to order control measures at the Swiss level also against harmful organisms that are not classified as particularly dangerous, including weeds.

If damage results from measures taken against harmful organisms other than particularly dangerous organisms, e.g. because the plants have to be destroyed, no compensation shall be granted. On the other hand, it will always be possible to pay fair compensation if the damage is attributable to measures to control particularly dangerous pests.

Proposed new regulations

The first two sections need to be systematically revised.

Art. 153a P-LAgr gives the Federal Council the possibility of enacting provisions for the protection of crops and plant material against certain harmful organisms other than those classified as particularly dangerous if successful control of them requires coordination at the Swiss level.

In addition, the main measures to prevent the introduction and spread of these harmful organisms are specified in Art. 153a P-LAgr.

Art. 156, para. 1, P-LAgr will always give the possibility of granting fair compensation for damage caused by measures to control particularly dangerous pests.

➔ Art. 149, 151, 152, 153a and 156 P-LAgr.

5.1.7.2 Party status in procedures concerning plant protection products

Current regulations and the need for action

In its ruling of 12 February 2018¹¹⁶, the Federal Court ruled that environmental protection associations, as organisations entitled to appeal, could be recognised as parties in review procedures for the registration of plant protection products on the basis of the right of appeal under Article 12(1)(b) NPA. It is planned to anchor the principle of associations' right of appeal in the procedures for the approval of plant protection products. Environmental associations must be involved in all procedures whose content may result in a change with an ecological impact. This includes, inter alia, the review of registered plant protection products, the authorisation of products containing a new active substance or with a new formulation, and the extension of the use of an already approved product. Procedures of a purely administrative nature, such as the transfer of the authorisation of an already approved product, sales authorisations or the change of name of a product, are excepted.

Proposed new regulations

It was initially foreseen in the consultation that environmental organisations could appeal against the decision of the licensing authority. These organisations should now have the opportunity to participate at an earlier stage as a party in opposition proceedings. In view of the scale and complexity of the procedure, it is useful to involve the environmental protection organisations as soon as the documents needed for decision-making are available (including clarifications within the Confederation), but the approval authority has not yet taken a decision.

→ Art. 160b P-LAgr

5.1.8 Remedies, administrative measures and criminal provisions

5.1.8.1 Extension of the right of way

Current regulations and the need for action

S. 166 of the Act regulates legal remedies in a general manner. This legal protection is important to counter undesirable or ineffective practices in different areas. However, the current regulation of Art. 166 paras. 2 and 3, Aggravation Act, limits the possibility of appealing against decisions to those taken in application of the Aggravation Act and its implementing provisions. The possibility of appealing to the Federal Administrative Court (FAC) against decisions that violate the agricultural agreement is not explicitly mentioned. However, it is not possible, for example, to challenge cantonal decisions that infringe appellations of origin protected in Switzerland under the Agreement.

For a better application of the areas protected by the agricultural agreement, it is in Switzerland's interest to ensure that it can demand an equivalent application vis-à-vis the EU. Good protection of Swiss PDOs and PGIs in Europe is important from an economic point of view.

¹¹⁶ ATF 1C_312/2017

Proposed new regulations

With the extension of legal remedies to the agricultural agreement, decisions taken under the agricultural agreement can be challenged and reviewed by the TAF. In addition, the FOAG is empowered to appeal against cantonal decisions taken in application of the agricultural agreement, thus ensuring a harmonised application of the agreement.

➔ Art. 166, paras. 2 and 3, P-LAgr.

5.1.8.2 Exceptions*Current regulations and the need for action*

The Federal Court concluded in a judgment¹¹⁷ that the Intercantonal Certification Body (ICB) controlling the specification of the Gruyère PDO under the Ordinance of 28 May 1997 on PDOs and PGIs¹¹⁸ must be regarded as delegating a public task within the meaning of Art. 180 LAgr. Therefore, the ICO must be able to take administrative decisions against companies subject to its supervision. The same reasoning applies to all the activities of the certification bodies set up on the basis of the ordinances issued under Article 14 of the Organic Farming Act (Organic Farming Ordinance, Ordinance of 25 May 2011 on the designations "mountain" and "alpine"¹¹⁹ and Ordinance of 23 November 2005 on the designation of poultry¹²⁰).

According to current law, the decisions of the above-mentioned certification bodies can be challenged before their appeal committees, then before the FOAG under Art. 166 para. 1 of the AgrG, then before the TAF and in the last instance before the Federal Court of Justice. The establishment of a certification body appeal commission is required as part of the accreditation of certification bodies.

Proposed new regulations

If the Federal Council decides to assign the inspection of products designated in Art. 14 of the AgrG to certification bodies, the decisions of the appeal commissions of these bodies must be directly appealable to the TAF. In view of the fact that, under the current legislation, five bodies deal with disputes in succession, the Federal Court recommended shortening the legal remedies and no longer providing for the FOAG as an appeal body. The final instance of appeal remains the FT. In addition to shortening the duration of the procedure, the abolition of the FOAG as an appeal body has the advantage of guaranteeing a better "separation" of powers. As the FOAG has hitherto acted simultaneously as an appeal body and a supervisory authority, its task will now be restricted to the supervision of certification bodies.

L'al. 1 of Art. 166 must be adapted to create an exception for this case.

➔ Art. 166, par. 1, P-LAgr.

¹¹⁷ ATF 2C 1004/2014

¹¹⁸ RS **910.12**

¹¹⁹ SR **910.19**

¹²⁰ RS **916.342**

5.1.8.3 Contraventions, misdemeanours and crimes

Failure to comply with the provisions on classification

Current regulations and the need for action

Under the current law, the unlawful use of a classification or designation falls under Art. 172 (misdemeanours and crimes), while non-compliance with the provisions on classification falls under Art. 173 (contraventions). Since the unlawful use of a classification or designation is equivalent to non-compliance in relation to classification, the same act falls under two different penal provisions of the ADAGr. This duplicate is deleted.

Proposed new regulations

The supervisory bodies set up by the cantons for winegrowers-growers have been abolished. Therefore, their reference to them in para. 1.

Since non-compliance with the provisions on classification is already included in Art. 172 and Art. 173 has an explicit subsidiary character (through the wording "if the act is not punishable more severely under other legislation"), the wording "does not comply with the provisions on classification" should be deleted from Art. 173, para. 1, letter f, AgrG. As a result, non-compliance with the classification provisions will henceforth fall solely under Art. 172.

➔ Articles 172(1) and 173(1)(f).

Non-compliance with precautionary measures

Current regulations and the need for action

African swine fever currently poses a threat to the Swiss pig population. In order to protect it, the FOAG can take precautionary measures on the basis of Art. 165a of the Federal Act on the Protection of the Environment, Public Health and Food Safety (FOAG). In the event of such an epizootic, the implementation of these precautionary measures must be ensured. The implementation of the precautionary measures provided for in 148a of the Agr. Act, which in particular provide for plant protection in the event of the introduction of a plant pathogen, is ensured by means of financial consequences if the measures are not complied with in accordance with Art. 173 (infringements). The same guarantee of compliance for measures taken on the basis of Art. 165a of the AgrG has been lacking since the introduction of this article in 2013.

Proposed Regulations

In view of the analogous function of the measures under Articles 148a and 165a of the AgrG and in order to ensure the implementation of precautionary measures, for example in the event of African swine fever, it would be appropriate to deal with non-compliance with the precautionary measures of the AgrG in a similar way for both Articles.

➔ Art. 173, para. 1, let. gquater

5.1.8.4 General information on the opposition procedure

Current regulations and the need for action

From a legal point of view, the current Art. 168 of the GrVG is not sufficiently explicit as to the fact that, in the event of the opposition procedure provided for, legal remedies are only open to persons entitled to appeal who have lodged an opposition.

This principle should be laid down in law.

Proposed new regulations

The addition of a para. 2 makes it clear that persons who have not lodged an objection are excluded from further proceedings.

➔ Art. 168, para. 2, P-LAgr.

5.1.9 Final provisions

5.1.9.1 Supreme Federal Supervisory Authority

Current regulations and the need for action

The FOAG examines all applications for investment credits and loans under the farm aid scheme that are below the ceiling set by the Federal Council on the basis of the data submitted. Erroneous data are corrected and, in the case of serious errors, the cantonal decision is corrected by mutual agreement. It is therefore not necessary to resort to legal remedies (opposition) (see also 5.1.5.4). The control of investment credits below the ceiling is abolished in the Ordinance for the sake of administrative simplification. As part of its supervisory role, the FOAG may at any time order and conduct an audit.

Proposed new regulations

Art. 179 para. 2 of the AgrG is amended editorially to clarify the question of the restitution of financial aid to the Confederation.

With the planned abolition of the FOAG's control of investment credits and farm aid loans below the ceiling set by the Federal Council, the corresponding cantonal decisions will no longer be checked for compliance with the law. In order to ensure the high level of supervision of structural improvement measures and more particularly of investment credits, it is necessary to mention that the high level of federal supervision also applies to investment credits and not only to contributions, and that repayment of financial assistance can be requested from the cantons.

➔ Art. 179, para. 2, P-LAgr.

5.1.9.2 Collaboration between organisations and companies

Current regulations and the need for action

According to Art. 180 para. 2, the management and accounts of companies and organisations in accordance with Art. 180 para. 2 of the LGBa, the management and accounts of companies and organisations in accordance with Art. 180 para. 2 of the LGBa are subject to the provisions of Article 180 para. 2 of the LGBa. 1 shall be subject to supervision by the competent authority, which shall define their tasks and powers. In accordance with the Federal Court ruling referred to above (cf. 5.1.8.2), this means that the certification bodies mandated by the Federal Council to inspect the above-mentioned products would also be subject to inspection. In this case, however, a control is not justified.

Proposed new regulations

Although the above-mentioned certification bodies are considered to be companies or organisations within the meaning of Art. 180 para. 1 of the AGG, they should not be required to report on their activities and accounts to the authority that describes the tasks and powers conferred on them, as provided for in para. 2. This subparagraph must therefore be adapted.

With regard to the issue of emoluments settled in para. 3, it should be pointed out that a fee is to be levied on decisions taken in the context of inspection activities under the Ordinance of 16 June 2006 on the fees charged by the Federal Office for Agriculture,¹²¹ which will be adapted accordingly. In addition, the principle that the costs of the inspection are to be borne by the inspected companies will be enshrined in the respective ordinances.

➔ Art. 180, para. 2, ^{3rd} sentence, P-LAgr.

5.1.9.3 Phytosanitary control

Current regulations and the need for action

The authorised use of plant protection products under the RIPs and direct payment schemes is now monitored on the basis of the farmer's records. Approximately 12,000 such checks are carried out on farms each year. However, these controls are ineffective because they are based on self-declaration.

Proposed new regulations

In order to improve the effectiveness of controls on the use of plant protection products, it is intended to introduce a risk-based control system. Laboratory analysis of plant samples is more effective than checking records kept by operators, as fewer checks are required to achieve the same effect. Some 1,000 samples will be analysed in the laboratory before harvest to verify the use of prohibited plant protection products. According to the current legal basis, laboratory costs are borne by the cantons. From 2022 onwards, the corresponding costs (approximately CHF 0.5 million per year) will be financed by the Confederation under the expenditure ceiling for direct payments (cf. 8.1.1). The costs of implementation (planning and organisation of controls, remuneration of controllers, administrative costs) remain the responsibility of

¹²¹ RS 910.11

the cantons. Federal funding has two advantages: firstly, the costs of analysis per sample are lower because the controls can be entrusted to a single laboratory (quantity rebate) and secondly, the cantons save the administrative work involved in awarding the control mandate to a laboratory. Notwithstanding the change of control method, operators must, as before, keep records of plant protection products (e.g. products used, date of use and quantity used) and these data will, as before, be subject to random checks to a reduced extent.

Product-specific conditions of use of PPh, requirements for due diligence and good plant protection practice as well as general restrictions on use, such as substance-specific prohibitions of use in groundwater protection zone S2, can also be monitored by laboratory analysis. In this way, farms, in particular those which do not receive direct payments and are therefore not required to provide RIPs, can be monitored more effectively than before.

The change in approach to plant health control was not addressed in the consultation as the work on the development of a risk-based control system had not yet been completed.

➔ Art. 181, para. 7, P-LAgr.

5.1.9.4 Collection of *monitoring* data

Current regulations and the need for action

The federal government's agricultural *monitoring* is based on administrative data on the implementation of agricultural policy measures, model calculations and targeted data collection. For the latter, 8 % of farms provide data each year for the samples of three federal surveys measuring the impact of agricultural policy, namely the sample on the income situation (EchS), the sample on farm management (EchG) and the sample on agri-environmental indicators (EchIAE).

The EchS serves the implementation of Art. 5 of the AgrG and is intended to record the financial accounts of 2300 farms. The recruitment of operators costs about 500,000 francs per year. The aim is to motivate entrepreneurs to provide Agroscope with anonymised data from their financial accounting. The investment is made through countless phone calls, letters and emails to convince them to participate. The most frequent reasons for refusal are the lack of financial accounting (about 10% of the requested farms), short delivery times, mistrust of federal services, use of the data for the implementation of agricultural policy and its future developments and general dissatisfaction with current agricultural policy. Since 2019, the financial incentive is CHF 200 for trustees and CHF 60 for operators. Operators who provide data for two years or more receive a bonus of 40 francs.

The EchG, with about 2000 accounting closures, covers not only the overall figures of the holdings, but also gives detailed information on the profitability of the different branches of production. Participating farms are selected by the trustees and remunerated at differentiated rates. Only accounting closures of economically significant types of holdings in the lowland, hill and mountain regions are entitled to remuneration.

For the EchIAE, it has not been possible so far to find more than 300 farms willing to record the required data in AGRIDEA's Agrotech software. The supervision of farm managers who agree to carry out this work requires specific know-how, which is less widespread than knowledge of agricultural accounting. Few trustees are willing to invest in this area, given the small number of cases.

Digitisation and the fact that more and more farm and environmental data related to agricultural production are available in electronic form reduce the investment in data collection, which is still necessary. At the same time, voluntary data providers want to know more and more about the use of the data collected.

Data collection is important for the evaluation of agricultural policy measures, which in turn forms an essential basis for the improvement, optimisation and development of these measures. Data are also important for agricultural research, training and extension.

Proposed new regulations

In order to reduce the administrative burden associated with the implementation of Art. 185 para. 1 let. b (assessment of the economic situation of agriculture) and d (impact of agricultural activity on natural resources and on the maintenance of the rural landscape), the LgrG, it is important to give farms greater responsibility for providing data to the Confederation. Among the surveys carried out to date, the implementation of the new legal provision is primarily concerned with the collection of economic data (ECHS). At the level of the ordinance, the obligation of data providers to cooperate could be implemented as follows:

- the holdings in the random sample shall be informed that they have an obligation to provide the data requested ;
- the provision of usable data (certified quality accounting statement) will continue to be eligible for compensation;
- holdings which do not yet have financial accounts will be assisted in establishing such accounts;
- the selected holdings will be informed of the purposes for which these data may be used before their data are transmitted.
- the anonymised individual survey data may (as before) be used for study and research purposes and transmitted for this purpose; the anonymised data of individual holdings transmitted for study and research purposes will be published on federal websites; the information to be published contains information on the applicant (transfer recipient) and the date of the transfer request.

This new obligation should make it possible to ensure in the long term the constitution of samples of sufficient size and quality and to reduce overall costs for the Confederation.

As the availability of farm and environmental data continues to improve, the obligation to provide data may be extended to other physical parameters relating to the environment and production. The first step is to supplement the available data with additional readings or with data collected in an automated manner (sensors, satellites).

➔ Art. 185, par. 3bis, P-LEAgr.

5.1.10 Amendment of other acts

5.1.10.1 Federal Water Protection Act

Current regulations and the need for action

Art. 14, para. 4, LEaux requires that the amount of fertiliser per hectare of useful agricultural area of a farm must not exceed 3 LU. The strengthening of the RIP provisions on nutrient losses implies for all farms a reduction of the maximum permitted amount of farmyard manure per hectare. This decrease contributes to water protection and addresses the concerns expressed by the Clean Drinking Water Initiative.

Proposed new regulations

As part of the package of measures proposed as an alternative to the clean drinking water initiative, the maximum amount of fertiliser per hectare of usable agricultural area of a farm is reduced to 2.5 LU in Article 14(4) of the Water Act.

➔ Art. 14, para. 4, 1st sentence, P-Water

5.1.10.2 Civil Service Act

Current regulations and the need for action

Civilians employed in agriculture carry out work in the public interest in the field of natural resource conservation and the maintenance of the rural landscape referred to in Article 104(1)(b) of the Federal Constitution (Article 4(2)(a) and (b) of the Federal Act of 6 October 1995 on Civilian Service [LSC])¹²². They are also engaged in the field of structural improvements (Art. 4, para. 2, subpara. c, ICL). These commitments take place on agricultural holdings receiving investment aid. This mainly involves infrastructure improvements.

The participation of civil servants in projects and programmes for the conservation of natural resources or landscape maintenance remains justified in the light of the agricultural policy for 2018-2021. However, in the future, structural improvement projects and programmes will not be planned as a prerequisite for civilian service missions. The number of possible engagements on farms is consistently much higher than the number of available civilian staff. The Federal Office for Civil Service ensures that the conditions of competition are not distorted. In the area of structural improvements, in view of the small number of actual commitments, the labour market protection measures to be taken to this end are linked to a disproportionate workload.

Proposed new regulations

The involvement of civil servants in the agricultural sector is limited to areas that clearly correspond to the objectives of the ICL (safeguarding and protecting the natural environment; cf. art. 3a, para. 1, subpara. c, ICL). With the repeal of Art. 4 para. 2

¹²² SR 824.0

lit. c ICL, this commitment is refocused on tasks of public interest in the field of environmental protection.

➔ Art. 4(2)(c) P-LSC

5.1.10.3 Forestry Act

The amendment of Art. 166 of the AgrG, which provides for an exception to the right of appeal against the decisions of appeal boards of the certification and inspection services responsible for the control of designations under Art. 14 and 63 of the AgrG, requires an amendment to the Forest Act of 4 October 1991 (FOA,¹²³ Art. 41a FOA).

➔ Art. 41a P-LFo

5.2 Federal Act on Rural Land Law

The aim of rural land law is to promote rural land ownership as a basis for family farms and for efficient agriculture based on sustainable farming methods; it also aims to contribute to the improvement of agricultural structures (Art. 1 RLA in conjunction with Art. 104 Cst.). For this reason, rural land law must strengthen the position of individual farmers in the acquisition of agricultural enterprises and real estate (Articles 9, 9a and 61 of the Federal Law on Rural Land) and prevent them from being negotiated at inflated prices. Transfers of ownership of businesses and agricultural real estate as well as legal entities that hold such real estate as part of their assets must be subject to authorization (art. 61 P-LDFR)¹²⁴.

The amendments to the RFDA take into account the evolution of agriculture towards greater entrepreneurial freedom and competitiveness and the resulting increased complexity. The clear provisions on legal entities, the status of individual farmer and the spouse's right of pre-emption strengthen peasant farms in their entrepreneurial project. The status of the spouse is improved, land speculation is prevented and the basis for calculating the yield value is discounted. Family farms, personal farming, purchase price limitation, load limit and the transfer of the farm to the family at the yield value remain key elements of the FFPPA.

5.2.1 Legal entities

Current regulations and the need for action

The RFDA is based on the principle of personal use by individuals¹²⁵. In accordance with the principle of economic freedom (Art. 27 Constitution), natural and legal persons may acquire agricultural enterprises or real estate if they meet the criteria for personal use¹²⁶. It is necessary to define the conditions under which a legal person may also meet those criteria. Farmers thus benefit from the full range of legal forms provided for in Swiss law. The status of a legal entity allows better exploitation of economic potential, longer-term planning and an appropriate organisational structure. Legal entities are established on a long-term basis and offer interesting framework

¹²³ SR 921.0

¹²⁴ ATF 140 II 233

¹²⁵ ATF 115 II 181 recital 2b

¹²⁶ ATF 140 II 233 recital 3.2.1

conditions from the point of view of succession. Currently, less than 1% of agricultural businesses are managed by legal entities. However, faced with questions of financing and risk management, more and more farmers are considering the possibility of transferring the farm to a public limited company (SA) or a limited liability company (Sàrl). Cooperatives are also created to facilitate mutual assistance between farms. Under current law, Art. 4 para. 2 FZG only regulates the special case of agricultural enterprises that constitute the main assets of legal persons. Doctrine and case law have clarified and developed the interpretation of the law. According to the FT, a legal person may acquire a farm business or real estate provided that¹²⁷ the natural person who is the owner personally provides proof that he or she operates the farm business or real estate himself. In this case, the legal person may be recognised as the operator in its own right. It was also pointed out that transfers of equity rights in such a legal person are subject to authorization (art. 61, para. 3, RDA). Exceptions to the principle of privately-owned land use ensure that agricultural land can be acquired for important public utility or agricultural policy purposes (Art. 64 FZG). Examples include the conservation of a protected area, the maintenance of a long-established farming operation or the exploitation of natural resources. Section 64 of the IRPA does not provide an exhaustive list of these exceptions; rather, it is a matter of interpreting the provision in accordance with the purposes of the legislation.

The transfer of real estate or an agricultural business to a legal entity constitutes a transfer of ownership subject to authorisation (Art. 61, para. 3, FLRG) and as such triggers any rights of pre-emption and share in the profits. In addition, the contribution in kind is in all cases subject to the authorisation to acquire. The exceptions provided for intra-family transfers do not apply in this case. The transfer of ownership of shares is also subject to authorisation (Art. 61, para. 3 RDA)¹²⁸.

Proposed new regulations

The provisions relating to legal persons are developed in accordance with the aims of the FDRA, in line with the current Art. 4 para. 2 and taking into account case law. In Art. 3, para. 5, the special scope of application is also extended to legal persons that have a real estate or agricultural business as their main asset. The new Art. 9a para. 1 defines the requirements that legal persons must meet with regard to their articles of association and corporate purpose. In addition to the criteria for personal use (art. 9 P-LDFR), the owners of the legal entity must meet the quorums laid down in a. 2. Consequently, the natural persons deemed to be the personal use operators must hold at least a qualified majority of two-thirds of the votes and, in the case of an SA, also two-thirds of the capital. They must be able to control the legal person. They exercise a dominant influence on the legal person. They can use the company as their own instrument of work. The farm business or farm building must be managed personally by these natural persons who are deemed to be the farmers in a personal capacity, who must also carry out most of the farm work themselves. The operation of the farm business or farm building may not be entrusted entirely to employees bound by instructions. Similarly, the mere fact of owning and managing buildings is not sufficient

¹²⁷ ATF 140 II 233

¹²⁸ ATF 140 II 233, point 5.6.1.

to be recognized as a personal operator. If the company is owned by several natural persons who are deemed to be individual operators, it shall be assumed that they personally carry out most of the work in accordance with a defined division of labour. In accordance with the qualified majority required by the Swiss Code of Obligations (CO)¹²⁹, a majority holding of at least two thirds is assumed (Art. 704 and 808b CO). This ensures that the legal entity belongs to the natural persons who use the land and keep the livestock (Art. 1, para. 1, letters a and b, FDPRA). With a minority shareholding of no more than one third, persons who are not personal operators cannot block decisions.

Legal entities subject to the RFDA that are likely to meet the criteria for personal operation have the following characteristics:

- Their main purpose is agricultural or market garden production, which also generates the main income.
- Their assets consist mainly of businesses or farm buildings.
- A qualified majority of at least two thirds of the votes shall be in the hands of natural persons deemed to be operators in their personal capacity.

Personal operation can be made probable if the conditions are met cumulatively by both the legal entity (art. 9a FLRWP) and its owners (art. 9 FLRWP).

The transfer of property rights of legal persons is now also subject to authorisation, if such persons have real estate or agricultural enterprises among their assets. The authorisation may be subject to the necessary conditions and charges (Art. 61, para. 1, P-LDFR).

The overwhelming majority of businesses subject to the RFDA are small businesses. Large corporations and publicly traded companies cannot benefit from the scope of protection of the Act. The greater the number of owners of a legal entity, the less likely it is that they will meet the personal operator criterion. In companies with many owners, management is delegated to the supreme body and the economic risk is borne by the company. Unitholder risk is limited to the loss of the capital invested in the participation rights. For this reason, large companies will not meet the criteria for personal operation. Consortia (e.g. *holding companies*) and foundations (Art. 80 ff. of the Civil Code (CC)¹³⁰) are expressly excluded (Art. 9a, para. 3, P-LDFR). The criterion of operating in a personal capacity cannot therefore be met through members of foundation boards. The foundation board or *holding company* only manages the company's assets. The use of the foundation's assets by members of the foundation board also contravenes the principles of good governance. The legal entities that fall within the scope of the Act have relatively simple structures. The evaluation of the individual farm also takes into account the size of the enterprise, the type of production, technical development, new production methods, etc. The evaluation of the individual farm also takes into account the size of the enterprise, the type of production, technical development, new production methods, etc. The evaluation of the individual farm also takes into account the size of the enterprise, the type of production, technical development,

¹²⁹ SR 220

¹³⁰ SR 210

new production methods, etc. The margin of appreciation thus given enables a fair decision to be taken in each individual case.

➔ Ss. 1, 3, 4, 9, 9a, 61, 62 and 64 P-LDFR

5.2.2 Adjustment of the maximum load

Current regulations and the need for action

In order to protect agriculture from over-indebtedness, the FDFA provides for a limit above which the granting of loans secured by real estate pledges on real estate or agricultural enterprises is only possible with cantonal authorisation. This limit, or "maximum load," is set according to the farm's return value, which is equivalent to the capital, the interest on which corresponds to the income from a business or farm property operated in accordance with the customs of the country (section 10 of the Act). The maximum load therefore does not take into account the actual economic potential of the holding or the competence of the operator. Currently, the maximum load can be exceeded with the agreement of the canton, but practices in this regard vary from canton to canton.

Proposed new regulations

The maximum load remains unchanged. In future, it will be possible to exceed this limit with mortgage loans granted by banks or insurance institutions based in Switzerland without authorisation. However, the criteria for assessing the maximum load and the obligation to repay loans secured by a lien exceeding the maximum load remain in force. The effect of the new provision will be that investment decisions will be made more on the basis of the return on investment than on the maximum load. It also avoids expensive, uncovered credits, such as current account credits, credits for machinery or leasing. This increases the entrepreneurial room for manoeuvre and the responsibility is - as it should be - assumed by the operators and creditors.

Loans secured by a right of lien in favour of a bank or insurance institution may exceed the maximum charge without the need for authorisation, provided that the provisions of Art. 77 and 78 FDRA are complied with. Offences may lead to the cancellation of the pledge, which may have serious consequences for both the creditor and the debtor (Art. 78, para. 3, P-LDFR).

➔ Art. 76 P-LDFR

5.2.3 Strengthening the status of the spouse

Current regulations and the need for action

On 12 December 2012, the ERC-E adopted Motion 12.3990 "Women in Agriculture" (closed on 12 June 2017), which instructed the Federal Council to examine the issue of economic, social and legal security for women in agriculture and to propose improvements. In its report of September 2016¹³¹, the Federal Council notes that the

¹³¹ Available at: www.parlament.ch > 12.3990 > Report in response to parliamentary intervention.

FDFA is based on a traditional image of agriculture and the family. Under an estate division, a spouse who wishes to continue to operate the farming business is well protected. On the other hand, anyone who wishes to be associated with the business during his or her lifetime encounters difficulties, since any alienation of the farm or part of it generally triggers a right of pre-emption for the brothers and sisters (art. 42 FLRMA).

Proposed new regulations

The decisive period under Art. 18 para. 3 FZG during which an increase in the imputation value can be claimed is now fixed according to the life of the investment. The proposed periods are based on the minimum total useful life as set out in the Farm Yield Value Assessment Guide 2018 or, in the case of land, the duration of the entitlement to the gain under s. 28(3) of the FVPA. The invested capital is thus protected throughout the period of use.

The definition of gain (Art. 31 para. 1, 1st sentence, FDPRA) is clarified to ensure that the law is correctly calculated.

The spouse now has a right of pre-emption over the farming business (Art. 42, para. 1, P-LDFR), and this is of higher rank than that of the brothers and sisters. The purpose of this amendment is that, in the event of divorce, the spouse who does not own but personally operates the business may take over the business at the value of the return without triggering the right of first refusal of the brothers and sisters. In addition, it allows farm business owners to involve their spouses as owners as well.

The adaptation of Art. 75, para. 1, let. e, P-LDFR is also part of the consolidation of the rights of the spouse and former spouse to gain (Art. 212, para. 3, CC).

In accordance with the above-mentioned report, the proposed amendments are intended to regulate in a simple and comprehensible manner the framework conditions for the liquidation of the matrimonial property regime in the event of divorce and to strengthen the position of the non-owner spouse. These measures also implement the recommendations of the United Nations Committee on the Elimination of Discrimination against Women on women in rural areas, addressed to Switzerland in 2009 and 2016.

➔ Ss. 18, 31, 42 and 75 P-LDFR

5.2.4 Other changes

5.2.4.1 Administrative simplification

Current regulations and the need for action

The implementation of the Federal Act has remained virtually unchanged for 20 years and is placing a heavy burden on the cantons. The objectives of the law imply administrative tasks for the licensing authorities. On the applicants' side, on the other hand, the administrative burden is low, as the obligation to obtain an authorisation is linked to concrete situations that do not often occur. Simplification measures in the imple-

mentation of the FDFA and the Federal Act on the Simplification of the Implementation of the Rural Property Act were evaluated by the Federal Council in its report of 29 March 2017 in¹³² accordance with Vogler's postulate 15.3284 "Simplifying the implementation of the Rural Property Act". Some need to be implemented.

Proposed new regulations

In execution of motion Abate 17.4203 "Rural land law. Supplementing Sections 61 and 66 FLRMA", authorizations granted under sections 61 ff. FLRMA for the acquisition of farm buildings are subject to a validity period. On the other hand, the granting of loans in excess of the maximum charge by banks or insurance institutions with their registered office in Switzerland is possible without authorisation (Art. 76 FZG/LDFR) in accordance with Vogler's postulate 15.3284.

➔ Art. 60, 61 and 76 P-LDFR

5.2.4.2 Definition of the yield value

Current regulations and the need for action

The farm yield value is equal to the capital, the interest on which, calculated at the average rate applicable to first mortgages, corresponds to the income from a business or farm property operated according to the customs of the country. The bases for this calculation refer to multiannual averages. Until now, the rates published by the Swiss National Bank for variable-rate first mortgages have been used for this purpose. However, since 2006, these figures are no longer published and the law can therefore no longer refer to them.

Proposed new regulations

The capitalization rate referred to in Art. 10 P-LDFR now corresponds to the weighted cost of the company's capital, including equity capital, debt and the risk associated with the industry. It is calculated in accordance with the valuation rules for enterprises usual in other branches of the economy.

➔ Article 10 P-LDFR

5.2.4.3 Jurisdiction over the IRPA

The FRDA will fall under the authority of the DEFR.

➔ Sections 79, 88, 90 and 91 P-PDFA

¹³² Available at: www.parlament.ch > 15.3284 > Report in response to parliamentary intervention.

5.3 Law on epizootic diseases

Current regulations and the need for action

The current EBG has no purpose article; only the aims of combating epizootic diseases are mentioned (Art. 1a EBG). In recent years, however, concern for the general state of animal health has been added to the concern to combat epizootic diseases. This is reflected in the growing demand for animal health services (cf. Art. 11a LFE).

Proposed new regulations

The new aim article should reflect the current situation and mention as objectives the control of epizootic diseases and the strengthening of animal health. In the current state of knowledge, improving animal health is an integral part of the fight against epizootic diseases. Because animals that are not over-adapted and can behave according to the needs of their species are more resistant to disease. If, on the other hand, the welfare and proper keeping of the animals is not ensured, the animals are stressed and weakened and thus more prone to diseases and epizootics. The strengthening of animal health is primarily a matter of legislation on epizootic diseases. Healthy livestock also contribute to a reduction in the use of medicines, a more sustainable use of natural resources and the safety of animal feed. For this reason, the health of livestock will also be promoted in the future by means of direct payments under the AgrG (see 5.1.3.5).

Strengthening and maintaining animal health involves the collaboration of different actors. The Confederation, in particular through the FOAG and the FVO, must be able to provide financial support for the creation and operation of a network of competence and innovation in the field of animal health. Participants will mainly be professional organisations of animal keepers (e.g. Swiss Farmers' Union), with the possibility of involving animal health services.

➔ Art. 1 and 11b P-LDFR

6 Commentary on the provisions

6.1 Federal Agriculture Act

Art. 2, para. 1, let e

Cf. section 5.1.1.1.

Art. 2, para. 4bis

The dynamic development of digital technologies requires the federal government to continuously optimise the framework conditions and measures. With a principle on digitisation, it is retained at the level of the law that the Confederation interprets the LAG, if necessary, in such a way that the technologies necessary for digitisation are supported and the processes adapted. In addition, digital technologies should be used to implement agricultural policy measures (see also Section 5.1.1.2).

Art. 3, para. 3 and 3bis

The wording of al. 3bis includes in particular the production of aquaculture products (e.g. fish, crustaceans, molluscs), algae, insects, duckweed, etc. This list is not exhaustive; it includes all living organisms that are not included under agriculture and agricultural production according to Art. 3, para. 1, LFG. It must be possible to apply the measures provided for in the following provisions of the AgrGLA to the said bodies: Title 2, Chapter 1: Product quality, sales promotion and market relief, designation, imports, market observation; Title 5: Improvement of structures; Title 6: Research and extension, encouragement of plant and animal breeding, genetic resources; Title 7, Chapter 4: Means of production.

The new wording also covers fish farming, which therefore no longer needs to be explicitly mentioned in Art. 3 para. 3. The measures in Title 6 could, with the proposed rewording, now apply to this sector of activity. Another change is the reference to Chapter 4 (previously Chapter 2) of Title 7. This reference had not been made when the new Chapters 1 and 2 were introduced in Title 7 under the 2007 Agricultural Policy. The same applies to professional fishing, whose reference has also been updated. The possible measures for professional fishing remain unchanged (see also 5.1.1.3).

Art. 6a

Al. 1

Many of the measures in the NMAgr have an influence on the efficiency and intensity of nitrogen and phosphorus use, which is why the new article on reduction targets in the field of nutrient losses is included in Title 1 of the NMAgr. The method of calculating nutrient losses has changed in the past and may also change in the future. For this reason, the al. 1 gives the target values for the trajectory for reducing nitrogen and phosphorus losses not in tonnes, but as a percentage.

On the basis of the current values and calculation method and with the target reduction of 10 % by 2025, the maximum losses would be 102 403 tonnes for nitrogen and 5478 tonnes for phosphorus. For 2030, the target reduction is 20%, which would result in maximum losses of 91 025 tonnes for nitrogen and 4869 tonnes for phosphorus. In order to achieve the 2030 target, values must fall by 2% per year from 2021 onwards.

Al. 2

In accordance with al. 2, the Federal Council shall determine the method of calculation to be used to verify the achievement of the objectives. In doing so, it is based on national *input-output* balances according to the OSPAR method.

Al. 3

This provision obliges the interbranch organisations to take the necessary measures to reduce nitrogen and phosphorus losses to the fixed proportions. The measures envisaged by Confederation support inter-professional cooperation. They are briefly presented in point 5.1.1.4.

Al. 4

If the development of nutrient losses between 2014/2016 and 2023 shows that the interim targets are unlikely to be achieved in 2023, the Federal Council must take additional measures in accordance with Article 6a paragraph 4 by 2025 at the latest. For most agricultural policy measures, the Federal Council has a great deal of leeway at ordinance level, which it can use in a targeted manner if the targets are not met. It may, for example, tighten the manure balance requirements in the RAPs, modify environmental programmes or strengthen crop production for food rather than animal production. In addition, a delegation standard is introduced in Art. 14, para. 6bis P-Laws, which empowers the Federal Council to set lower values for permissible LULUCF per hectare if the target values are exceeded.

Art. 16, para. 4

Art. 16 para. 4 of the AgrG stipulates that if the name of a canton or locality is used in a PDO or PGI, the Federal Council ensures that the registration complies, where applicable, with cantonal regulations.

The cantons may be affected by a PDO or PGI. This is the case when the desired name corresponds to the name of their canton or a locality located on their territory, or when their territory is included in the proposed geographical area. The interests of the cantons are taken into account in the registration procedure for the names that concern them. To this end, the Federal Council integrates the cantons in different ways, depending on the product, by means of ordinances, for example by providing for consultation or advance notice and a right of opposition. However, since this is a system of protection established by the Confederation, which sets up a federal register, the cantons have no legislative power in this area. Therefore, they cannot provide for cantonal regulations. That is why this paragraph should be repealed.

Art. 28, para. 2, 38, paras. 1 and 1bis, and 39, paras. 1bis and 2

See 5.1.2.1 and 5.1.2.2.

Art. 41

It is planned to insert a new section "Contribution for the control of milk" (Art. 41) in Chapter 2 (dairy economy).

L'al. 1 provides that the Confederation may pay contributions for the control of milk in order to guarantee the quality and hygiene of the milk. These are financial assistance in the sense of Art. 3 para. 1 of the Subsidies Act of 5 October 1990¹³³. The potent formulation indicates that there is no right to such contributions. The national organisations of milk producers and processors are responsible for milk control. They're commissioning a lab to do it. The federal government's contributions are paid to the dairy industry and serve as a contribution towards covering part of the laboratory costs. The fact that these costs are not fully covered should encourage the dairy industry to choose the laboratory offering the best cost-benefit ratio.

¹³³ SR 616.1

The requirements and the procedure for granting contributions will be laid down by the Federal Council (para. 3). This will mandate the FVSAO for the implementation and provide for the payment of financial aid to the dairy industry by means of a decision. Financial assistance is granted in the form of lump sums (para. 2), subject to the approval of the credits by the Federal Chambers. Since several laboratories can carry out the control of milk and therefore there is a competitive situation, costs can be reduced. Therefore, the payment of lump-sum contributions, the amount of which is based on the cost-effective execution of the audit, is appropriate. The amount of the contributions must be set in such a way that the dairy industry provides a fair contribution, in accordance with the principle of personal responsibility enshrined in food law. The Confederation's contribution, which currently amounts to some CHF 3 million per year, will be gradually reduced. The Federal Council wants to increase the contribution of national milk producer and processor organisations to the costs of milk control to 50% five to six years after the new provision comes into force.

Art. 46, para. 3

Under the new rules, the recycling of all perishable food waste can be considered for the authorisation of higher numbers of pigs, provided that the disposal of such waste is in the public interest and that its use in pig feed makes more sense than in conventional dry feed.

A higher number of animals must be allowed for permanent testing activities of all organisations and companies, provided that this is necessary for the performance of scientifically based tests and examinations and that the statistically weighted results contribute to the support of Swiss animal production.

Art. 58, para. 2

See 5.1.2.4.

Art. 62

See 5.1.2.5.

Art. 70

Al. 1

Natural and legal persons should enjoy equal treatment as regards entitlement to direct payments. Legal entities also include communes and cantons (see 5.1.3.1).

Al. 2

New contributions for locally adapted agriculture were added to al. 2. The contributions for the networking of areas for the promotion of biodiversity (formerly Art. 73 para. 3) and the contributions for landscape (formerly Art. 74) are abolished. At the material level, the promotional objects are transferred to the new contributions for agriculture adapted to local conditions (art. 76).

Contributions to the efficient use of resources are abolished and the measures relating to this are transferred to the PERs or to contributions to the production system (see also 5.1.3.1).

Art. 70a

Al. 1, let. c and i

Nature and landscape protection legislation is now mentioned as a legal basis whose compliance with the provisions relevant to agriculture is a condition for obtaining direct payments (paragraph 1 letter c); the NPA thus acquires a status equivalent to that of other laws.

According to letter i, the obligation to set up a personal insurance solution (cf. 5.1.3.1) only applies to the spouse or registered partner who is active on the peasant farm and who contributes regularly, substantially or significantly to the farm and who does *not* have another sufficiently high income:

- *Regular, important or significant collaboration:* the spouse's work is considered regular and important when, in the tax return, the corresponding question is answered in the affirmative and the deduction for double income is applied. In accordance with the provisions applicable in all cantons, which are contained in the instructions for personal income tax returns (for direct federal tax 2017, FTA 2017) and in the support documents (Introduction to Personal Income Tax; FTA 2019), a collaboration is recognised as regular and significant if it generates an annual salary equivalent to the deduction for a two-earner couple (i.e. CHF 8,100 for direct federal tax; 2019).
- *Does not have another sufficiently high income:* the spouse's own income is not sufficiently high if the amount he or she declares as annual income (gross salary from a dependent or self-employed activity) is less than CHF 21,330 (threshold for affiliation to the 2nd pillar; 2019).

The proposed new regulations on social security cover apply to married couples as well as couples in registered partnerships, as the latter are treated in the same way as married couples for tax purposes. On the other hand, it does not apply to cohabiting couples; the reasons for this are as follows: on the one hand, the cohabiting partner who collaborates in the exploitation is considered to be extra-familial labour and, unlike family labour, is therefore *not* excluded from certain social insurance schemes. On the other hand, since cohabitants are taxed separately, it is not only difficult but also delicate from a data protection point of view to establish the correspondence between a cohabitee and a farm (cf. also para. 5.1.3.1).

Al. 2

In view of the new letter i, the Federal Council plans to incorporate the control points set by the EEC in its 2017 recommendations on the implementation of basic controls on farms into the PERs (see also 5.1.3.2).

Al. 3, let. b

At present, the Federal Council is obliged to set values and requirements for peasant farms (reference from the current Art. 70a para. 3 let. b to Art. 70a para. 1 let. b). Under the implementing orders based on this provision, legal persons engaged in year-round farming operations were excluded from direct payments (with a few exceptions). The amendment to Art. 70 para. 1 renders this provision obsolete and the reference to Art. 70a para. 1 let. a can be deleted.

Al. 3, let. c

The new letter c takes over the current provisions of letter d, but the reference to exceptions to the standard UMOS cap can be deleted.

Al. 3, let. d

Letter d maintains the possibility for the Federal Council to exclude certain farms or farmers from direct payments under the "peasant farm" criterion. Farms that keep livestock in excess of the maximum allowable load will continue to be considered non-farmers.

Since legal persons are now also eligible for contributions (Art. 70 para. 1), let. e can be repealed. Holdings or persons not fulfilling the requirements referred to in letter d shall not receive direct payments.

Al. 3, let. e

Letter e obliges the Federal Council to set age and VET/PET requirements for legal entities. It is planned that legal entities will have to notify the cantonal agricultural service of who their head of holding is. This does not represent an additional administrative burden, as a person responsible must already be designated and announced under the legislation on epizootic diseases, for example, or activities subject to the obligation to announce. Farm managers must be employed at a minimum level of activity by the legal entity, must work on the holding (as a sole holder) and must fulfil the conditions relating to vocational training and age (cf. also 5.1.3.1).

Al. 3, let. f

The possibility of limiting direct payments by UMOS according to the old letter c is deleted. This capping has only had an effect on farms specialising in arable crops. These require relatively little work and are therefore valued at 0.022 UMOS per hectare. In view of the ceiling of CHF 70,000 per UMOS, arable crops are entitled to a maximum of CHF 1,540 per hectare. Therefore, for one hectare of cereals, for example, only the basic contributions for security of supply plus additional contributions for open land and perennial crops (1300 francs per hectare in total) do not reach the ceiling; if contributions for participation in an extensive or organic farming programme are added, they must be reduced, as the ceiling is reached. This effect is contrary to the purpose of the cap, which was not to encourage an excessive expansion of ecological compensation areas.

The current letter f stipulates that the Federal Council sets limit values above which area contributions are staggered or reduced. Currently, core contributions for security of supply are staggered and contributions to biodiversity are made for only 50 per cent of the UAA. This regulation is replaced by the provision that the Federal Council may limit the total amount of contributions per operation or per type of contribution. These new limitations are more targeted and simpler to apply. The limit for the total amount of contributions per holding will probably be set at 150,000 francs. For farming communities, it will increase in line with the number of member farms, as is currently the case for staggered contributions. It is estimated that around 1,500 or 3% of farms will be affected by this ceiling and that the amount of the reductions will be in the region of CHF 12 million (see also 5.1.3.1).

Art. 71, para. 1, let. a

In the cultivated landscape contributions, the zone-based contribution paid to encourage farming in the individual zones (open landscape contribution) is abolished and the funds thus released are transferred in full to the zone-based contributions under the category of security of supply contributions.

The other contributions to the cultivated landscape (contribution for sloping land, contribution for steeply sloping land, contribution for sloping wine-growing areas, alpine grazing contribution and summer grazing contribution) remain unchanged (see also Section 5.1.3.3).

Art. 72

Al. 1, let. a

The contribution, which is graduated according to area (paragraph 1(a)), is paid on an area basis and is progressive from the lowland region to mountain region IV. It will therefore also be poured in the plain area. A minimum livestock load is no longer required (see also Section 5.1.3.3).

Al. 1, let. b

The amount of the contribution for open land and perennial crops (paragraph 1 letter b) will be increased (see also 5.1.3.3).

Art. 73

The current system, with contributions according to three quality levels and contributions to networking, is essentially maintained. Quality Levels I and II will therefore continue to benefit from contributions to biodiversity. From 2025 onwards, only the networking contributions will be transferred to the contributions for agriculture adapted to local conditions (Art. 76). The amendments to Art. 73 of the AgrG allow, on the one hand, additional contributions to be paid to farms that provide special services in favour of biodiversity. On the other hand, they also allow contributions to be

made to operators who use a fee-based advisory service for the preservation of biodiversity (cf. 5.1.3.4).

Art. 74

These contributions are integrated into the new contributions for agriculture adapted to local conditions (Art. 76a).

Art. 75

L'al. 1 letter b is reworded so that results-oriented elements such as the reduction of ammonia emissions can be included in the contributions to the production system (cf. 5.1.3.5). In addition, the law no longer explicitly prescribes a contribution per hectare, so that contributions for result-oriented measures can partly be granted per holding.

L'al. 1, letter d, introduces a new contribution for the promotion of animal health (cf. 5.1.3.5).

Art. 76

These contributions are included in the contributions to the production system (Art. 75) and Art. 76 is therefore repealed (cf. para. 5.1.3.5).

Art. 76a

Al. 1

Contributions for agriculture adapted to local conditions bring together in a single instrument the types of direct payments linked to projects for networking areas to promote biodiversity (Art. 73(1)(c)) and landscape quality projects (Art. 74) which were previously specifically mentioned. Ongoing measures (contribution to networking, landscape quality) will be repealed at the end of the transition period, i.e. by the end of 2024. The contributions for locally adapted agriculture will also be used to support regional measures aimed at the sustainable use of resources. The aim is to promote the adaptation of agriculture to natural site conditions, particularly in situations where ecological issues have to be tackled on a business-to-business basis (e.g. dispersal of substances in fragile ecosystems, provision of ecological infrastructure) (cf. Section 5.1.3.6).

Al. 2

The basic principles developed so far in separate projects in the thematic areas of regional biodiversity (ecological networking) and landscape quality are to be supplemented by basic principles in the field of sustainable use of natural resources and will now be combined in a multi-thematic regional project. The content of the project must be defined in the form of a RAS. The SAR should contain an analysis of the situation in the region, identify the need for action in the various sub-areas and formulate objectives if action is required. Appropriate measures to achieve these objectives and the direct payments provided for to this end should also be defined in the RAS. The payment of contributions for agriculture adapted to local conditions presupposes the approval of a SAR.

By analogy with the current regulations under Art. 17 RAS, an additional contribution is provided for structural improvement measures that are particularly effective in achieving the objectives of the RAS. A supplement of 10% of the project cost may thus be granted for measures in the field of buildings or civil engineering in rural areas or for RDPs. The contribution is entirely financed by the Confederation (cf. 5.1.5.1).

The duration of the projects is eight years, analogous to that of the current networking and landscape quality projects. The Confederation supports the cantons in the development and implementation of projects by making a financial contribution to the strategy process (cf. 5.1.5.1) and by providing appropriate basic documentation. For the situation analysis, this documentation will include, for example, explicit data on deficiencies in AEOs or models to evaluate planned remedial measures (e.g., with respect to PPh inputs to waters, nitrates in water intakes, ammonia emissions). The environmental data to be taken into account in the analysis of the situation will be determined on the basis of experience with the pilot projects currently under way (cf. section 5.1.3.7).

Al. 3

The principle of these contributions is based on the current rules governing contributions to landscape quality.

The financing of the ACL contributions defined in the SARs is provided jointly by the cantons and the Confederation, with the latter's share amounting to a maximum of 90% of the contributions. Subject to any requirements under para. 4, the cantons may submit proposals for the allocation of financial resources that take account of the priorities defined in the SAR. It will be necessary to ensure that the objectives set can be achieved in the three thematic areas during the eight-year period corresponding to the duration of the SAR.

In contrast to the usual approach in the design of promotion instruments, in this case the Confederation will offer the responsible bodies a range of measures that have proved their worth in other programmes and will be promoted according to uniform criteria (e.g. amount of contribution, conditions and charges, controls). The cantons and the responsible bodies may also propose other regional measures to complement those of the Confederation.

Al. 4

In order to provide greater planning security for the cantons or the agencies responsible for developing SAR measures, it will be possible to set a ceiling on contributions for agriculture adapted to local conditions. This will be a ceiling per canton, project or thematic area in accordance with para. 1, letters a to c (regional biodiversity, landscape quality, sustainable use of natural resources). This possibility of capping contributions is intended in particular to ensure that the objective pursued is achieved by preventing the redistribution of financial resources between the different parts of a RAS.

Art. 77

Al. 2

The basis for calculating the appropriation available for transitional contributions has been reformulated in accordance with the new version of the relevant articles.

Al. 3

L'al. 3 regulates the principle of calculating the individual basic value, which is the basis for calculating the annual transitional contribution.

Al. 4

The method of calculation is laid down by the Federal Council in the OPD. The ceiling on transitional contributions based on income and asset limits is abolished. It had little effect, but in some cases generated heavy administrative burdens for the cantons (cf. 5.1.3.7).

Art. 86b

The proposed new measure for temporary crop insurance support falls under Title 4 of the Act. This is now entitled "Risk management on farms", replacing "Social support measures". This change is justified by the fact that both the existing measure to support farmers (Articles 78 to 86) and the new measure (Article 86b) are intended to support farmers in the area of farm risk management. Aid to farmers is used to help farmers facing temporary financial difficulties for which they are not responsible, while contributions to the reduction of crop insurance premiums support efforts to avoid liquidity problems in the event of extreme weather events.

Al. 1

The main objective of the new measure is to improve the coverage of the risks of crop fluctuations due to weather conditions. In concrete terms, the aim is to reduce crop insurance premiums and thus improve market penetration. This support is limited to insurance products that cover risks occurring on a large scale, such as drought and frost. No support is provided for the risk of hail.

Al. 2

The financial resources made available by the Confederation for the reduction of insurance premiums are intended for the insured operators. Contributions can in principle be paid either directly to the insured or to the insurers, who redistribute them to the farmers. For reasons of administrative simplification, the solution of payment by insurers has been chosen. A similar procedure is already in force for the reduction of health insurance premiums in accordance with the Federal Law on Health Insurance (KVG/LAMal) of 18 March 1994¹³⁴ (cf. Art. 65, para. 1, KVG/LAMal). On the other hand, it is specified that insurers must use the contributions exclusively for the reduction of premiums. Insurers must provide proof of this to the Confederation.

Al. 3

¹³⁴ RS 832.10

The contribution rate is set at 30 per cent. Thus, the insurer's transaction costs will be covered in the first instance, so that there will be no net transfer of income to agriculture.

Al. 4

The Federal Council regulates the details of the measure. It shall determine the exact rate of contributions, taking into account para. 3 and determines which insurance policies are supported. It is planned to require a deductible of between 15 and 30% from the insured.

Al. 5

Temporary crop insurance support is intended to provide farmers with better coverage against risks related to large-scale weather conditions. Farmers who do not take out insurance with a state premium reduction will not be entitled to claim any further federal assistance in the event of damage.

Art. 87

In the title, the word "principle" is replaced by "aim". The purpose of this article is to indicate that this article sets out the aims of structural improvement measures. As currently drafted, s. 87 reflects general objectives, but not actual goals. For example: letter a sets out the objective of "reducing production costs", without mentioning the competitiveness factor; letter c mentions an objective which, in view of its importance and the financial resources currently allocated to it (CHF 3.1 million in 2016), is more of a partial objective than a higher objective; and letter e ("restoring small water-courses to a state close to natural conditions") does not indicate a goal, but a measure to promote biodiversity. Art. 87 is therefore amended as follows (cf. 5.1.5.1):

- The letter now states that the aim is to strengthen the competitiveness of farms in the broadest sense, which, in addition to reducing production costs, includes improving added value (including increasing entrepreneurial scope).
- In letter b, the current wording "improve living conditions" is replaced by "improve working and living conditions". In its 2015 assessment, the SFAO emphasised that improving working conditions is one of the main objectives of investment aid. The reference to the improvement of living conditions as a goal can be retained, since investment credits for managers' housing (para. 5.1.5.3) remain possible.
- Letter c states the aim "to protect and improve the productive capacity of agriculture". This overarching objective includes the improvement and protection of agricultural infrastructure, but also the partial objectives "conservation and improvement of soil fertility" and "securing the operation of the farm over the whole territory". The objective of "protection against natural hazards" or "protection of cultivated land and rural facilities and buildings against devastation or destruction caused by natural phenomena" is thus no longer a higher objective, but is included in the new formulation of the objective.

- Letter d emphasizes "encouraging environmentally and animal-friendly production". The aim of promoting spatial planning objectives, which is included in the current letter d, relates only to integral land improvements and is therefore now regarded as a partial objective included in letter e ("strengthening rural areas"). Since the article sets out higher aims, letter d does not mention the distinction between "animal-friendly production methods" (within the meaning of Article 75 (1) (c)) and "animal health" (within the meaning of Article 75 (1) (d)).
- Under the heading "strengthening rural areas, in particular mountain regions", the new letter e now considers as a higher and autonomous objective a goal hitherto set out in the second part of letter b (improving the economic conditions of rural areas). This objective includes as partial objectives the strengthening of intersectoral cooperation, the preservation of agricultural holdings and the achievement of spatial planning objectives. The explicit mention of the mountain region - as part of the countryside - underlines the objective of taking account of the specific farming difficulties of this region.

Art. 87a

Al. 1

Up to now, the measures encouraged in the context of structural improvements have been included in various articles of Title 5. In order to improve the overview, al. 1 of Art. 87a now stipulates which categories of measures are supported by means of structural improvements (see also 5.1.5.1). The allocation of the numerous individual structural improvement measures to the categories of measures in Art. 87a para. 1 (P-LAgr) is shown in Table 18. Concrete provisions in this area will be defined by the Federal Council in the OAS.

Table 18

Assignment of individual measures to the categories of measures under Art. 87a para. 1 of the Lgr.

Rural engineering measures	
Let. a, c. 1: Land Improvements	
a.	Simple parcel divisions for the consolidation of land ownership or leased land
b.	Integral land improvements that take into account the interests of agriculture and other stakeholders and that contribute to the conservation of natural resources and the measured use of the land
Let. a, c. 2: Agricultural transport infrastructure	
a.	Road and path construction
b.	Transport facilities
Let. a, c. 3: Installations and measures in the field of soil moisture regime	
a.	Irrigation facilities

	b. Drainage systems
Let. a, ch. 4: Basic infrastructure in rural areas	
	a. Water supply
	b. Grid connection
	c. Broadband connections
Let. b, c. 1: Buildings and installations used for the processing, storage or marketing of regional agricultural products	
	a. Community buildings and facilities owned by producers
	b. Buildings and installations belonging to small craft enterprises active at least in the first processing stage
	c. Individual farm buildings and facilities
Let. b, c. 2: Farm buildings, dwelling buildings and farm installations	
	a. Operating buildings and their fixed installations
	b. Buildings for mountain pasture exploitation and their fixed installations
	c. Farm manager's apartment
	d. Facilities for special crops and renewal of perennial crops
Letters b, c. 3: Measures to diversify activities in the agricultural sector	
Individual buildings and facilities for the diversification of agricultural activities	
Buildings and collective installations for the production of energy from biomass	
Let. c: Regional development projects	
RDPs and projects to promote regional products derived mainly from agricultural activity	
Let. d, ch. 1: Measures to encourage healthy livestock and environmentally friendly production	
	a. Buildings, installations, vehicles and machines as well as applications based on digital technologies and automation with positive effects on the environment and on animal health and welfare.
Letters d, c. 2: Measures to encourage inter-farm collaboration	
	a. Collective initiatives by producers to lower production costs
	b. Collective purchase of machines, installations and vehicles to streamline operations
	c. Implementation of self-help solutions for farmers in the areas of market-oriented production and farm management.
Letters d, c. 3: Measures to encourage the takeover of farms and farm buildings	

	a. Initial aid for young farmers operating a farm owned or leased by the farmer
	b. Support for farmers taking over an agricultural business
	c. Support for the acquisition of an agricultural property
Let. d, c. 4: Development of regional agricultural strategies	
	a. Planning and design tasks of a planning element for the coordinated (inter-sectoral) development of a defined area within a regional perimeter

The Federal Council is responsible for the precise definition and classification of the measures promoted under Article 96 or benefiting from investment credits under Article 106.

The new Article 87a of the Ley de Gobierno also makes it possible to repeal articles in Title 5 of the Act (in particular Articles 94 and 107a). Finally, the systematics of Title 5 is improved.

Al. 2

A distinction is made between individual and collective measures.

Art. 88

A distinction is made between collective measures and large-scale collective measures.

The collective measures referred to in para. 2 shall be supported provided that at least two undertakings referred to in Article 89 participate in it or that it concerns a summer farm or a small craft undertaking processing agricultural raw materials.

The large-scale collective measures referred to in para. 3 are a specific form of collective measures, such as land consolidation (Art. 87a para. 1 let. a, para. 1), agricultural transport infrastructure measures (Art. 87a para. 1 let. a, para. 2; cf. Arts. 11 and 14 RAS) or RDPs (Art. 87a para. 1 let. c).

Art. 89, para. 1, subpara. b, g and h, and 3

The conditions governing support for individual measures are all grouped together in one article. The new regulations for the assessment of economic viability are implemented in al. 1, lit. b (see 5.1.5.2). The existing individual provisions on private use and building rights, hitherto contained in Art. 96 (2) and (3) and Art. 106 (1), (2) (c) and (5), are incorporated in Art. 96 (2) and (3). 1, let. g and h, and 3.

Art. 93

This article regulates the principles applying to the granting of contributions. In view of the new Art. 87a, support for individual measures is no longer regulated in Art. 93 para. 1.

L'al. 2 gives the Federal Council the power to set the rate of contribution (hitherto Art. 95 paras. 1 and 2). The Act now provides for only one maximum contribution rate,

namely 50%, which applies to the two cases referred to in the current s. 95, namely that of para. 1 (40%) and that of al. 2 (50%, in the mountain region). The exceptional increase in the maximum federal contribution rate from 50% to 60% also makes it possible to grant an additional contribution on the basis of a SAR for large-scale collective measures in the mountain and summer region. At present, such projects may be supported by a federal contribution of up to 50%. The incentive for a RAS would no longer be present for these farms, since without an increase in the maximum contribution rate to 60%, no additional contribution can be granted.

As hitherto, the payment of federal contributions for structural improvements is linked to equitable participation by the canton concerned (para. 3). With the increase in the maximum federal contribution rate, it was also decided that the responsible bodies will now have to contribute a certain proportion of the project costs. A contribution of at least 5% of the chargeable costs is foreseen. It contributes to a better identification of promoters with the projects and to ensuring that only truly necessary projects are carried out.

In accordance with al. 4, the Confederation may continue to grant a supplement of up to 20 percent to the 60 percent contribution to remedy the particularly severe consequences of exceptional natural events (hitherto Art. 95 para. 3).

The Federal Council remains responsible for setting the contribution rate and the chargeable costs (para. 5). The contribution rates may be differentiated according to the type of measure. They will be lower for the individual measures referred to in Article 89 than for the collective measures referred to in Article 88, and among the latter, those with a large-scale collective dimension will be supported more.

L'al. 6 corresponds to the current para. 4.

Art. 94

The current Art. 94 is repealed, as the measures it defines are now contained in the new Art. 87a para. 1.

Art. 95

Art. 95 is repealed because the provisions of paras. 1-3 are now included in Art. 93 paras. 2 and 3.

The current provision of al. 4, which regulates the periodic reclamation (PER) of land improvements, is no longer included in the Act (art. 95 para. 4). For reasons of consistency, it must be regulated at the ordinance level, as are "basic documentation" and "securing and reconstruction" in connection with natural events. These three measures will therefore be grouped together in the OAS.

Art. 95 now specifies the categories of measures under Art. 87a para. 1, under which individual measures may be supported by means of contributions.

Contributions may now be allocated for individual measures in the field of processing, storage and marketing of regional agricultural products (Art. 87a para. 1 let. b, para. 1). These activities are intrinsically part of agriculture (art. 3 (1)). This change contributes to better consistency between individual measures and the RDPs.

The contributions for diversification within the framework of individual projects under Art. 87a para. 1 let. b no. 3 are also new (harmonisation with the RDPs). Diversification projects that have a concrete and close link with the agricultural enterprise (e.g. agrotourism) may be authorised provided that they use existing buildings (Art. 24b, para. 1bis, LAT).

The following individual measures belonging to the categories of measures under Art. 87a para. 1 are not supported by contributions for individual measures :

- to let. b, c. 1, processing, storage and marketing by several producers and by small enterprises, and
- to letter b, ch. 2, alpine buildings (collective measure), installations for special crops (only investment credits) and housing for farm managers (only investment credits).

Art. 96

This article indicates the categories of measures referred to in Art. 87a para. 1 under which collective measures can be supported by means of contributions. Support for small craft enterprises is now a collective measure.

The following individual measures belonging to the categories of supported measures are not supported by contributions for collective measures individual measures for processing, storage and marketing (Art. 87a para. 1 let. b No. 1) and farm and residential buildings as well as installations for special crops in accordance with Art. 87a para. 1 let. b No. 2 (individual measures or only investment credits).

Art. 97, paras. 1, 2 and 6

Since Articles 95 and 96 now define precisely which measures benefit from contributions, it is no longer necessary to specify in Article 97 paragraph 1 for which projects the approval of the canton is required. For the purpose of administrative simplification, al. 2 stipulates that the cantons must now only request the FOAG's opinion for projects in which a federal inventory is involved. For other projects, the opinion is optional (see also point 5.1.5.4).

L'al. 6 is repealed as the exception is now set out in para. 2.

Art. 97a

This article was introduced as part of the reform of financial equalization and the division of tasks between the Confederation and the cantons (FPS). It has never been applied and is therefore repealed.

Art. 98

The reference to Art. 87a para. 1 is adapted.

Art. 105

The principles governing the allocation of investment credits remain enshrined in Art. 105. As a result of the new Art. 87a, individual measures supported by investment credits are no longer regulated in Art. 105 (similar amendment to Art. 93).

Paragraphs 2 to 7 contain the provisions hitherto contained in paragraphs 1 to 4 and in Art. 106 (3) and (5).

Art. 106

Art. 106 specifies the categories of measures under Art. 87a para. 1 under which individual measures may be supported by means of investment credits. The following measures in the categories of measures under Art. 87a para. 1 are not supported by investment loans for individual measures:

- processing, storage and marketing by several producers and by small enterprises (letter b, para. 1),
- buildings on alpine pasture farms (let. b, ch. 2), and
- collective installations in the field of energy production from biomass (let. b, para. 3) (all are collective measures).

All the paragraphs of the current Art. 106 can be repealed, as the provisions are transferred to Art. 87a, 89 or 105.

Art. 107

Art. 107 specifies the categories of measures under Art. 87a para. 1, under which collective measures may be supported by means of investment credits. In principle, collective measures under Art. 87a para. 1 letters a, b, c and d para. 2 are supported by means of investment credits. There are, however, a few exceptions, which relate to letter b, ch. 2 and 3, and are explicitly part of the individual measures. It's about:

- to letter b, ch. 2, farm buildings and accommodation for farm managers and facilities for special crops, and
- to let. b, c. 3, of buildings and facilities for diversification activities.

The possibility of granting investment credits in the form of construction loans corresponds to the wording of the current para. 2.

Art. 107a

The granting of investment loans to small craft businesses is now governed by Art. 107 and Art. 87a para. 1 let. The delegation of competence to the Federal Council contained in the present paragraph 2 is now contained in article 105, paragraph 7. Therefore, s. 107a can be repealed.

Art. 113

See 5.1.6.1.

Art. 114 to 117

See 5.1.6.2.

Art. 118 and 119

See 5.1.6.3.

Art. 120 and 121

See 5.1.6.4.

Art. 141

The collection and evaluation of data in the field of zootechnical measures should be given increased support. The measures to be supported are listed in para. (3) It is envisaged that the Confederation may subsidiarily finance the recording and evaluation of traits with a view to improving the following qualities: profitability, product quality, environmental impact, animal health and welfare and efficient use of resources. Selection support also covers, in addition to characterisation, the appropriate statistical processing of data in order to obtain reliable and useful selection criteria. With regard to the keeping of herd books, it is provided that contributions to support selection will be paid only if these records are kept centrally by species. In the medium term, this should promote uniform management of data by species and simplify administrative work for both the private and public sectors.

Paragraphs 5 and 6 are taken over from the present Art. 143. These are purely formal adaptations.

Art. 142 to 144

Revised article 141 incorporates provisions relating to the design of contributions, the conditions for granting them and the recognition of organizations. The current ss. 142, 143 and 144 can therefore be repealed.

Art. 146a

The addition "cloned animals" takes into account the current discussion in the EU on the ban on cloning food-producing animals. It is planned to ban not only the cloning of production animals, but also the import of live cloned animals and food products derived from such animals, such as meat or milk.

Art. 146b

The addition of this provision is necessary to promote the collection, networking, use and exploitation of data in order to contribute to a better use of synergies.

Art. 147

The legal basis for the Swiss National Stud is moved (new Art. 121), so Art. 147 can be repealed.

Art. 149, para. 2

This paragraph may be repealed, since the delegation to the Federal Council of the enactment of regulations for the protection of plant material against particularly dangerous harmful organisms is regulated in greater detail in Articles 152 and 153.

Art. 151 and 152

The obligation to take account of the principles of plant protection is too general and non-justiciable; it is therefore possible to delete this provision. The compulsory notification is moved to Art. 152 para. 2bis, which allows Art. 151 to be repealed.

Art. 153a

See 5.1.7.1.

Art. 156, para. 1

See 5.1.7.1.

*Art. 160b**Al. 1*

Organisations entitled to appeal under Art. 12 (1) (b) NPA may apply for party status for plant protection products within 14 days of being informed of a procedure. Unlike the time limit for appeal, which is usually 30 days, since the parties must accompany the appeal with a statement of reasons, only the application for party status is required here. For this reason, a period of 14 days is justified (para. 1).

The provision in Art. 12 para. 1 let. b NPA concerning the status of part of the organisations entitled to appeal is a *lex specialis* in relation to Art. 12b NPA. Unlike the NPA, the organizations entitled to appeal must be included in the administrative procedure - before the decision is made - and have access to the files.

Al. 2

The organization that waives party status waives its right to participate in the procedure and no further appeal will be possible.

Al. 3

In accordance with article 30, paragraph 1, of the Federal Act of 20 December 1968 on Administrative Procedure (AP),¹³⁵ the authorities shall hear the parties before taking a decision. Consequently, in the authorization procedures for PPh, the authorization authority must in principle also hear the organizations entitled to appeal under

¹³⁵ RS 172.021

Art. 12 para. 1 let. b NPA that have been granted party status before issuing a decision. Exceptionally, the prior hearing of the parties may be waived in certain situations in accordance with Art. 30, para. 2, AP. Under Art. 30 para. 2 (e) AP, the trial authority is not obliged to hear the parties before making a decision if there is imminent danger, the parties have the right to appeal against the decision and no other provision of federal law guarantees them the right to a prior hearing.

The authorisation procedure for a PPh is, on the one hand, an administrative procedure of first instance and, on the other hand, organisations can appeal under Art. 12 para. 1 let. b NPA. Accordingly, in the licensing procedures for PPh, the licensing authority may waive a hearing of the organizations entitled to appeal under Art. 12 para. 1 let. b NPA if the danger is imminent. This applies, for example, to emergency authorisations in accordance with Art. 40 of the Ordinance on Plant Protection Products of 12 May 2010 (OPPh)¹³⁶.

Al. 4

The details of the procedure, such as the form of the information on a PPh procedure, are determined by the Federal Council.

Art. 164a

In order to ensure the effectiveness of the proposed measures to reduce nitrogen and phosphorus losses on the basis of the manure balance (cf. 5.1.1.4 and 5.1.3.2), the database on nutrient flows on farms must be improved. The current practice of self-declaration of nutrient use does not allow sufficient control. If, with a tightening of the manure balance requirements, farms can continue to declare their nutrient inputs themselves, the risk of false declarations increases. The problem could be further aggravated if, due to the non-achievement of the target, the manure balance is further corrected downwards. Data collection can be considerably simplified and, at the same time, the database improved by replacing the complex and inaccurate self-declaration by recording deliveries of nutrients (feed and mineral fertilisers) from suppliers in a simple digital information system.

Art. 166

Al. 1

To date, the FOAG is the first instance to appeal against the decisions of the appeals commissions of the certification and inspection bodies. This jurisdiction will be removed. These decisions can now be brought directly before the Federal Administrative Court. On the one hand, it will shorten the judicial process, which is currently too long. On the other hand, a better separation of powers will be ensured by the fact that the FOAG will act exclusively as a supervisory authority vis-à-vis these certification or inspection bodies. For the rest, reference is made to 5.1.8.1.

Al. 2 and 3

¹³⁶ SR 916.161

Under the agreement, the FOAG may not, due to the lack of a legal basis, take legal action against cantonal decisions that violate the agreement. This problem arose in particular in the case of the admissibility of a name for spirits under the agricultural agreement, where the FOAG could not appeal against the decision of a cantonal authority. The legal basis for the FOAG and other authorities to appeal against decisions of cantonal authorities to the TAF is currently lacking. This results in unequal treatment in comparison with designations protected under the PDO and PGI Ordinance. This gap is filled by the extension of legal protection, with the possibility of challenging decisions concerning areas protected by the agricultural agreement and the FOAG's right of appeal.

The FOAG shall be entitled to use the remedies provided by cantonal and federal legislation against decisions of the cantonal authorities relating to the application of this Act and its implementing provisions. The cantonal authorities must notify the FOAG immediately and free of charge of their decisions. The Federal Council may provide for exceptions. Under the new regulations, the FOAG can no longer challenge cantonal decisions on farm aid loans and investment loans below the limit set by the Federal Council under Articles 81 paragraph 1 and 108 paragraph 1 (see also 5.1.8.1).

Art. 168, para. 2

See 5.1.8.5.

Art. 170, para. 2bis

For the sake of consistency with Art. 70a, which now incorporates the provisions of the NPA as a condition for obtaining direct payments, these provisions must also be provided as grounds for refusing or reducing such payments.

Art. 172, para. 1, ^{2nd} sentence

The repeal of the provision that allowed the cantons to set up control bodies requires the adaptation of this article. The reference to supervisory bodies is deleted.

Art. 173, para. 1, subpara. f, g, quater and h

The abolition of the applicability of this provision in the event of non-compliance with the provisions relating to the classification of wines has the effect that such non-compliance will in future be punishable exclusively under Article 172. The same penal standard thus applies to wines with designations of origin, local wines and table wines as it does to agricultural products with designations of origin. This results in equal treatment between protected designations. It should be made clear that the present article 173, given its subsidiary character, does not apply in any event to the non-compliance in question. However, it remains applicable in the event of non-compliance with the requirements for wine classification according to Art. 63, para. 4 (such as *Selection* or *Château*). This is justified insofar as these terms are not intangible rights. All other unauthorised uses in connection with wine appellations will in future fall exclusively under Art. 172: wines with a registered designation of origin without a traditional appellation (e.g. *AOC Chablais*) or with their own traditional appellation (e.g. *AOC Chablais*) or with their own traditional appellation (e.g. *AOC Chablais*)

will be subject to Art. 172. e.g. *AOC Valais, Fendant*), vins de pays without traditional appellation (e.g. Vin de pays, *Chasselas romand*) or with their own traditional appellation (e.g. Vin de pays, *Goron*) as well as table wines (e.g. vins de table, *Swiss wine*).

The provisions of Art. 173 para. 1 let. g quater, already in force in the event of non-compliance with the precautionary measures ordered under Art. 148a, are extended to the precautionary measures ordered under Art. 165a.

In the chapter entitled "Plant Protection", s. 151 is repealed and s. 153a is added. Art. 173 para. 1 let. h must therefore also be amended. In addition, the new wording indicates more precisely the purpose of the regulation of the article that is the subject of the referral.

Art. 179, para. 2, 1st sentence

In order to guarantee the high level of supervision of structural improvement measures, the Confederation is empowered to reduce contributions and investment credits, demand their return or refuse to grant them to a canton that does not implement the law or implements it incorrectly (cf. also 5.1.5.4 and 5.1.9.1).

Art. 180, para. 2, 3rd sentence

The certification bodies that monitor protected agricultural designations such as AOC and PGI products, organic products and mountain and alpine products are subject to supervision by the FOAG. However, the obligation for them to report to the FOAG on their activities and accounts would go too far. L'al. 2 is amended accordingly.

Art. 181, para. 7

Laboratory analysis of plant samples is expensive. Financing by the cantons is difficult to implement; if this is the case, heterogeneous or deficient implementation should be expected. Federal funding is ultimately much more cost-effective (quantity discount; no work/administrative costs for the cantons). In order to achieve the desired increase in the effectiveness of plant protection product controls, the Confederation must therefore be able to cover the costs of laboratories (see 5.1.9.3).

Art. 185, para. 3bis

See 5.1.9.4.

Art. 187e

Al. 1

Contributions to biodiversity to promote networking and contributions to landscape quality are granted until the end of 2024 in accordance with current law. New or extended networking and landscape quality projects must therefore be completed by this deadline. The transitional regulations provide greater planning security for farms and give the cantons sufficient time to draw up SARs (Art. 76a).

Al. 2

With the amendment of Art. 166, which provides for an exception for appeals against decisions of the appeal boards of the certification bodies responsible for the control of designations in accordance with Art. 14, it was necessary to clarify the law applicable to the procedures in progress when the revision of the ADAGR.

Amendment of other acts

Water Protection Act

Art. 14, para. 4, 1st sentence

The amount of farmyard manure allowed per hectare is increased from 3 units to 2.5 LFU. This measure limits the possibility of spreading too much fertiliser per hectare and contributes to the reduction of nutrient surpluses. The proposed change stems from the need to further reduce these surpluses in order to reach the AEOs. The reduction in the number of LUFs allowed per hectare has been announced as part of the measures proposed as an alternative to the Clean Drinking Water Initiative.

In the German and Italian versions, the first sentence of Art. 14 para. 4 must be adapted, because according to Art. 14 para. 8 of the Water Act, a LUGBF corresponds to a quantity of fertiliser and not to an animal. The French version already corresponds to the new German text.

Paragraphs 6 and 6bis

An amendment in French and Italian is necessary because the German terms "Bodenbelastbarkeit", translated respectively as "la charge du sol en polluants" and "la capacità del suolo di sopportare aggravati inquinanti" are misleading: we are not talking here about soil pollutants, we are talking about farmyard manure, in particular liquid fertilizers. This term should be understood as the amount of farmyard manure that the soil is able to hold. The "pollutant load of the soil" thus becomes in French the "capacité de rétention du sol", and in Italian the "capacità di ritenzione del suolo".

Intensive livestock farming is a major cause of nitrogen and phosphorus losses. As noted above, the amount of farmyard manure allowed per hectare under al. 4 must be reduced from 3 to 2.5 LFU until 2022. If the reduction targets in accordance with Art. 6a AGG are not achieved, the Federal Council cannot currently lower the limit values without a delegation standard. The introduction of Art. 14, para. 6bis gives him this possibility (cf. 5.1.10.1).

Civil Service Act

Art. 4, para. 2, let. c

See 5.1.10.2.

Forestry Act

The amendment of Art. 166 of the AgrG, which provides for an exception in the legal remedies against the decisions of the appeal boards of the certification and inspection bodies responsible for monitoring the designations referred to in Art. 14 and 63 of the AgrG, requires an adaptation of the Forest Act (Art. 41a FA). Thus, the above-mentioned exception also applies to the certification of silvicultural names. That's why al. 2 is supplemented by the term "and legal protection". In the same vein, it is necessary for the legislator to provide for the Federal Council to be able to delegate the control of forestry designations to private organisations and companies. A provision is already provided for in Art. 180 of the LGBa for the execution of the LGBa.

6.2 Federal Act on Rural Land Law

Replacement of an expression

(Art. 79, para. 4, 88, para. 2, 90, para. 2, and 91, para. 3)

Jurisdiction over the IRPA will, upon coming into force, be transferred from the FJPD to the DFRD. Therefore, in the provisions concerned, the reference to the FDJP should be replaced by a reference to the DEFR. The Ordinance of 17 November 1999 on the Organisation of the Federal Department of Justice and Police (org FDJP)¹³⁷, the Ordinance of 14 June 1999 on the Organisation of the Federal Department of Economic Affairs, Education and Research (org DEFR)¹³⁸ and the Ordinance of 4 October 1993 on Rural Land Law (ODFR)¹³⁹ will be adapted within the framework of the next set of agricultural ordinances.

Preamble

The preamble refers again to the Constitution of 29 May 1874 (aCst.). It is therefore amended to refer to the provisions of the Constitution of 18 April 1999. Art. 31octies and 64 aCst correspond to the current art. 104 and 122 Cst. Art. 22 aCst. corresponds to the current art. 26 Cst. but the latter is not mentioned in the preamble since it does not regulate legislative jurisdiction.

Art. 1, para. 1, let. a

The purpose article is adapted to the text of the Constitution in force. The current Art. 1 is still based on Art. 31bis aCst. Art. 104 of the Swiss Constitution speaks of an agriculture which, by producing goods in line with market requirements, makes a substantial contribution to the supply of the population, the conservation of natural resources, the maintenance of the landscape and the decentralised use of the land. Adaptations to the preamble and statement of purpose are formal in nature.

Art. 3, para. 5

At present, Art. 4 para. 2 only provides that the provisions on agricultural enterprises also apply to majority holdings in legal persons whose assets consist mainly of an

¹³⁷ SR 172.213.1

¹³⁸ RS 172.216.1

¹³⁹ RS 211.412.110

agricultural enterprise. Now, the provisions of the RFDA also apply to corporations whose main assets consist of farm buildings. A loophole is thus closed and the sale of shares may be subject to authorisation (Art. 61 ff.) even if there is no longer an agricultural enterprise¹⁴⁰. The status of agricultural enterprise (Articles 5 and 7) may be lost, for example, through a change of farm or the loss of land under a lease. For this reason, the system of authorisation for transfers of ownership (Art. 61 para. 3) and the right to a determination decision (Art. 84 let. b) are explicitly reserved. Since, under the FVGTA, businesses and agricultural real estate are valued at their yield value (in particular Art. 11, para. 1), it is necessary to specify that the value ratios between the various assets of a legal entity are calculated on the basis of the market value. The market value can be clearly determined using recognised methods. The cantonal list of prices permitted under Article 66 provides good guidance in this respect. However, due to insufficient basic data, lack of comparability and, in some cases, intangible heritage values not taken into account, it cannot serve as a sole reference. In the valuation of assets consisting mainly of agricultural holdings, account should also be taken of the agricultural inventory.

In addition to the authorisation regime for the acquisition of shares (Art. 61 ff.), the provisions cover repurchase, emption and pre-emptive rights within the meaning of the FCDA, as well as the public law provisions prohibiting inflated prices (Art. 66) and fixing a maximum charge (Art. 73 ff.). The heir who is deemed to be a farmer in his own right or another person with a right of first refusal may request that a majority holding in a legal person with a farm business as its main asset be allocated to them at the farm yield value (Art. 11 and Art. 42 ff.). It should also be noted that a participation in a legal person which owns agricultural real estate as its main assets can be attributed to an agricultural undertaking (Article 7) and therefore cannot be dissociated from it. Such a case could arise, for example, if a single parcel of land has been detached from a holding (severance, s. 60) for the purpose of constructing a holding building for a community business and is held as an asset of a legal person. The shares in this legal entity are part of the agricultural enterprise for which the construction of the building was authorised and carried out. The competent licensing authority lays down conditions and requirements to ensure that the prohibition of material sharing and fragmentation is complied with (now Art. 61 (2)).

Art. 4, para. 2

L'al. 2 of Art. 4 is repealed as the corresponding provision is now contained in Art. 3 para. 5.

Art. 9 Own use

The criterion of individual farming is based on Art. 104 and 104a of the Swiss Constitution, which require a sustainable agricultural policy geared towards peasant farms. One of the consequences of this is that rural land ownership needs to be consolidated. The principle of personal exploitation is therefore a key element of the

¹⁴⁰ ATF 140 II 233, point 5.6.1.

FDRA, and¹⁴¹ legal certainty and transparency in this area must be improved by means of criteria defined on the basis of doctrine and case law. Inappropriate incentives (e.g. recreational agriculture) should be minimized. The proposed revision strengthens individual farmers so that the objective of the Act, namely the promotion of land ownership, can be effectively achieved (Art. 1). Exceptions to the principle of private use are provided for so that agricultural land can be acquired for other purposes, corresponding to important or higher goals (e.g. conservation of a protected area or exploitation of natural resources). Although the exceptions mentioned in s. 64 are not exhaustive, the provision must be interpreted strictly in accordance with the aims pursued by the legislator¹⁴².

Individual farmers cultivate the soil to produce food and fodder. In doing so, they take care to protect the soil and preserve its durability (Art. 104 (1) (b) of the Federal Constitution). Arable land is a limited good and is the most important production base for agriculture. The principle of personal holding is intended to prohibit land speculation and the acquisition of agricultural land for purely financial investment purposes¹⁴³. Anyone who wishes to and has the skills to do so may exploit the land on a personal basis.

L'al. 1 defines personal operation. It stipulates that the personal farmer must, as far as possible, cultivate the fields himself and personally look after the livestock he keeps¹⁴⁴. This applies in particular to isolated plots and farms with less than 1.0 UMOS. In the case of a larger holding or a farm business, the holder personally manages these personally. An agricultural holding is defined in Art. 6 para. 1 of the Ordinance on Agricultural Terminology of 7 December 1998 (OTerm)¹⁴⁵; it does not have to be an agricultural undertaking. Agricultural enterprises with a workload of more than 1.0 UMOS may employ family members or employees, but the main part of the work must be done by the holder in a personal capacity.

L'al. 2 sets out the competencies expected of the operator in his personal capacity. They must correspond to the different cases. In view of the variety and complexity of agricultural production, the criteria should be weighted differently according to farm size, soil and climate, or type of production. For example, operating 30 acres of pasture requires less professional knowledge than operating 10 hectares of land. The operator of a pasture must not be familiar with methods of growing cereals or weeds. Farm management requires a sound knowledge of farming practices and livestock husbandry, as well as administrative and financial aspects. Theoretical knowledge alone is not decisive; the proven ability to apply it is also important. The new provision sets out the obligation to have completed vocational training. Since farms are dependent on direct payments to generate income, the training requirements set out in the DPO can be used as criteria. However, other training courses are also possible, if they are appropriate and supplemented by knowledge and practical know-how in the

¹⁴¹ ATF 115 II 181, recital 2a.

¹⁴² ATF 122 III 287, point 3a.

¹⁴³ Cf. BO E 1991 p. 151 ff.

¹⁴⁴ ATF 107 II 33, recital 2

¹⁴⁵ SR **910.91**

agricultural field. This applies in particular to farms that process and sell their products themselves. Individual operators must be willing and able to manage the operation in such a way that the economic risk associated with the operation is bearable in the long term. The specialisation of farms, the market orientation expected of farmers and the increasing demands for sustainability pose challenges. Personal operators must therefore have the corresponding physical, mental and financial resources. They must have at their disposal the installations, machinery and equipment necessary for their activity. Sharing infrequently used machinery and using the services of farm work contractors is justified from the point of view of the profitable management of a farm. On the other hand, the delegation of all work to third parties is contrary to the principle of personal exploitation. This principle presupposes the presence of the farmer and a high level of personal involvement in the cultivation of the fields and the care of the livestock. In line with the image of the country, the operator is therefore a private individual who lives on the site of the operation or in its immediate vicinity. According to the purpose article of the Act, family farms are particularly encouraged. In this case, the cooperation of family members, such as spouses or relatives, may be taken into account in the assessment of the personal exploitation criterion. Support during peak work periods or emergency situations is a decisive factor for the stability of family farms.

L'al. 3 specifies that the farmer personally provides market services with the products of his agricultural or market garden holding. He is thus clearly a market player. In the case of an agricultural holding (Art. 70 ff. Leygr, Art. 6 OTerm), the criteria that define the personal holder are, in addition to the performance of farm work and personal management and direction, the realization of an income from agricultural or market gardening production. The individual operator assumes the risks associated with the entrepreneurial activity. The income generated by the holding must contribute to meeting the family's needs. Consequently, farming activities carried out as a leisure activity, not aimed at earning an income, do not meet the criteria for a personal holding.

The cantonal licensing authorities shall monitor compliance with the conditions and, if necessary, issue a licence in accordance with Art. 61 ff. for the acquisition of companies or agricultural real estate. The authority shall be empowered to attach conditions and obligations to the authorisation in order to ensure and monitor compliance with the principle of personal operation. In the case of legal persons, natural persons who are deemed to be individual operators must fulfil not only the special conditions set out in Article 9a, but also all the criteria set out here.

Art. 9a Personal operation by legal entities

From the usual meaning of the term "personal operator" and the origin of this concept, it is understood that personal operation refers primarily to natural persons. However, its application to legal persons is not excluded¹⁴⁶. In the case of legal persons, the criteria for the personal operation of businesses or farm buildings can only be met

¹⁴⁶ ATF 115 II 181, recital 2b, ATF 122 II 287, recital 3b.

through natural persons. Due to their legal nature, neither foundations nor legal persons organised in consortia (*holding companies*) can be considered as individual operators. A foundation is an independent asset earmarked for a specific purpose (Art. 80 CC) and consortia or *holding* companies are primarily intended to acquire and manage participations in other legal persons. In both cases, the objectives are in contradiction with the principle of personal exploitation. Individuals managing foundations or consortia may not personally manage or operate the farm business, as this would create conflicts of interest. Natural persons who are deemed to be personal operators must be able to use the legal person they control as a work instrument. The influence of third parties must therefore be avoided and in any case limited to a maximum of one third of the shares in the company. Natural persons who are the operators in a personal capacity can thus act as owners and managers of a business. They make decisions without any external influence, as if they were the physical owners of the company or the buildings. They can thus also, to a large extent, freely dispose of the resources necessary for exploitation (Art. 9, para. 3 (b)), even if they are the property of the legal person. The other owners, who hold a minority interest of no more than one third of the capital and votes, may not intervene decisively in day-to-day business. The majority owner can even decide alone on the payment of dividends. Under these conditions, a minority shareholding is not financially attractive. People who get involved do so for other reasons, for example to support a loved one, to encourage innovative projects or to promote their own image. The capital made available may not be denounced. In the case of a reorganisation with a so-called "accordion-like" capital reduction, the majority holding of at least two thirds must be restored. The newly issued shares will have to be acquired by natural persons deemed to be the operators on a personal basis and the operation will have to be authorised by the competent cantonal authority.

Agricultural or market gardening production must constitute the main purpose of the legal person and generate the major part of its turnover. The natural person who manages the corporation and operates the buildings must derive incidental or principal income from the production of the operation (s. 9).

Art. 10, para. 1

To determine the yield value, the reference interest rate used is now the capitalisation rate. It is calculated on the basis of the weighted long-term cost of capital, taking into account the company's own capital and borrowings.

Art. 18, para. 3

The extension of the period in which an increase in the settlement value can be requested is now determined according to the investment type. It is determined, on the one hand, by the minimum period of usefulness set out in the Guide to the Estimation of the Value of Agricultural Returns (2018 edition) and, on the other hand, by the duration of the joint heirs' entitlement to the gain (Art. 28, para. 3). In the case of perennial crops, the yield value already takes account of the full installation costs, so that additional investments do not justify the increase in the imputation value. Extending the periods during which an increase in the imputed value can be claimed improves

the situation of the owner as well as that of the spouse who participated in the investments. According to doctrine and case law, straight-line depreciation of investments should be taken into account. The possible increase reaches its limit when it induces an unbearable financial burden. Under no circumstances may the increase exceed the market value.

Art. 31, para. 1, 1st sentence

The right of the joint heirs to the gain presupposes that a gain has been realized. Where applicable, taxes and fees are due (e.g. capital gains tax, land registry fees, social security charges). The provision is amended to clarify that these expenses are already taken into account in the calculation of the gain. This ensures that only the net gain is shared between the rights holders. This article also applies to the determination of the gain in the case of a liquidation of the matrimonial property regime (e.g. due to divorce) in which the farm business has been valued at less than the market value (Art. 212 (3) CC). It should be noted in this respect that at the time of the liquidation of the matrimonial regime, the value ratios must be determined taking into account the respective financial participation of the spouses and the share accruing to their own property or to the acquests (or common property). The entitlement of each spouse is determined by means of a comparative calculation which takes into account, on the one hand, the agricultural yield value and, on the other hand, the market value (Art. 212 (2) and (3) CC). The resulting difference must be taken into account in the entitlement of the other beneficiaries (alienator or his legal successor) as a claim in favour of the spouse. This calculation must also be carried out at the time of sale (e.g. when transferring an exploitation), as this is the only way to determine and, where applicable, enforce matrimonial property rights (Art. 208 para. 1, para. 2 CC in conjunction with Art. 134 CO).

Art. 42

The introduction of a right of pre-emption for the spouse allows owners of agricultural businesses to involve their spouse in the ownership of the business. Moreover, in the event of divorce, the spouse deemed to be the personal farmer can thus take over the farm without triggering the right of pre-emption of the brothers and sisters.

The spouse's right of pre-emption is a 2nd rank right; it comes after that of the descendants, but before that of the brothers and sisters (3rd rank). It can only be exercised in the event of a sale. The introduction of the spouse's right of pre-emption strengthens family farms, as the spouse who personally runs the farm can keep the farm to support the family.

The right to win under Art. 31 ff. is maintained.

Art. 60, para. 1, let. f and i

A surface right for the benefit of the farmer can currently be established on a parcel of the farm leased to him. However, it is not clear whether this provision also applies to a farmer who rents an isolated plot of land. In view of the development of the regulations on spatial planning and landscape protection, the operator of an agricultural undertaking should be allowed to construct an agricultural building under a building

lease on a plot of land taken on a farm. The new provision also provides for the possibility of similar easements for plants, provided that the holder of the right to the plants is also the farmer of the parcel. The same conditions also apply to the constitution of a surface right for the construction of a farm building for a communally managed agricultural undertaking. The special provision contained in the present letter i lapses and may be repealed. The surface right guarantees that the parcel will revert to the original company when it expires, thus preventing fragmentation. This amendment allows an administrative simplification which, although of limited scope, is nevertheless recommended by the Federal Council in its report in implementation of the Vogler postulate 15.3284.

Art. 61, paras. 2, 3 and 5

In addition to the current wording, para. 2 states that the authorization may be subject to conditions and charges. The provision on charges was previously contained in Art. 64 para. 2, which - according to the case law - applies generally to all authorisations.

L'al. 3 supplements the definition of economic transfer of ownership by explicitly mentioning the change in ownership of holdings in a legal person owning a business or agricultural real estate. The amended provision thus takes into account the case law of the Federal Court¹⁴⁷.

The new para. 5 was introduced in execution of motion Abate 17.4203. Adopted by both Chambers, it requires that the authorisations granted under Art. 61 ff. for the acquisition of agricultural real estate be subject to a period of validity. The proposed regulation provides that the authorisation lapses if the acquisition is not completed within one year. It should be clarified that the granting of a right of emption does not amount to an acquisition and is therefore not subject to authorisation.

Art. 62, let. i

The doctrine criticized the fact that change of ownership of shares in publicly traded companies would theoretically be subject to authorization. The new letter i of Art. 62 excludes this. The exception concerns listed companies and companies with more than 250 full-time jobs that do not own a business or agricultural property as their main assets (cf. Art. 62, let. i). This eliminates the risk that large companies will be hindered in the development of their structures, and employee shareholding remains possible. The aim here is to facilitate implementation by adopting a pragmatic approach that does not generate unnecessary administrative tasks. The companies and businesses concerned are not recognised as individual operators. The transfer and acquisition of agricultural real estate by them remains subject to authorisation (Art. 61), the exception being only the transfer of participation rights.

Art. 64, para. 2

L'al. 2 is transferred to Art. 61, para. 2 (Principle).

Art. 71, para. 1

¹⁴⁷ ATF 140 II 233

The authorisation competent authority shall revoke its decision if the acquirer has obtained it by making false or misleading representations or if the conditions and requirements have not been complied with. Moreover, the potestative form of the provision in force gave the authority a wide margin of appreciation. With the new wording, the authorisation *must* now be revoked. A new authorisation may be requested once the conditions are met. L'al. 2, according to which an authorisation can only be revoked within 10 years of acquisition, remains unchanged. Finally, a distinction should be made between transactions that are subject to revocation and those that are unauthorised or declared void for some other reason.

Art. 75, para. 1, let. e

The provision shall be completed by mentioning the spouse's right to the spouse's gain, equivalent to that of the joint heirs and the alienator.

Art. 76, para. 1, let. c

In order to give greater decision-making power to family farms, it should be possible to create a right of lien to secure a loan, provided that the burden is bearable and the loan is granted by a bank or insurance institution with its head office in Switzerland. The said banks and insurance institutions may now exceed the load limit without referring to the competent authority. The conditions of art. 77 and 78 remain valid. Compliance with them is now also the responsibility of legitimate creditors. This new provision allows well-managed farms to finance their investments cheaply with these credits as well as with interest-free investment credits. In order to prevent the risk of over-indebtedness of farms, strict conditions have to be respected as regards the calculation of financial viability and the repayment of the loan. As hitherto, all other creditors who are not recognised cooperative societies, foundations or institutions under cantonal law are subject to the authorisation regime.

Art. 77, para. 3

The creditors as well as the persons and institutions recognised in accordance with Art. 79 para. 2 must ensure that the loans granted are used for the agreed purposes. If the licensing authority in accordance with Art. 90 para. 1 let. c becomes aware of an abuse or unlawful granting of a loan, it may demand that the loan be cancelled.

Art. 78, para. 3

The requirement to write off the mortgage is removed. This is an important administrative simplification, as the schedule can be reused for the financing of another investment provided that the rules set out in Art. 73 ff. are complied with, and the fees for the adjustment, cancellation and creation of mortgage schedules are saved. The creditor must ensure that newly granted loans meet the legal requirements. Recognised persons, institutions in accordance with Art. 79 para. 2 and the licensing authority in accordance with Art. 90 para. 1 let. c who are aware of infringements in this respect are not only authorised but also obliged to apply to the Land Registry Office for the cancellation of the mortgage loan agreement.

Art. 79, para. 2

Jurisdiction over the IRPA is, on the coming into force of this proposal, transferred from the FJPD to the DFRD. The FDJP Organ, the DEFR Organ and the RDAO will be adapted as part of the next set of agricultural ordinances.

Art. 81, para. 1

Editorial adaptation of the German version, without material changes ("die erforderlichen Bewilligungen" instead of "die erforderliche Bewilligung").

Art. 84, let. b

Provided that a legitimate interest has been established, a determination decision may now also be requested in respect of the transfer of participation rights to a legal person subject to this Act.

Art. 87, para. 3, subpara. b, and para. 4

Holders of a right of repurchase, encumbrance or pre-emptive right on participation rights in a legal entity must also be able to request an estimate of the yield value (Art. 3 para. 5). L'al. 4 is amended in the light of the new provisions on legal persons. In addition, the legal person is now also informed of the new agricultural yield value.

Amendment of other acts

Federal Act on the lease of agricultural land, Art. 58

In Art. 58 para. 1 FL, the "Federal Department of Justice and Police" is replaced by the "Federal Department of Economic Affairs, Education and Research" (cf. explanations on the replacement of a term and on Art. 79 para. 2 in the FDRA).

6.3 Law on epizootic diseases

Section 1 currently contains provisions on terminology and the aims of epizootic disease control. Since it is intended to introduce an article defining the aims of the act, the title preceding Article 1 should be formulated in a more general way. Existing ss.

1	and	1a	become	ss.	1a	and	1b.
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Section IIIa is supplemented by a new article (Art. 11b). In addition to animal health services, the rules of the section concern the Animal Health Competence and Innovation Network. These are measures to strengthen animal health. The title of the section should therefore be formulated more generally. Since Art. 11a is no longer the only article in Section IIIa, a title is necessary (cf. also para. 5.3).

7 Federal decree on financial resources for agriculture for the years 2022 to 2025

7.1 Background

In accordance with Art. 6 of the AgrGG, financial resources for the main areas of agricultural policy are authorised for a maximum of four years by means of a simple federal decree and the corresponding expenditure ceilings. In the expenditure ceilings, Parliament sets the ceiling for payment appropriations for the various sectors of agricultural activity. It thereby shows its willingness to approve the financial means provided for in the budgetary decisions. To date, expenditure on agriculture has been allocated to three expenditure ceilings: "Improvement of production bases and social measures", "Promotion of production and sales" and "Direct payments".

7.2 Framework conditions governing the setting of expenditure ceilings

With regard to agricultural income policy, Art. 5 para. 3 of the Farm Income Act stipulates that account must be taken of the other branches of the economy, the economic situation of the non-farming population and the financial situation of the Confederation.

7.2.1 Consideration of the economic situation

The federal government's expert group for economic forecasting estimates that Switzerland's gross domestic product (GDP) will grow by less than average (0.9%) in 2019. The global economic downturn is holding back the export economy, the climate of great insecurity is hampering investment and consumption growth is also below average due to the at most moderate increase in wages. A certain acceleration in global economic growth is expected for 2020, which should also enable the Swiss economy to experience more dynamic growth (1.7%). However, the risks of a cyclical slowdown outweigh the potential for recovery.

The expert group predicts an increase in the unemployment rate to 2.5% in 2020 (2019: 2.3%) and a decrease in the price increase to 0.4% (2019: 0.5%). In the medium term, economic growth is expected to stabilise around the trend growth rate of 1.7% and the inflation rate to reach the SNB's implicit target value of around 1%. This stable cyclical development offers farmers a chance to increase their competitiveness and to position themselves even better on the domestic and external markets.

Table 19

Macroeconomic parameters of the Federal Council of December 2019

<i>in %</i>	2020	2021	2022	2023	2024
GDP growth (in real terms)	1,7	1,,2	1,7	1,7	1,7
Annual Bidding	0,1	0,4	0,6	0,8	1,0
Unemployment rate	2,4	2,6	2,9	2,9	2,9

7.2.2 Financial policy framework conditions

The Federal Council approved the financial plan for the 2021-2023 legislative period on 29 January 2020. Structural surpluses are produced every year. However, these surpluses are too small to be able to implement all the tax reforms (including the re-organisation of withholding tax, the revision of stamp duty, deductions from direct federal tax on health insurance premiums and for children, the abolition of rental value) and the proposed expenditure plans simultaneously. Priority setting will be necessary, especially as the OECD's efforts to reform business taxation could result in significant revenue losses.

The debt brake in accordance with Art. 126 of the Federal Constitution essentially obliges the Confederation to keep its expenditure and income balanced over the long term. The Federal Council and Parliament are obliged to adopt an annual budget that takes account of this provision. The maintenance of agricultural expenditure at its current level, which is requested in this message, is fundable from today's point of view. However, in view of the risks, the proposed ceilings for agricultural expenditure and the commitment appropriation constitute a ceiling which can only be financed in the event of a positive development in the financial situation.

7.2.3 Adjustments to inflation

The motion Dittli 16.3705 "Compensate for inflation only when it occurs", transmitted by Parliament, instructs the Federal Council to systematically adjust expenditure in the budget and the financial plan each year that is weakly linked to the current inflation forecast in order to avoid unforeseen developments in real terms. In other words, the aim is to reduce expenditure if actual inflation is lower than forecast and to increase expenditure if actual inflation is higher than forecast. If systematic adjustments to inflation result in expenditure exceeding the means allocated to the expenditure ceilings, Parliament may decide on an increase in the budget for the last year of the expenditure ceiling period. The inflation assumptions on which the expenditure ceilings are based are laid down in Article 2 of the Federal Decree and correspond to the values given in Table 19. The development of inflation is based on the national consumer price index for December 2019 (101.7 points; December 2015 = 100 points).

7.2.4 Possible accompanying measures for agriculture in the case of new or extended free trade agreements

Negotiations on new or extended free trade agreements are currently under way between Switzerland, EFTA and various trading partners (cf. 1.3.2.). It must be assumed that such agreements will come into force during the period 2022-2025. In the event of a substantial reduction in agricultural customs duties in this context, accompanying measures may be necessary for agriculture. The amount of resources that may be needed to finance such measures will depend, inter alia, on the extent of market opening, the timetable for implementation and international price developments.

AP22+ and negotiations on new or extended free trade agreements affecting trade in agricultural products are subject to separate processes. This message and the draft acts

will be submitted to Parliament independently of plans for new free trade agreements or deepening of existing agreements. If additional financial resources are needed for accompanying measures, the corresponding request will be submitted to Parliament at the same time as the draft FTA in question.

7.3 Financial requirements for the period 2022-2025

Also for the period 2022-2025, it is planned to control expenditure on agriculture by means of three expenditure ceilings. The current expenditure ceiling "Improvement of the production base and social measures" will be renamed "Production bases", since the funds allocated to this ceiling are mainly used to finance measures to secure the basis of agricultural production. The names of the expenditure ceilings "Production and Sales" and "Direct Payments" remain unchanged.

The agricultural expenditure ceilings for the years 2022 to 2025 (13,774 million francs) largely correspond to the expenditure budgeted for the years 2018 to 2021 (13,887 million francs) (see Table 20). This will give the agriculture and agri-food sector some planning security. The slight decline of around CHF 28 million per year on average is primarily due to adjustments to inflation. During the consultation process, the increase in price was estimated at 1% per annum. As the relevant forecasts have been revised downwards (see Table 19), the new expenditure ceilings have been reduced accordingly following the implementation of the Dittli motion (see 7.2.3). The average annual growth for the period 2021-25 is -0.2%.

As a result of structural change in agriculture, financial support will continue to increase both per enterprise and per labour unit. On the other hand, they remain broadly stable in relation to the utilised agricultural area.

Table 20

Comparison of expenditure ceilings 2022-2025 with the previous period

(In millions of Fr.)	Expenditure ceilings 2018-2021¹		Planned expenditures 2018- 2021³		Expenditure ceilings 2022-2025	
	Total	<i>Ø per annum</i>	Total	<i>Ø per annum</i>	Total	<i>Ø per annum</i>
Improvement of production bases and social measures / Production bases	563	140,8	535	133,7	565	141,2
Production and sales ²	2 031	507,8	2 125	531,3	2 119	529,8
Direct payments	11 250	2 812,5	11 227	2 806,9	11 090	2 772,5
Total	13 844	3 461,0	13 887	3 471,8	13 774	3 443,5

¹In accordance with the FY of March 7, 2017¹⁴⁸ and the FY of December 5, 2017.¹⁴⁹

²The export contributions under the Chocolate Act, amounting to CHF 94.6 million, are not yet included in the ceilings for agricultural expenditure in 2018. Since 2019, the financial resources in question have been reallocated to the "Production and Sales" expenditure ceiling under the regulations replacing the Chocolate Act.

³In accordance with the 2018 account (plus export contributions), the 2019 and 2020 budgets and the 2021 financial plan.

7.4 Composition of the three expenditure ceilings 2022-2025

7.4.1 Overview

The federal decree on financial resources for agriculture gives only the totals of the expenditure ceilings. The distribution of financial resources within each ceiling and over the four years is not shown. This chapter sets out the allocation of the financial means of the three ceilings. It thus provides an insight into how the Federal Council intends to allocate financial resources between the various agricultural policy instruments. The final decision on the use of funds rests with Parliament, as part of the process of developing and approving the annual budget.

Due to rounding, some of the amounts in the following tables relating to the distribution of funds between each of the expenditure ceilings may not add up to the totals.

¹⁴⁸ FF 2017 3271

¹⁴⁹ FF 2018 31

Table 21

Overview of expenditure ceilings 2022-2025

(In millions of French francs with rounding differences)	<i>B 2020</i>	2022	2023	2024	2025	Total	Total rounded
Bases of production	<i>134,6</i>	139,7	140,5	141,4	142,4	564,1	565
Production and sales promotion	<i>537,0</i>	529,9	529,6	529,6	529,6	2118,5	2119
Direct payments	<i>2812,0</i>	2778,0	2771,4	2770,4	2769,4	11 089,2	11 090
Total	<i>3483,6</i>	3447,6	3441,4	3441,4	3441,4	13 771,8	13 774

Most financial support for agriculture has direct or indirect effects on farm incomes. In order to maintain the stability of these effects, the funds from the expenditure ceilings are distributed evenly over all years. With the proposed expenditure ceilings, financial support for agriculture will amount to 3,448 million francs in 2022 and 3,441 million francs per year from 2023 onwards. Assuming that structural change continues at the same rate as today (1.8 % of operating expenditure per year since 2000), financial support guided by the expenditure ceilings will increase from CHF 68 050 (2018) to CHF 76 850 per farm and from CHF 45 900 to CHF 50 950 per labour unit in agriculture by 2025.

Compared to the budget for 2020, the means foreseen for direct payments from 2022 onwards remain largely at the same level. The small difference is mainly due to the downward adjustment of inflation. In addition, an average of CHF 5 million per year has been transferred to risk management and CHF 2 million to the Plant Breeding Competence and Innovation Network within the "Production Basis" expenditure ceiling. The "Basis of Production" expenditure limit is increased accordingly. In addition, 4 million is transferred from contributions to disposal costs to this expenditure ceiling for the financing of the competence centre for livestock farming. The ceiling on "Production and sales" expenditure will be reduced each year by 6 million francs from 2022 compared to 2020 with the expiry of the temporary increase in resources in 2019-2021 for sugar beet growing.

7.4.2 Expenditure ceiling allocated to production bases

The expenditure ceiling for the production bases includes packages of measures that serve to preserve the bases of agricultural production. The means available for the period 2022-2025 increase slightly, with the planned increase in appropriations for plant breeding, the Competence Centre for Livestock Health and Risk Management, which will be partly offset by a decrease in direct payments. The two working capital funds "investment credits" and "operating aid" will no longer be funded from 2021; the amounts earmarked for them will go to contributions for structural improvements. The proposed new temporary payment of premium reduction contributions for low

market penetration crop insurance policies will be included in this spending limit and paid as a separate appropriation.

Table 22

Expenditure included in the expenditure ceiling for the production bases (Fr. 565 million)

(In millions of French francs with rounding differences)	<i>B 2020</i>	2022	2023	2024	2025	Total
Risk Management ¹	<i>0,4</i>	3,5	4,4	5,4	6,4	19,8
Structural Improvements	<i>81,4</i>	81,0	80,8	80,8	80,8	323,4
Plant and animal breeding	<i>41,5</i>	44,1	44,0	44,0	44,0	176,3
Outreach	<i>11,3</i>	11,2	11,2	11,2	11,2	44,6
Total	<i>134,6</i>	139,7	140,5	141,4	142,4	564,1

¹ Including operating aids

Risk Management

The current heading "Social accompanying measures" is renamed "Risk management" by analogy to the proposed amendment to Title 4 of the Leygr (cf. 5.1.4). These measures include support for peasant farms and vocational retraining, the latter having been abolished at the end of 2019. Aid to farms in the form of interest-free repayable loans makes it possible to overcome temporary financial difficulties not attributable to the applicants, to convert interest-bearing debts (debt conversion) or to facilitate the early abandonment of the farm. This instrument must be maintained. At the end of 2018, the working capital for this measure amounted to CHF 223.6 million. As agricultural policy measures will in principle remain at the current level, an increase in the needs of the fund is not expected, which is why the fund will not be increased for the next budget period. The new crop insurance support will be financed by the "Risk Management" credit. A total amount of 20 million will be taken for this purpose from the expenditure ceiling for direct payments for 2022-2025. As participation in crop insurance is expected to increase, the need for funds will gradually increase over the four years.

Structural Improvements

To support structural improvements with the measures described in Art. 87a P-LAgr, on the one hand, the Confederation makes contributions and, on the other hand, the cantons may grant interest-free investment credits from the existing working capital. The contributions are used to finance the improvement of the basic infrastructure necessary for agriculture (farm roads and tracks, water and electricity connections, cable cars) and for the implementation of RDPs and land reclamation. In mountain and hill regions, they may also be granted for farm buildings for animals consuming roughage

and for the joint construction of buildings and equipment for the processing, storage and marketing of regional agricultural products. Approximately 70% of these contributions are earmarked for land reclamation, water supply and sewerage, and the periodic rehabilitation of such works (civil engineering).

Investment credits are managed through working capital. At the end of 2018, the fund amounted to CHF 2.55 billion. Repayments enable the cantons to grant new loans of around CHF 280 million per year. They are mainly used for individual measurements. Collective measures are supported by means of investment credits mainly in hill and mountain regions.

In recent years, the Confederation has reduced its working capital contributions for investment credits from CHF 51 million (2013) to around CHF 1 million per year (2018). As the fund currently contains sufficient liquidity, it will no longer be replenished. As far as contributions are concerned, additional financial needs are expected in the coming years. On the one hand, there is a need to catch up on the renewal of basic infrastructure. On the other hand, the implementation of SAR and the promotion of resource-efficient technologies will lead to an increased demand for financial assistance. However, there is great uncertainty as to the ability of the cantons to provide their counterpart. In view of this situation, it is proposed to maintain the financial resources for structural improvements at the level of the current financial plan (CHF 81 million per year).

Plant and animal breeding

With the "Plant and Animal Breeding" credit, the Confederation provides CHF 44 million per year for the promotion of livestock breeding, the preservation of genetic resources and the diversity of useful livestock breeds and plant varieties in Switzerland, measures to achieve the objectives of the International Treaty of 3 November 2001 on Plant Genetic Resources for Food and Agriculture, and¹⁵⁰plant breeding projects (from 2020).

The financial resources for animal breeding and livestock health amount to CHF 34.8 million). In the field of animal breeding, they are allocated to measures aimed at improving the production basis, such as the management of the *herd-book*, the collection and evaluation of zootechnically important data, and the preservation of Swiss breeds. These measures make it possible to select breeding and production animals that are healthy, efficient, resistant and adapted to the country's natural conditions. The collection and evaluation of zootechnically relevant data (including *herd-book* management), as well as the estimation of the breeding value and genetic evaluation, are the basis for a sustainable production of food of animal origin adapted to local conditions. The work on the "Animal Breeding Strategy 2030" has highlighted the need for a network of competence and innovation in animal breeding (see 5.1.6.4). This animal breeding network will be supported with the means available in the field of animal breeding. The co-financing of the Competence and Innovation Network for Livestock Health (Art. 120 P-LAgr, Art. 11b P-LFE) will be ensured by reallocating CHF 1

¹⁵⁰ RS 0.910.6

million of the contributions to disposal costs (credit A231.0227) to the plant and animal breeding credit. The amount of disposal contributions granted to slaughterhouses will be reduced accordingly from 2022 onwards.

The financial resources allocated to the field of genetic diversity and plant genetic resources (CHF 4.3 million) are used to implement the National Action Plan for the Conservation and Sustainable Use of Plant Genetic Resources for Food and Agriculture.

It is expected that the resources for plant breeding will now amount to 5 million francs per year. They are to be used for the financing of strategically important breeding programs for cultivated plant varieties and for the development and operation of a competence network for plant breeding (see Sections 5.1.6.4 and 5.1.6.5). In Switzerland, a total of around 10 million francs are invested in plant breeding every year, 40% of which is invested by the federal government in the form of breeding programmes at Agroscope. These amounts are modest compared to the sums invested in plant breeding in Europe and the value of Swiss plant production (more than 4 billion francs). It is crucial that selection programmes (private as well as public), mostly small programmes, manage to keep pace with technical progress, as this will ultimately influence the success of selection even more strongly than today.

The promotion of plant breeding and the support of the competence and innovation network for plant breeding should fall within the framework of current expenditure for agriculture, without budgetary implications: CHF 2 million per year will be reallocated from direct payments to the "Plant and Animal Breeding" credit for the Plant Breeding Network and CHF 3 million (from 2020) for the promotion of plant breeding.

Outreach

The aim of agricultural extension is to accompany people working in the agricultural sector in their professional activity and to support them in their continuing vocational training. It is part of the agricultural innovation and knowledge system (LIWIS) and promotes the exchange of knowledge between science, administration, society and the field on the one hand, and between practitioners on the other. The federal government supports extension by providing financial assistance to the Agridea extension centre, to supra-regional extension services operating in specialist areas (beekeeping, poultry farming, alpine economy, etc.) and with the preliminary study of innovative projects. It can also encourage innovative ideas by granting financial aid at the request of their authors or by launching its own extension projects. Direct advice to farms is the responsibility of the cantons. The criteria for granting financial support for extension services active at supra-regional level from 2022 onwards are specified. In order to ensure the financing of extension activities in the coming years, the financial means available from 2022 onwards correspond to the current level.

Support for networking research, training and extension with agricultural and agri-food practice (art. 118 P-LAgr) will be financed with the means of the credit allocated to extension. Pilot and demonstration projects in accordance with Article 119p of the Grants Act may be encouraged in the form of extension projects (Article 136 of the Grants Act), research projects (Article 116p of the Grants Act, without a ceiling on

expenditure), projects to improve quality and sustainability (Article 11 of the Grants Act) or projects for the sustainable use of natural resources (Articles 77a and 77b of the Grants Act), within the limits of the resources provided for in the appropriations concerned.

7.4.3 Expenditure ceiling for the promotion of production and sales

Expenditure under the "Production and Sales Promotion" expenditure ceiling will be slightly lower in 2022-2025 than in 2020 as the temporary increase in the "Crop Production" credit for sugar beet cultivation (2019-2021) comes to an end. The other appropriations are maintained at the level of the 2020 budget.

Table 23

Expenditure within the expenditure ceiling for the promotion of production and sales (Fr. 2119 million)

(In millions of French francs with rounding differences)	B 2020	2022	2023	2024	2025	Total
Quality and sales promotion	69,9	69,2	69,0	69,0	69,0	276,2
Milk production	371,8	371,8	371,8	371,8	371,8	1487,1
Animal production	6,0	5,9	,9	5,9	5,9	23,6
Crop production	89,4*	83,0	82,9	82,9	82,9	331,7
Total	537,0	529,9	529,6	529,6	529,6	2118,6

* Including 6 million francs of temporary sugar support.

Quality and sales promotion

Swiss agriculture must derive maximum benefit from the sale of its products. It is in this context that the Confederation supports the promotion of quality and sales and bears part of the costs. Due to the strategic importance of the corresponding measures, the current financial resources allocated to quality and sustainability promotion under Art. 11 of the GrG and to sales promotion under Art. 12 of the GrG will be slightly increased compared to the expenditure ceiling for 2018-2021. Nearly 70 million francs will thus be entered annually in the "Quality and Sales Promotion" credit for the years 2022-2025. A small part of these funds will also be used to temporarily support the Agroexport platform, which aims to help export-oriented enterprises in the agricultural and food sector overcome technical barriers to trade. This platform must be financed not only with public money, but also with private funds.

Milk production

As before, CHF 293 million will be allocated each year to the two milk supplements, i.e. the supplement for milk processed into cheese and the supplement for fodder without silage. The non-silage supplement according to Art. 39 LAGr remains fixed at 3

cents per kg of milk and the supplement for milk processed into cheese according to Art. 38 LAgr at 15 cents, after deduction of the supplement for marketed milk (Art. 40 LAgr).

Since the abolition of export contributions under the "Chocolate Act" in January 2019, the supplement for marketed milk is paid to milk producers. An amount of CHF 78.8 million is earmarked each year for this supplement.

The recording of milk data and the preparation for the payment of supplements will, as before, be entrusted to a private organisation on the basis of a service agreement. From 2022 onwards, three million francs are earmarked in the FOAG's overall budget for compensation for these tasks.

Animal production

In the field of livestock production, CHF 6 million will be committed as before as aid for slaughter cattle, meat and eggs and for the development of sheep's wool. The implementing tasks of "public procurement supervision", "market relief measures" and "neutral quality taxation" of the AgrG will continue to be entrusted to a private organisation on the basis of a service agreement. From 2013 onwards, CHF 6.7 million per annum is earmarked in the FOAG's overall budget for compensation for these tasks, outside the ceilings for agricultural expenditure. They will also be so as of 2022.

Crop production

Crop specific contributions are paid for crops considered important from the point of view of security of supply. Since 2019, 15.8 million francs per year have been earmarked for the promotion of cereal cultivation under the regulations following the Chocolate Act. From 2019 to 2021, the sugar beet crop benefits from higher contributions. Thereafter, the annual amount for plant production is reduced by CHF 5.5 million compared to the 2020 budget.

7.4.4 Expenditure ceiling for direct payments

The expenditure ceiling for direct payments includes different types of new and maturing contributions to encourage ecosystem services in agriculture, as well as transitional contributions to ensure socially sustainable development.

Table 24

Expenditure within the ceiling for direct payments (Fr. 11 090 million)

(In millions of French francs with rounding differences)	<i>B 2020</i>	2022	2023	2024	2025	Total
Security of supply	<i>1085,0</i>	935,0	935,0	935,0	935,0	3740,0
Cultivated landscape	<i>526,0</i>	382,2	382,2	382,2	382,2	1528,8
Biodiversity ¹	<i>316,0</i>	324,0	326,0	327,0	328,0	1305,0
Production systems ²	<i>525,0</i>	683,0	716,0	749,0	782,0	2930,0

(In millions of French francs with rounding differences)	<i>B 2020</i>	2022	2023	2024	2025	Total
Agriculture adapted to local conditions	289,0	290,0	290,0	290,0	330,0	1200,0
Transitional contributions	71,0	163,8	122,2	87,2	12,2	385,4
Total	2812,0	2778,0	2771,4	2770,4	2769,4	11 089,2

1. Without the networking contributions

2. Including contributions to the efficient use of resources according to s. 76 GAggr.

3. This heading includes contributions to networking and contributions to landscape quality, which continue to run until the end of 2024 under the current legal bases and will be integrated from 2025 onwards into the new contributions for locally adapted agriculture. It also includes expenditures for programmes for the sustainable use of natural resources in accordance with Art. 77a GGLA and contributions to water protection in accordance with Art. 62a WHG.

Contributions to security of supply

The redesigned security of supply contributions contain the two elements "area-based contribution" and "open land and perennial crop contribution". The contribution according to area will be paid in the future for all areas eligible for a contribution and will be the same for all areas. The contribution for open land and perennial crops will be increased; an evaluation has shown that they are highly effective. A total of CHF 950 million per year will be budgeted for contributions to security of supply.

Contributions to the cultivated landscape

The contributions to the cultivated landscape are subject to only one significant change: the contribution to maintaining an open landscape is reallocated to the new contribution according to the zone, so that there will be only one contribution staggered according to zone. No changes are planned for the contributions for steeply sloping areas or for those intended to encourage summer grazing (alpine pasture contribution, summer grazing contribution). This results in a financial requirement of around CHF 380 million per year for contributions to the cultivated landscape.

Contributions to biodiversity

Contributions to biodiversity need to be adapted to have a greater impact on biodiversity. New contributions will be made for special services for biodiversity. As an increasing number of farms provide such services, the funding requirement for additional contributions is expected to reach approximately CHF 50 million by 2025. Contribution rates for Quality Level II are expected to remain constant. The targeted increase in the number of participating holdings leads to an increase in the financial requirements for quality level II to more than 160 million francs. As the contributions to security of supply for diversity areas will no longer be reduced from 2022 onwards, but are as high as for other areas, the contributions to biodiversity of quality level I

can be reduced accordingly. In 2025, the financial requirement for quality level I contributions will still be in the order of CHF 110 million. Overall, expenditure on contributions to biodiversity is increasing steadily to reach CHF 330 million in 2025.

Contributions to the production system

Contributions to production systems will be developed. On the one hand, they will incorporate existing contributions to resource efficiency. On the other hand, financial incentives in the area of resource protection are to be substantially increased, with the aim of substantially reducing nutrient losses, PPh inputs into watercourses and the use of antibiotics in the keeping of livestock. Contributions to organic farming are renewed without change. Due to the change in the number of participants, expenditure will increase by approximately CHF 60 million per year. The full and part of the resource efficiency contributions will be transferred to the new arable crop production system applied to part of the farm. Financial resources are planned for this purpose, gradually reaching CHF 120 million by 2025. Part of the resource efficiency contributions will go to the new Special Crops production system. Here, too, a significant increase in expenditure of around CHF 40 million per year until 2025 is to be expected. The PLVH programme and the ESS/SRPA ethological programmes will be integrated into the livestock production system. With the new measures planned, such as the additional contribution for more frequent grazing or measures to promote animal health, expenditure on the livestock production system will amount to almost 560 million in 2025. In total, expenditure for contributions to the production system will amount to CHF 780 million in 2025.

Contributions for agriculture adapted to local conditions

The existing regional and project-related instruments in the fields of networking and landscape quality are brought together in the new contribution for promoting locally adapted agriculture from 2025 onwards and supplemented by an additional component in the field of sustainable use of resources. The financial resources allocated to networking and landscape quality should be maintained within the current framework, i.e. CHF 100 million for networking and CHF 150 million for landscape quality. Expenditure in the area of sustainable use of resources is expected to increase from 2025 onwards, as contributions for locally adapted agriculture can in future be used to finance regional resource protection measures in the areas of soil, water and air. Expenditure of around CHF 50 million is planned for 2025. This heading also includes the expenditure for the programme for the sustainable use of natural resources under Art. 77a GGLA and for contributions to water protection under Art. 62a WHG. The two programmes will be continued as separate incentive programmes. In total, expenditure on agriculture adapted to local conditions will amount to CHF 330 million in 2025.

Transition contribution

The transitional contribution is intended to ensure the social compatibility of the change of system both at the level of individual holdings and at the level of the sector. It corresponds to a residual value resulting from the difference between the total budget for direct payments and the financing needs of the corresponding instruments.

Since direct payments will increase between 2022 and 2025, the means allocated to this contribution will decrease accordingly. In 2022, these funds could still amount to some 160 million francs. It is forecast that they will subsequently decline to around CHF 10 million by 2025. The transitional contribution per holding shall be calculated in accordance with the procedure set out in 5.1.3.7.

7.5 Commitment appropriation for agricultural structural improvements

The Federal Assembly approves a multi-year commitment credit for contributions to structural improvements by means of a simple federal decree in accordance with Art. 98 GrVG. A commitment credit defines the maximum amount up to which the Federal Council is authorised to enter into multi-year financial commitments to third parties outside the Confederation for a specific project. By Federal Decree of 15 December 2016, Parliament approved a commitment credit of CHF 448 million for "Structural Improvements in Agriculture 2017-2021". In accordance with the contributions to structural improvements for the period 2022-2025 (see 7.4.2), an additional multi-year commitment credit of CHF 323.4 million is to be approved for this period.

8Consequences

8.1Implications for the Confederation

8.1. 1Financial consequences

The consequences for agricultural expenditure within the agricultural expenditure ceilings are set out in No. 7. The consequences of measures not included in the expenditure ceilings are explained below. They relate to the transfer of funds within the "Agriculture and Food" field of activity, as well as the FOAG's budget envelope.

- Development of agricultural information systems: these systems are equipped with the new elements necessary to achieve the changes proposed in the area of direct payments. Their development will lead to a one-off increase in costs, which may vary depending on how these agricultural policy measures are designed in practice. These additional costs are likely to be covered by the FOAG's budget allocation.
- Obligation to provide monitoring data: The costs for the collection of *monitoring* data for the comparison of income in accordance with Art. 5 P-LAgr should decrease in the long term by 30-50%, because the obligation to provide monitoring data under Art. 185 para. 3bis P-LAgr should reduce the default rate as well as the number of farms and trustees to be contacted and relaunched.
- Financing of laboratory analyses for the control of plant protection products by the Confederation: this control increases the financial and personnel costs of the Confederation while lightening those of the cantons. Centralization at the federal level will, however, reduce the cost of analyses per sample, since the Confederation can only mandate one laboratory. For financing purposes, an amount of CHF 0.5 million is transferred annually from direct payments to the FOAG's financial envelope.

8.1.2 Consequences on the status of personnel

Overall, the implementation of the PA22+ measures will lead to additional staff costs when they are taken, which can be covered by existing resources through prioritisation of tasks. After the introductory phase, the implementation of agricultural policy measures can probably be managed with existing resources. In the following areas, however, there is a temporary increase in staff costs, which will be absorbed internally:

Bases of production

- Applications for investment aid: it is to be expected that the extension of the scope of application of the LAgr (Art. 3, para. 3bis, P-LAgr) will lead to only a slight increase in the number of applications, given the strict nature of the conditions to be met in the field of spatial planning. On the other hand, restrictions on the granting of investment credits for housing have led to a decline in the number of applications to be examined, which is falling by 120 per year.
- Risk management: the introduction of a measure to reduce the cost of insurance premiums requires additional staff.

Direct payments

- Computerised systems: these systems need to be adapted, which will require, in addition to the above-mentioned increase in financial charges, a temporary increase in staff costs.
- PIL and contributions to the production system (new or amended): new or amended measures must be written into orders and applied in practice. This will result in a temporary increase in personnel costs.
- Contributions for agriculture adapted to local conditions: the bundling of instruments whose content is currently regulated separately will mean a temporary increase in administrative burdens for the Confederation. However, these additional tasks can be carried out during the planned transition phase (2022-2025).

8.2 Consequences for the cantons

Investment aid

- Application of the LAT (Art. 3, para. 3bis, P-LAgr): the new regulation requested will not have any consequences on land use planning, since, without modification of the LAT, aquaculture (fish, crustaceans, molluscs, etc.), as well as the production of algae, insects, duckweed, etc., will be allowed. or other bodies not assimilated to agricultural production animals can still only be insured in the form of an ancillary activity without a close link to the agricultural undertaking located in the agricultural zone (Art. 24b para. 1 TAL in conjunction with Art. 40 para. 2 TAO).
- Promotion of animal health and particularly environmentally and animal-friendly production methods (Art. 87a, para. 1, let. d, ch. 1, P-LAgr): the number of applications to be examined could increase over the years (due to technological progress). It can be assumed that, at least in the short term, the processing of requests in this category of measures can be handled within existing resources.

- Acquisition of agricultural land (Art. 87a, para. 1, let. d, ch. 3, P-LAgr): the new measure will lead to an increase in the number of cases to be handled by the cantons.
- Examination of economic viability (Art. 89 (1) (b) P-LAgr): although this is a pragmatic approach, the examination of applications is likely to involve additional work.
- SAR (art. 87a, let. d, ch. 4, P-LAgr): the development of the bases is likely to entail an additional workload for the cantons. However, this extra work will be temporary and will occur mainly during the period 2022 to 2025. Moreover, municipalities and regions are likely to be involved in the strategic processes. This will indirectly give municipalities the opportunity to improve their financial planning, especially for agricultural infrastructure.
- Restrictions on the granting of investment credits for housing: the workload of the cantons will be reduced, as some 120 fewer applications will have to be processed each year. It should be noted, however, that investment loans are generally secured by a real estate pledge. For this reason, farms that wish to take out new mortgage debts (bank mortgages) are still in many cases subject to an examination of their financial standing with regard to the security of existing investment loans.

Direct payments

- Introduction of new RAP elements and new contributions to the production system: These changes will place additional burdens on the cantons, as experience has shown that they require considerable efforts in terms of information, training and extension. Moreover, the cantons will have to adapt their IT systems to these changes.
- Integration of the monitoring of compliance with the provisions of water protection legislation applicable to agriculture into the RIPs: The new legislation will simplify the current procedure whereby direct payments can only be reduced if the canton has issued a decision establishing the infringement; this simplification will relieve the cantons.
- Eligibility of legal entities for contribution programmes: this possibility simplifies the application by the cantons, as they will no longer have to monitor compliance with the current provisions on family AGs and LLCs.
- Contributions for agriculture adapted to local conditions: the freedom of manoeuvre of the cantons and regions will increase significantly. The SAR design will increase the initial workload of the cantons between 2022 and 2025. This should become less of a burden after 2025, as landscape quality and networking projects will no longer be dealt with separately, but together with dossiers concerning contributions for agriculture adapted to local conditions. The cantons will co-finance 10% of these contributions, which corresponds to their current share in the financing of networking and landscape quality contributions.
- Abolition of the asset and income limits valid for transitional contributions: this will reduce the tasks of the cantons.

- Financing of laboratory analyses required for the control of plant protection products by the Confederation: this will result in a reduction in the financial and administrative burden on the cantons. Centralization at the federal level will reduce the cost per sample, since the Confederation can only mandate one laboratory. Another advantage is that it will no longer be necessary for each canton to implement its own solutions.

FRDA

The amendments will reduce administrative burdens, as it will no longer be necessary to follow different authorisation and control procedures. Regulations applicable to legal persons will improve legal certainty and enforcement controls.

8.3 Consequences for the economy

8.3.1 Implications for agriculture

The impact of PA22+ on agriculture has been estimated by Agroscope using the SWISSland model, which reproduces the behaviour of agents in this economic sector. The SWISSland model optimises the effect of the planned measures on the income of individual farms under certain agricultural policy conditions and taking into account the projections for exogenous price formation. This model made it possible to analyse how agriculture would evolve if the current agricultural policy were to be maintained (reference scenario) and what changes would result from the implementation of AP22+. The model simulates the effects of AP22+ on livestock farming, land use, production, income generation in the agricultural sector in general and on individual farms in particular, as well as structural changes.

Moreover, as market support measures are maintained in AP22+ and border protection is unaffected, prices will on the whole develop steadily. For benefits earned upstream, a slight increase in prices has been assumed for both scenarios. The federal contributions shall be based on the financial resources referred to in section 7.

According to calculations, the new features introduced by the PA22+ should lead to a moderate change in the production model of Swiss agriculture up to 2025. In livestock farming, the number of livestock units held fell by almost 4% compared with the reference, which is explained in particular by the abolition of the 10% tolerance in Suisse-Bilanz. While the quantity of milk marketed increases slightly in the reference scenario, it drops slightly with PA22+. Beef and pork production declines in both the base and AP22+ scenarios, while poultry production increases in both scenarios. In total, calorie production in livestock farming with PA22+ is 3% lower than the reference.

With PA22+, open land is almost 5% lower than the baseline. This is due in particular to the new RIP requirements of 3.5% BPS in arable land. In addition, in crop production, average yields are expected to fall as a result of increased participation in contributions to the production system involving partial or total non-use of plant protection products. According to the modelling, the calorie production in crop production with PA22+ will be 11% lower than the reference. The gross self-sufficiency rate for a continuously increasing population will be 52 per cent in 2025 as modelled, compared

to 56 per cent in the reference scenario. It should be noted that the technological evolution is only partially represented in the model and that the decline in production related to PA22+ is thus overestimated.

Of the PA22+ measures aimed at achieving the trajectory of reducing nutrient losses (see 5.1.1.4), only the effects of the following measures have been modelled so far: 3.5% GWP on arable land, removal of the 10% tolerance in the Suisse-Bilanz and reduction in the use of PPh as part of contributions to the production system. By 2030, these measures will result in a 5% reduction in nitrogen losses compared to baseline. For the other measures, it was only possible to model the income effects, which are based on exogenous assumptions about the amount of contributions for the different measures. However, their positive effects on the environment cannot be represented in the model because the database is insufficient. The effects of all PA22+ measures to achieve the nutrient loss reduction path are shown in Section 8.5.

The value of agricultural production in 2025 is expected to be CHF 10.8 billion, i.e. CHF 380 million less than the reference; it should be noted that the increase in value creation on the market that is expected under AP22+ (value-added strategy) is not taken into account in the model. As regards production costs, the model-based forecasts also foresee a slight decline due to lower depreciation and external labour costs resulting from structural changes. Otherwise, subsidies (especially direct payments) are expected to remain stable. This resulted in a net profit for the sector as a whole of FRF 3.21 billion, which is FRF 265 million below the reference level. SWISSland expects the process of farm concentration to continue at an average annual rate of 1.4 per cent per year, and to continue to take place primarily with each generation change. Based on the structural changes envisaged by the model, farm income is expected to rise from CHF 62,900 per year in 2018 to CHF 74,300 in 2025, corresponding to a growth of 18%. Calculations indicate that, within the proposed budget envelope, Swiss agricultural productivity should be maintained and allow for a socially sustainable development of agricultural structures.

The impact in 2022 of the changes in the direct payment system on area and farm-related direct payments has been estimated on the basis of the farm structures of 2018 (areas, animals, etc.). The planned changes will make it possible to distribute the total sum of direct payments by zone (lowland zone to mountain zone IV) in a way that corresponds fairly accurately to the current distribution, which is why the approach followed in determining contributions by zone takes account of all other approaches in determining contributions. The mountain area will thus continue to benefit from the enhanced support, which was introduced by AP 14-17. No changes are planned in the summer region, so that the volume of direct payments to support the Alpine economy will remain the same overall.

Not all farms will be able or willing to participate to the same extent in new and developed production systems. For example, it is mainly farms growing special crops and arable crops that will make efforts to reduce the use of plant protection products. Similarly, the new contributions to animal health will benefit livestock farms. It currently appears that it is the farms mainly active in arable or special crops that should receive more direct payments than today. This assessment also applies to organic farms, which should be able to participate more than today in measures to promote

production systems. Farms whose land consists mainly of grassland and which keep animals consuming roughage in the lowland and hill areas will receive less direct payments, in particular because the support given to them in the form of contributions to security of supply will decrease. From the point of view of both natural resource management and security of supply, it makes little sense to grow grass on areas suitable for field crop production; therefore, subsidies for grassland production will tend to decrease (in line with the *Feed no food* project. Moreover, it is planned to introduce transition contributions to mitigate the impact of changes in direct payments on farms.

The staggering of all direct payments from CHF 150,000 per farm is likely to affect around 3% of farms, i.e. around 1,500 farms. The amount of this reduction is estimated at FRF 12 million. The vast majority of the farms to which it will apply are those which are currently affected by the reduction in basic contributions to security of supply. At present, this reduction affects almost 1100 farms, the UMOS direct aid ceiling affects about 280 farms, and the income and assets ceiling applies to about 3100 farms. All these reductions and ceilings together represent a total of nearly CHF 13 million.

Concrete consequences of certain measures on the agricultural sector

- Scope of application of the LAgr: the production of species from aquaculture, algae, insects or other living organisms used for the production of food and feed (Art. 3, para. 3bis, P-LAgr) offers new sources of income.
- Development of contributions to the production system: it enables the range of near-natural, environmentally and animal-friendly products to be extended, in line with the added value strategy followed by Swiss agriculture. This development contributes to an increase in added value.
- Increased training requirements: these requirements only apply to new recipients of direct payments. Of the approximately 1400 new beneficiaries of direct payments, 800 or 900 do not have any higher education qualifications. Those that justify it already meet stringent requirements. Two thirds of these 800 or 900 individuals, or about 600 people, have completed basic agricultural training or have obtained a farmer's certificate (CFC). Approximately 10% of them have obtained a Federal Vocational Training Certificate (60 persons). The last third, about 300 people, have basic training in a field other than agriculture. Of the latter group, it is not known how many have obtained a Federal Vocational Training Certificate. It should be noted that in the future, the Federal Certificate of Vocational Training will no longer suffice; it is likely that at least 60 new farmers will find it difficult to meet the higher training requirements. At present, the three training modules in business economics cost around 3,600 francs.
- Social coverage of the spouse of the registered partner, working in the company (Art. 70a, para. 1, P-LAgr): the social coverage required for the payment of direct payments consolidates the social insurance situation of the spouse who works regularly or to a significant extent in the company. The latest figures from the FSO's structural survey (special evaluation of the 2017 structural survey) show that around 64% of farmers and peasants are married (or in a registered partnership), around 29% are single (some of them live with a partner) and the remaining 7% have another marital status (e.g. divorced, widowed). The planned new regulations therefore cover the most common lifestyles. The current regulation,

which only applies to married couples, ignores almost a third of the farms receiving direct payments (15 000 farms). In the remaining 30,000 farms, it does not cover the following persons: agricultural employees with an annual salary of CHF 21,330 or more (gross salary from salaried employment or salary from self-employment), persons who have freely taken out insurance against loss of earnings or who have taken out insurance against this risk, employees of farms and persons who do not regularly or to a significant extent work on the farm. Of the farms receiving direct aid, an estimated 15 000 farms are concerned.

- In the case of direct payments to legal entities (including holdings belonging to a municipality or canton), the operator will be granted greater economic freedom, as is the case for other SMEs; he will be free to choose the legal form of his company, within the framework provided by the law of obligations and subject to the provisions of the FDRA. It would be possible, for example, for several farms to join together to form a farming community or cooperative, without losing their direct payments. It will be up to the operators to determine the possible fiscal or spatial planning consequences on a case-by-case basis.
- In total, some 140 farms operated on a year-round basis and belonging to legal entities, cantons or municipalities, which are currently considered non-farmers and therefore not eligible for direct aid programmes, could receive some CHF 10 million more in direct payments in the future. The farms concerned by this estimate are those that currently only receive contributions to biodiversity and landscape quality. The necessary means will be taken from the transitional contributions.
- Contributions for agriculture adapted to local conditions: The efficiency of the Confederation's payments will be significantly increased in the medium term. Public funds will be used more where and where they will be most effective through regionally developed objectives and schemes adapted to the national agricultural policy framework.
- Temporary contributions to the reduction of crop insurance premiums (Art. 86a P-LAgr): the contributions will increase the entrepreneurial freedom of farmers, as they will not need as much liquidity as at present in order to guarantee their solvency in the event of damage endangering their business.
- Promotion of animal health and particularly environmentally and animal-friendly production methods (Art. 87a, para. 1, let. d, ch. 1, P-LAgr): Farmers who wish to invest in new production techniques that are favourable to the environment and to the keeping of livestock will have a new source of financing that will enable the rapid deployment of new technologies.
- Examination of economic viability (Art. 89(1)(b) P-LAgr): this measure promotes the amortisation of investments made, thus acting against excessive indebtedness in the agricultural sector.
- Investment credits for the acquisition of agricultural land (Art. 87a para. 1 let. d, ch. 3, P-LAgr): thanks to this measure, farmers will have a new source of financing to ensure the expansion of their holdings under the property regime.
- Restriction of investment credits for housing construction: the indebtedness of the agricultural sector will tend to worsen. Financial institutions will compensate for the resulting increase in risk by raising interest rates.

- Reduction of the maximum amount of farmyard manure that can be applied per hectare of fertilizable area: the impact of a change from 3.0 to 2.5 LFU was assessed on the basis of farms that meet the standards of the FSO survey. This base also includes holdings that are entitled to direct payments and about 5000 others that do not receive direct payments. The current limit of 3.0 LU per hectare of utilised agricultural area with the corresponding area-based scaling based on LU reference values¹⁵¹ theoretically affects around 10 300 holdings. These farms have to give up the farmyard manure of some 146,000 livestock units in order to comply with the limit. In practice, however, the requirement for a balanced balance sheet (Suisse-Bilanz) applies before the 3 LU limit. If this limit is lowered to 2.5 LFU per hectare, the number of farms will increase by about 2,300 and the amount of farmyard manure to be disposed of by about 13,000 livestock units. The transfer of farmyard manure involves costs for the farms. Suisse-Bilanz already limits the level of farming intensity of agricultural enterprises entitled to direct payments. The amount of fertilizer that can be applied depends on the crop and the level of yield. In most cases, the limit currently defined in Suisse-Bilanz for the lowland region is less than 3 LU per hectare of usable area in accordance with the Water Act. The impact on the disposal of farmyard manure is therefore expected in practice to be significantly less than indicated above.
- Adaptation of the maximum load: farms will have easier access to third party capital. Regardless of the maximum load, applicants must continue to submit an operating programme demonstrating long-term viability for structural improvement measures, initial aid and investments in farm buildings amounting to more than CHF 500 000. Adjusting the maximum load may result in additional costs for banks or operators for other investments. In some cases, adjusting the maximum load may result in higher interest rates for operators.
- New forms of legal entities: regulations for legal entities related to peasant agriculture will offer farmers more options for financing and covering the risks of their professional activities.

Measures that have an impact on the environment (cf. 8.5) can also have an impact on agriculture.

8.3.2 Impact on administrative burdens in agriculture

This chapter summarizes the impact of the main changes on administrative burdens in agriculture. It should be noted here that there is often a conflict between the targeted and efficient use of public funds and the administrative effort required to prove that services have been properly provided by the persons concerned. It is therefore a question of finding an optimal solution. The measures set out below are likely to have an impact on the administrative tasks for farmers.

¹⁵¹ Swiss Federal Office for Agriculture (FOAG), Swiss Agency for the Environment, Forests and Landscape (SAEFL), 1994: "*Practical instructions for water protection in agriculture*" Berne: Federal Central Office for Printed Matter and Materials (FOCPM), 1994: "*Instructions pratiques pour la protection des eaux dans l'agriculture*".

Investment aid

- Economic examination (Art. 89, para. 1, let. b, P-LAgr): the tightening of requirements for investment aid may result in additional burdens for the persons concerned.
- Restriction of investment credits for housing construction: reduction of the workload, as there will be no need to file an application.

Direct payments

- Introduction of new elements in the PERs: These changes in nutrient limitation, soil protection and regional requirements result in additional burdens for agriculture.
- Development of contributions to the production system: these changes result in increased burdens on agriculture. The integration of contributions to resource efficiency results in a consolidated system with options for farmers.
- Promotion of agriculture adapted to local conditions: the costs will decrease in the medium term compared to today for farms participating in several regional measures, since there will only be one project for the different measures.
- Funding for laboratory analyses required for federal control of PPh: Strengthening these analyses will contribute to reducing the number of on-farm controls by 15-20% while making these controls more efficient.

FRDA

Amendments concerning land law: These amendments are intended to reduce administrative burdens, as different authorisation procedures are no longer necessary.

8.3.3 Implications for upstream and downstream sectors

- The development of contributions from the production system makes it possible to expand the range of near-natural, environmentally and animal-friendly products that can be marketed as part of a value-added strategy for Swiss agriculture.
- The package of measures proposed as an alternative to the drinking water initiative leads to a more targeted and reduced use of plant protection products. Manufacturers could increasingly question whether the Swiss approval procedure is still financially justified, given the small quantities sold.
- Temporary contributions to the reduction of crop insurance premiums (Art. 86a P-LAgr): These contributions will make it easier for subsidised insurance products to penetrate the market. It is to be assumed that this situation will lead to an increase in turnover in Switzerland in the agricultural insurance sector.

8.3.4 Implications for the rest of the economy

None

8. 4Social consequences

- Application of certain measures of the LAgr to aquaculture species, algae, insects and other living organisms used for the production of food and feed (Art. 3, para. 3, P-LAgr): the indigenous supply of food and feed based on insects or algae will tend to increase slightly.
- New general objectives (Art. 87 P-LAgr) and new article on the transparency of measures and objectives (Art. 87a P-LAgr): the use of the space reserved for Art. 87a para. 1 let. a, ch. 4, P-LAgr (basic infrastructure), to promote efficient Internet access at OAS level (broadband Internet access is part of the basic infrastructure along with water and electricity supply) may have a positive effect on the occupation of isolated regions or hamlets, whose connection to the broadband network will be accelerated or decided upon through the promotion of this technology. Moreover, this measure will have a positive impact on ensuring the viability of farms in such areas.
- SAR (art. 87a, let. d, ch. 4, P-LAgr): strategic processes can help to strengthen the identity of these regions. Planning work for the maintenance and development of infrastructure can indirectly lead to rehabilitation projects and consequently to orders for the construction sector. These orders guarantee the long-term maintenance of the infrastructure (investment protection) and production bases for agriculture.
- Revision of the RFDA: More options are available for people who want to farm but cannot acquire land or a farm within their family. The new regulations also allow the urban population to engage in cooperation with the agricultural sector, which will give them the opportunity to participate directly in the production of the food they need.

8. 5Environmental consequences

- New RAP measures and new contributions to the production system: A reduction in the environmental impact from PPh and nutrients and a reduction in the ecological footprint of agricultural activities can be expected. Compared to today, risks to ecosystems and drinking water are reduced by more ambitious measures in the field of RAPs: the use of plant protection products will be more strictly limited and spraying methods will be prescribed, the use of which will reduce undesirable PPh emissions by 75%. Similarly, more stringent rules in the RAPs will make it possible to take better account of regional particularities that influence the site-specific environmental impact attributable to PPh. In addition, contributions to the production system that encourage the limitation of PPh use, or even the total non-use of PPh, will reduce the overall amount of PPh used in Switzerland. Even infringements of specific provisions of water protection legislation may be subject to effective sanctions in the form of reductions in direct payments.
- The proposed measures will also prevent soil compaction and increase soil fertility. Improved animal health will contribute to a sustainable reduction in the use of antibiotics.

- Contributions to agriculture adapted to local conditions (Art. 76a P-LAgr): Regional agricultural strategies define the challenges that must be met at the regional level to achieve the OAS and the measures that flow from them. The implementation of the measures provided for in the projects helps to reduce the discrepancies with the AEOs.
- Contributions to biodiversity: An improvement in the effect on biodiversity is to be expected, as the new measures are intended to fill gaps in the achievement of environmental protection objectives.
- Promotion of animal health and particularly environmentally and animal-friendly production methods (Art. 87a para. 1 let. d, ch. 1, P-LAgr): a favourable effect on the environment is to be expected, since it will be possible to further encourage technical measures that are favourable to the environment and animal welfare. The magnitude of this impact will depend on the extent of the measures encouraged (e.g., "weeding" robots reduce the use of herbicides and electric tractors reduce the production of greenhouse gases).
- Development of maximum numbers: it will now also be possible to take into account food waste likely to be generated in the retail trade or unprocessed foodstuffs (bananas during post-ripening, etc.) when authorising an increase in the number of animals. This approach avoids waste and uses resources more efficiently.
- Federal funding of laboratory analyses for the control of PPh by the federal government will help to ensure that the use of unauthorized products is more closely controlled, which will have a significant preventive effect. It is expected that the use of unauthorized PPhPs will decline.
- The reduction of the maximum authorised quantity per hectare of farmyard manure to 2.5 LU per hectare in Article 14(4) and (6a) P-Laws will reduce the risk of local over-fertilisation with the resulting loss of nutrients to the atmosphere. It is also expected that there will be an increased substitution of farmyard manure for mineral fertilizers. The estimates depend on the dynamics of mineral fertilizer substitution by farm fertilizer in the farms that acquire these surpluses. The potential reduction is about 450 tonnes of phosphorus and 1400 tonnes of nitrogen if mineral fertilizers are completely replaced by farm manure. Assuming a maximum substitution rate of 50%, a reduction of about 225 tonnes of phosphorus would be achieved, representing a 3.5% reduction from the current surplus, and about 700 tonnes of nitrogen reduction, representing a maximum of 0.6% reduction from the current surplus. As more farmyard manure would be transported, greenhouse gas emissions could increase with increased transportation. Estimates show that approximately 1.4 million additional cubic metres of liquid farmyard manure will have to be disposed of, at an additional cost of 15 to 20 million francs. This will mainly affect regions with very high livestock numbers, such as central Switzerland.
- The table below presents the expected effects of the main measures to reduce greenhouse gas emissions and losses of nitrogen and phosphorus to the environment. With regard to greenhouse gases, the Federal Council proposes that by

2030 the Swiss agricultural sector should reduce its emissions by 20 to 25% compared to 1990, the base year.

Table 25

Effect of the main measures to reduce nitrogen and phosphorus losses to the environment and greenhouse gas emissions

Domain Measure	Nitrogen	Phos- phorus	Greenhouse Gases
PER			
Removal of the 10% tolerance margin in the manure balance (including the obligation to publish fertiliser transfers in accordance with Article 164bis P-LAgr), see Table 11.	X	X	X
Potential for regional reinforcement of RAPs	X	X	X
3.5 % of areas for the promotion of biodiversity on arable land	X	X	
Two-phase feeding of pigs	X	X	X
CSP			
Set of measures to improve soil fertility in arable and special crops	X	X	X
Computerized Humic Balance in Field and Special Crops	X	X	X
Efficient use of nitrogen in field and special crops	X		X
Use of non-fossil fuel forms of energy in field and specialty crops			X
Agroforestry in field and special crops	X	X	X
Ceiling of crude protein intake in the feed for production animals	X	X	X
Reduction of ammonia emissions in livestock farming	X		X
SRPA+ with prolonged grazing in the farm	X		
Prolongation of the productive life of dairy cows and mother cows	X		X
LCD (from 2025)			

Domain Measure	Nitrogen	Phos- phorus	Greenhouse Gases
Theme of the sustainable use of natural resources	X	X	X
Structural Improvements			
Promotion of particularly environmentally friendly production methods	X		X
LEaux			
Reduction from 3 to 2.5 LFU per ha	X	X	X

The Federal Council is of the opinion that the cumulative effects of these measures in addition to those generated by the measures taken by the inter-professions will make it possible to achieve the objectives with regard to nutrient losses to the environment, as provided for in Art. 6a P-LAgr, and greenhouse gas emissions. This requires an ambitious design of measures and programmes.

9 Legal aspects

9.1 Constitutional basis

The tasks and powers of the Confederation in the field of agriculture and food are laid down in the Constitution, mainly in Articles 104 and 104a.

Art. 104 Cst.

Art. 104 of the Federal Constitution, adopted in 1996, contains the constitutional powers required for the Confederation's agricultural policy. It instructs the federal government to ensure that agriculture, through sustainable and market-oriented production, makes a substantial contribution to :

- security of supply for the population,
- conservation of natural resources,
- maintenance of the rural landscape and
- decentralized occupation of the territory.

Art. 104a Cst.

Article 104a of the Constitution, which was accepted by the people in September, sets out the principles governing food security. It defines the conditions for the long-term maintenance of security of supply for the population as follows:

- the preservation of the basis of agricultural production, in particular agricultural land ;
- food production that is adapted to local conditions and uses resources efficiently;
- an agriculture and agri-food sector that responds to market demands ;
- cross-border trade relationships that contribute to the sustainable development of the agriculture and agri-food sector ;
- resource-conserving use of food.

Other constitutional articles

According to Art. 73 of the Federal Constitution, the Confederation and the cantons must ensure sustainable development. They work to establish a sustainable balance between nature, in particular its capacity for renewal, and its use by human beings.

Art. 75 Cst. grants the Confederation the competence to lay down the principles of spatial planning. Spatial planning is the responsibility of the cantons; it must ensure the appropriate and economic use of land and the orderly occupation of the country. Wise and measured land use also includes adequate protection of cultivated land.

Art. 102 of the Constitution regulates the supply of goods and services to the country in situations of crisis or serious shortage and generally covers essential goods and services (energy sources, therapeutic products and foodstuffs, etc.). It focuses on short- and medium-term shortages and serves as the constitutional basis for the country's supply law (e.g. compulsory reserves).

According to Art. 103 of the Federal Constitution, the Confederation may support economically threatened regions and promote economic sectors and professions if the assistance measures that can reasonably be expected of them are not sufficient to ensure their existence. It may, if necessary, derogate from the principle of economic freedom.

9.2 Constitutionality

These amendments to the AgrG implement the mandate contained in Art. 104 and 104a of the Constitution, which give the Confederation broad powers and tasks in the formulation of agricultural policy measures (Art. 104 paras. 2 and 3 of the AgrG). The adaptation proposals are part of a systematic pursuit of agricultural policy and fall within the constitutional competence of the Confederation.

In accordance with Art. 104 para. 4 of the Federal Constitution, the Confederation commits earmarked agricultural credits and general federal resources to finance the various agricultural policy measures. This provision is embodied in Art. 6 of the Federal Law on the Granting of Financial Aid, according to which the funds for the main areas of activity are authorised for a maximum of four years by a simple federal decree. According to Art. 104 para. 1 of the Swiss Constitution, the Confederation shall ensure that agriculture makes a substantial contribution to the provision of services in the public interest through sustainable and market-oriented production. The financial resources of around CHF 3.45 billion per year have so far made it possible to ensure the sustainable development of agriculture and to provide the services required by society. The aim of AP22+ is to further improve the market orientation and competitiveness of the agriculture and agri-food sector. Maintaining the current level of funding also promotes the sustainable development of agriculture in economic, ecological and social terms. PA22+ is therefore consistent with the provisions of the Constitution.

In connection with the new Article 104a Cst. (Food safety), the measures of AP22+ focus on letters b (food production adapted to local conditions and using resources efficiently) and c (agriculture and agri-food sector responding to market requirements). The aim is to ensure in the long term that Swiss agriculture makes its contribution to the food supply of the population.

The draft provides that the provisions of Chapter 1 of Titles 2, 5 and 6 and Chapter 4 of Title 7 are now to apply to living organisms not currently supported, such as those of aquaculture (e.g. fish, crustaceans, molluscs), insects, algae or duckweed, insofar as these organisms serve as a basis for the production of food and feed (cf. 5.1.1.3). These provisions should be applicable to the production of these bodies, although they are not directly covered by the constitutional concept of agriculture. In constitutional law, this can be justified by the close link that can be established with the competence of the Confederation in the sense of Art. 104, para. 2, Cst. which provides for the promotion of peasant farms cultivating the soil.

Article 104(1) of the Swiss Federal Constitution provides that the payment of direct payments is conditional on the existence of insurance cover for spouses working in the company. The federal government has a duty to ensure that agriculture produces

in a sustainable manner, which includes not only the economic and ecological dimensions but also the social dimension. Many family members (especially spouses) today do not have adequate pension provision or loss of earnings insurance. The new provision is intended to improve the situation.

The draft revision provides that direct payments may now also be made to legal persons. The exclusion from entitlement to direct payments on the basis of legal status is thus removed. According to the current version of the law, the Federal Council has the power to determine which farms are "peasant" and "soil cultivating". This delimitation dates back to the parliamentary debates on the 2002 IP; at the time, it was intended to exclude non-farming farms from the right to direct payments, and therefore legal entities, considered as non-farming¹⁵². Since the entry into force of the AgrG in 1999, the DPO has used legal status as the basis for determining entitlement to direct payments, while admitting certain legal persons to the circle of entitled persons. The Federal Council could provide for exceptions to the rule for contributions to biodiversity and landscape quality on the basis of Art. 70a para. 3 let. e of the Federal Act on the Conservation of Nature and Natural Resources (Art. 70a para. 3 let. e of the Federal Act on the Conservation of Nature and Natural Resources). Following the Streiff-Feller interpellation 18.3486, the Federal Council declared itself ready to review the constitutional interpretation of the term "peasant farms cultivating the soil". As a result, the FOAG commissioned two expert opinions on the subject¹⁵³. Both came to the conclusion that the notion of "peasant farms cultivating the soil" in the Constitution is a concept, leaving a margin of appreciation to the legislator. And that the legislator, or the Federal Council, can waive legal status as an eligibility criterion for direct payments. The current draft law provides that legal entities are in principle entitled to direct payments, but that the Federal Council may, as before, determine which farms are not peasant farms that do not cultivate the land. These may be farms operated by natural or legal persons. As is the case today, non-compliance with the maximum staffing requirements (Art. 46 of the GrGLA) leads to the exclusion of direct payments. In accordance with Art. 104, para. 2 of the Federal Constitution, the Confederation promotes peasant farms that cultivate the soil. The expert opinions mentioned underline that the concept of "peasant farms cultivating the soil" must, as stated above, be understood as a guideline for interpretation, but also that it makes the delimitation of competence for support diffuse. In fact, the legislator only envisaged excluding legal persons in the area of direct payments to farms on a year-round basis. However, it only expressed itself indirectly on the issue, indicating its intention to exclude certain farms in principle, but then leaving it to the Federal Council to develop the corresponding arrangements. For the other areas of agricultural support governed by the law, such as supplements for milk processed into cheese (Art. 38 to 40 of the AgrG), contributions for specific crops (Art. 55 of the AgrG) and contributions for the improvement of structures (Art. 87 ff. of the AgrG), no restrictions are foreseen due to the legal status. Farms in the summer region are even explicitly excluded from such

¹⁵² See Agricultural Policy 2002, BO **1997** N 2067, Nebiker Hans-Rudolf - rapporteur., BO **1998** E 156 and BO **1998** E 344, Büttiker Rolf - rapporteur.

¹⁵³ Prof.'s expertise. Roland Norer and ^{Me} Jean-Michel Henny, 2019; www.blw.admin.ch>Policy ≥ Agricultural policy > AP 22+ > Documentation

restrictions (Art. 70b of the AgrGG). Since the prohibition of a legal status requires a legal basis¹⁵⁴, it is presumed that the legislator can provide for a restriction in these areas as well, but has not done so to date. Together with the experts, it can be assumed that, while the legislator can provide for legal form as a delimitation criterion, other limiting criteria are possible for excluding non-farming holdings from entitlement to direct payments. The proposed amendment is consistent with the Constitution.

The amendments to the LFE (cf. 3.1.9.3) are intended to make animal health more consistent at the legislative level. The current legislation contains only specific provisions relating to animal health (e.g. Articles 11a, 31a(3) and 53b(1) of the LFE; Article 59(1) of the Ordinance of 27 June 1995 on epizootic diseases¹⁵⁵). The amendments are based on Art. 118 para. 2 lit. b, Cst. Under this provision, the Confederation legislates on the control of communicable diseases, widespread diseases and particularly dangerous diseases of humans and animals. Strengthening animal health makes a key contribution to the fight against these diseases. Effective control of animal diseases and epizootic diseases includes preventive measures, i.e. measures to prevent or reduce the occurrence of animal diseases and epizootic diseases. Optimal prevention includes measures to enhance animal health in the broadest sense (welfare, freedom from disease). Animals that are not raised in a species-appropriate manner and whose welfare is thus restricted are indeed stressed and weakened. As a result, they are more vulnerable to disease and epidemics. Healthy animals are also important for human health because the risk of disease transmission from animals to humans is reduced. In addition, fewer antibiotics should be used in healthy animals, thus preventing the development of antibiotic resistance.

The amendment to s. 1(a) of the FRDA is related to the proposal to expand access to real property and agricultural businesses. The conditions laid down for this enlargement (e.g. the retention of the requirement to farm on a personal basis) also continue to ensure the consolidation of rural land ownership provided for in the Constitution (Art. 104 (3) (f) of the Constitution).

9.3 **Consideration of Art. 104a Cst. in AP22+.**

On 24 September 2017, the people and the cantons approved Art. 104a of the Federal Constitution on food security. Food security is achieved when people have access at all times to good quality, affordable food in sufficient quantity. This is now the case in Switzerland. The new constitutional article charges the federal government with creating the conditions that will ensure Switzerland's food supply in the long term. It defines the five pillars (Art. 104a, let. a to e, Cst.) that are particularly important for ensuring our food security. According to Article 104a of the Constitution, supply must be guaranteed by both domestic and imported products. In this regard, the economic, ecological and social aspects of production, both at home and abroad, must be taken into account. The new constitutional article calls for a market-oriented, sustainable and interconnected national and international agriculture and agri-food sector. The following points describe how agricultural policy can work towards the fulfilment of

¹⁵⁴ See ATF 140 II 233

¹⁵⁵ SR 916.401

the new constitutional mandate and which measures under AP22+ contribute directly to this.

Preservation of the basis of agricultural production

Areas and soils that can be used for agricultural purposes (cultivated landscape), non-renewable resources (e.g. phosphorus), water, as well as agricultural infrastructure and know-how in agricultural practice and in the agricultural knowledge system (e.g. agricultural research) are the foundations of agricultural production. The protection of the cultivated landscape is primarily the responsibility of the cantons. At the federal level, instruments for the quantitative protection of agricultural land are mostly to be found in the field of spatial planning. As part of the second stage of the revision of the legislation on spatial planning, it is planned to review the regulation of construction outside building zones. Measures for better protection of ADS will be continued in the context of the revision of the ADS SP.

Agricultural policy can have an impact on agricultural ecosystems, inter alia through RAPs and the direct payment system. The development of these instruments in the framework of AP22+ will have a positive effect on the state of ecosystems. A more targeted orientation of agricultural investment aid (e.g. support for innovative technologies to reduce negative environmental impacts), research (e.g. promotion of innovation) and plant and animal breeding (orientation towards sustainability) will also contribute to the long-term preservation of the agricultural base.

Production adapted to local conditions and preserving natural resources

Agriculture adapted to local conditions exploits the agronomic potential for food production taking into account the environmental sustainability of ecosystems. The OAS describe the conditions that must be met to ensure the long-term resilience of ecosystems and ecosystem services. Adaptation of agriculture to local conditions must prevent overexploitation of ecosystems. By making even more efficient use of resources, agriculture will be able to reduce its consumption of resources (e.g. use of fertilisers) and its emissions into the environment (e.g. plant protection products) as much as possible, while taking into account the contribution of indigenous production to security of supply.

The development of PERs will tend to contribute to reducing the ecological footprint. Regional agricultural strategies will provide targeted support for agriculture adapted to local conditions and the ecological infrastructure. In addition, the strengthened resource efficiency orientation of contributions to the production system will result in an optimized use of natural resources.

Market orientation of the agriculture and agri-food sector

A stronger market orientation means that agriculture and the agri-food sector are not state-led, but guided by the market, i.e. by consumer expectations, and thus generate high added value. In order to exploit the potential in Swiss and foreign markets, PA22+ must create a favourable environment for value creation (e.g. through a strategy of quality differentiation).

Cross-border trade relations and sustainable development

PA22+ comprises the agricultural policy measures to be implemented in Switzerland from 2022 onwards. It does not include possible adjustments to customs protection with a view to broadening cross-border trade relations. Strengthened networking between the Swiss agricultural market and foreign agricultural markets can be achieved through the conclusion of new free trade agreements or the extension of existing agreements. These agreements must, as usual, be approved by Parliament. This is in line with external economic policy. The draft on PA22+ will be submitted to Parliament independently of such agreements.

Switzerland depends on the import of food and agricultural inputs such as machinery, fuel, seeds, diesel and fertilisers, as well as on the export of certain agricultural products (dairy and processed products). Good foreign trade relations are therefore essential to food security. Article 104a of the Swiss Constitution stipulates that the Confederation must create the conditions for all cross-border trade relations that contribute to the sustainable development of the agri-food sector. In doing so, it must comply with international trade law and be committed to its further development. It must also comply with internationally recognised guidelines, such as the Agenda 2030 for sustainable development to which it is a signatory (cf. 1.3.2).

Imports and exports of foodstuffs and means of production should promote the sustainable development of Swiss agriculture and the agri-food sector. Imported means of production (fertilisers, machinery, animal feed, etc.) contribute to increasing the productivity of domestic agriculture and, like the export of Swiss agricultural products, to the economic development of the sector. At the same time, food imports contribute to sustainable development by reducing the burden on Switzerland's agricultural ecosystems. In the absence of imported foodstuffs, domestic production would, given current consumption, have to be so greatly intensified that it would lead to massive overexploitation of ecosystems. On the other hand, it is important to avoid imports resulting in excessive pollution, degradation of production bases or negative social consequences abroad. In this context, Switzerland advocates greater respect for the principles of sustainable development in international trade.

Sustainability as a global concept is already an inescapable component of today's trade and trade policy. In this regard, the negotiation of free trade agreements and the modernization of existing treaties offer the main levers of influence. On the other hand, opportunities are currently non-existent within the WTO and in bilateral relations with the EU. These instruments regulate much of our country's cross-border trade in agricultural products. For this reason, Switzerland is developing existing instruments, such as product labelling. More broadly, it is already working today to strengthen the sustainable development of agriculture and the agri-food sector, whether in multilateral relations or by helping to create favourable framework conditions, particularly in the FAO and OECD framework. The fight for food security throughout the world is part of this commitment.

All free trade agreements concluded since 2011 contain clauses on sustainable development. These clauses concern all production sectors, including the food industry, and refer to the commitments made by the parties to pursue SDOs. They define a common

frame of reference which the Contracting Parties undertake to respect in their preferential economic relations so that the economic objectives of the free trade agreements are compatible with the objectives of the Contracting Parties in the field of environmental protection and labour rights. The clauses include a commitment to respect and effectively implement the agreements ratified by the contracting parties, namely the multilateral treaties on environmental protection and the conventions of the International Labour Organization (ILO). The implementation of the ILO's decent work agenda is also reaffirmed. Other provisions concern the sustainable management of forest resources (including issues relating to the reallocation of land for agricultural production) and fish stocks (including the abolition of fisheries subsidies), but also the generalisation of sustainability certificates aimed at promoting ecological production methods and social standards. Reference is also made to the main international instruments governing human rights and to the principles of corporate social responsibility (CSR). At the institutional level, the FTAs provide for supervisory bodies (Joint Committee) to examine and resolve, where necessary, problems relating to the commitments entered into by the parties in these areas.

Switzerland will continue its efforts towards the inclusion of comprehensive sustainable development provisions in FTAs and will consider more extensive measures in individual cases. An institutionalised dialogue on sustainable development in agriculture and the agri-food sector could be established between the authorities of the countries concerned. Such a dialogue would serve to foster mutual understanding and possible mechanisms to monitor the contribution of bilateral trade to the sustainable development of the agriculture and agri-food sector. Communication plays a key role in this regard. Sustainability information must be reliable and transparent. The indicators proposed in Agenda 2030 could be used for this purpose.

For their part, companies have recognised that the demand for sustainably produced products has great economic potential that can only be exploited if consumer interests are taken seriously and sustainability can be demonstrated at the retail level. Transparency, from raw material production to final consumption, is essential for credibility. It is equally important to have factual and correct information so that purchasing decisions are not influenced by misinterpretations of sustainability or by fashion effects. Innovative technologies could open up new opportunities for monitoring sustainable development information. They could greatly simplify and make transparent the traceability of foodstuffs as regards the place of production and manufacturing methods.

Resource-conserving use of food

The availability of food and the sustainability of food consumption can be improved by reducing the amount of food that ends up in the waste bin or is lost during production or processing and by reducing the natural resources used to obtain that food¹⁵⁶.

¹⁵⁶ Cf. also the report of 9 December 2016 in execution of Bertschy's postulate (13.4284) "Natural bases of life and resource efficiency in agricultural production. Updating the objectives "

Modelling¹⁵⁷ shows that the optimally utilised agricultural area would be sufficient to cover the minimum food requirements of the Swiss population. However, the food ration would be very different from what it is today.

The room for manoeuvre for measures against food waste and for a more resource-conscious diet is limited in the Agriculture Act. In the report "Measures taken by the Confederation to preserve resources and secure Switzerland's future" of 20 April 2016¹⁵⁸, the Confederation commits itself to reducing food waste and developing the basis for a more resource-efficient diet. It intends to raise consumer awareness through training and communication.

9.4 Compatibility with Switzerland's international obligations

9.4.1 WTO obligations

The proposed changes mainly concern domestic support measures, which Switzerland must notify to the WTO. Therefore, the compatibility of this internal system with international law, in particular with the Agreement of 15 April 1994 establishing the World Trade Organisation¹⁵⁹ and its Annexes 1A.3 (WTO Agreement on Agriculture) and 1A.13 (WTO Agreement on Subsidies), needs to be thoroughly examined.

9.4.1.1 Domestic support requirements

Long-term reform efforts in the WTO aim at a shift from trade-distorting domestic support measures ("Amber Box") to decoupled support measures with no effect on production and international markets ("Green Box"). The Agreement on Agriculture is based on three types of state subsidies: export subsidies, border protection and domestic support. The internal support is articulated in three instruments - the Orange Box, the Blue Box and the Green Box - which are described in Annex 2 of the Agreement. Unlike the Blue and Green Boxes, the Orange Box has no budget limit. Agricultural policy support measures must meet the conditions of the Green Box to be considered non-distorting, or at most minimal in effect, and not be subject to a budgetary limit. Paragraph 6 of Annex 2 lays down the principle that production is not required to qualify for these subsidies. According to paragraphs 12 and 13 as well as Annex 2, environmental payments and payments under regional support programmes can also be included in the Green Box, but the amount of the payments must not exceed the additional costs or income loss for farmers resulting from the implementation of the requirements.

Payments that do not meet the Green Box requirements do not violate Switzerland's WTO obligations, but are classified in the Amber Box, where a reduction in the budget limit is under negotiation.

¹⁵⁷ www.bwl.admin.ch > Topics > Food > Measures > Potential analysis

¹⁵⁸ The report is available at: www.bafu.admin.ch > Topics > Economy and Consumption > Information for Specialists > Green Economy > Documents

¹⁵⁹ **RS 0.632.20**

The Agreement on Agriculture (Article 8) and the Agreement on Subsidies (Article 3) prohibit in principle export subsidies. In the latter agreement, this prohibition also extends to subsidies contingent upon the use of domestic products in preference to imported products. In addition, it regulates the rights of Members with regard to the possibility of imposing countervailing duties to offset injurious subsidies from other Members. The conformity of these subsidies with the Agreement on Agriculture (green and amber boxes) does not limit these duties.

9.4.1.2 Current notification of major internal support measures

The following paragraphs deal with the measures that have an effect on Switzerland's notification to the WTO under AP22+.

Measures in the area of production and sales

Under the Ordinance on Livestock Farming, the Confederation allocates contributions to recognised livestock farming organisations to improve the basis of livestock farming. Independent of production, these contributions fall under paragraph 11 of Annex 2 and are included in the Green Box as structural adjustment measures in the form of investment aid.

Measures in the field of direct payments

Contributions to security of supply and contributions to the cultivated landscape

Contributions to security of supply are intended to conserve production capacity by maintaining calorie production at current levels. They consist of three elements: the basic contribution, the contribution for production under difficult conditions and the incentive contribution for open land and perennial crops. The contribution for production in difficult conditions finds its legitimacy in paragraph 13 of Annex 2 as regional aid, since it is paid only for hill and mountain areas. It is the only contribution to security of supply to be notified in the Green Box. The basic contribution shall be paid for permanent grassland areas subject to a minimum livestock load. This coupling to a minimum production, measured in heads of cattle, is incompatible with the Green Box criteria. The basic contribution is therefore in the Orange Box. The same applies to the incentive contribution for open land and perennial crops. As it is difficult to conceive of maintaining production capacity as a measure unrelated to production, the basic condition of the Green Box, namely independence from production, is not fulfilled.

Contributions to the cultivated landscape encourage the maintenance of an open rural landscape and fall into three categories. Depending on their specific purpose, they may be included in the Green Box as follows: the contribution for maintaining an open landscape, the contribution for sloping areas and the contribution for mountain pastures are regional aid under paragraph 13 of Annex 2; the summer grazing contribution is an environmental protection programme under paragraph 12 of Annex 2.

Contributions to the production system

Contributions to the production system encourage farming methods that are particularly respectful of the environment and animals. They include contributions for organic farming, extenso contributions, contributions for grassland-based milk and meat production and contributions to animal welfare (ESS and AFS). The different programs are based on predefined criteria and compensate for the higher production costs associated with the operating mode. They therefore meet the specific requirements of paragraph 12 of Annex 2 as environmental protection programmes and are notified in the Green Box.

Contributions to biodiversity and landscape quality

Contributions to biodiversity include the contribution to landscape quality and the contribution to networking. Contributions to biodiversity are not conditional on the production of agricultural products and are not paid for specific crops. Their aim is to preserve and promote the diversity of species and natural habitats. The payments compensate for the costs incurred by continuing farmers. Therefore, they meet the requirements of paragraph 12 of Annex 2 and are notified in the Green Box as an environmental measure. The preservation and enhancement of diverse cultivated landscapes is promoted by means of landscape quality contributions, which support the operational implementation of measures in regional projects. These contributions constitute regional aid and meet the criteria set out in paragraph 13 of Annex 2.

9.4.1.3 Effect of AP22+ on notification of domestic support

The expenditure proposed in the overall expenditure ceilings is within the Orange Box budget limits set for Switzerland, but entails a redistribution of resources.

Measures in the areas of production and sales

Animal breeding

Within the framework of PA22+, support for Swiss livestock farming will be divided into three modules. Contributions for data collection and evaluation as well as contributions for animal genetic resources research projects and for the Animal Breeding Competence and Innovation Network meet the criteria of the Green Box. With these contributions, the Confederation supports livestock organisations in the provision of various services to their members. Both contributions enter the Green Box as general services (paragraph 2 of annex 2). An additional contribution is made for the preservation of endangered Swiss breeds. By ratifying the Convention on Biological Diversity and the Agreement of 3 March 1973 on International Trade in Endangered Species of Wild Fauna and Flora (CITES)¹⁶⁰, Switzerland has committed itself to protecting biodiversity and thus to safeguarding Swiss breeds. The corresponding contributions are classified in the Green Box as environmental payments (annex 2, para. 2).

Dairy supplements

The extension of milk supplements and milk control contributions to buffalo milk has no effect on the classification of these measures in the Orange Box. Payment of the

¹⁶⁰ SR 0.453

supplements directly to producers would improve compliance with WTO law. If the payment continues to be made through the milk processors, the Confederation will ensure that the supplements are transferred to the producers in accordance with WTO law. If the liberating effect for the Confederation is limited to the exceptions described in 5.1.2.1, compliance with Art. 3.1(b) of the WTO Subsidies Agreement should be ensured.

Measures in the field of direct payments

Contributions to security of supply and contributions to the cultivated landscape

The restructuring and development of security of supply contributions has an impact on WTO notification. Their new design makes a notification in the Green Box possible. The contributions to security of supply are reduced to two: the area-based contribution and the contribution for open land and perennial crops. The basic contribution and the contribution for exploitation under difficult conditions are abolished, as is the contribution for maintaining an open landscape. The released funds are reallocated to the new area-based security of supply contribution, staggered according to production areas and decoupled from production. This contribution will be paid for the entire useful agricultural area of the holdings, from the lowland area to mountain area IV. This results in a redistribution of funds within the Green Box. The area-based contribution corresponds to the criteria for decoupled support from production (para. 6 of Annex 2). The planned budget of some CHF 800 million for the contribution according to zone leads to a sharp increase in decoupled support, a Green Box category that is under scrutiny by other WTO members. It is therefore important that the new contribution is clearly compatible with paragraph 6 of Annex 2. This means, for example, that it will not be permitted to define a positive list excluding certain activities from the contribution (e.g. fallow land or Christmas trees). Or that a minimum livestock load can no longer be required. Classification according to WTO law will be judged after the contribution has been implemented in the ordinance.

Contributions to the production system

In order to encourage the performance and efforts of agriculture to produce in a way that is particularly respectful of nature, the environment and animals, the production methods applying to part of the holding have been revised. Three production systems (PS) are planned: Livestock, Field Crops and Special Crops. These new production systems are an evolution of the current contributions to the production system and incorporate contributions to resource efficiency, which will no longer remain as a separate measure in the new agricultural policy.

SP Livestock production: it is planned that this production system will consist of four modules, each containing different measures. The Climate, Resources and Ammonia modules aim at the sustainable keeping of livestock and serve environmental objectives, e.g. the reduction of ammonia or greenhouse gas emissions by extending the productive life of cows. These three modules each contain only one measure and are notified in the Green Box as an environmental payment (paragraph 12 of annex 2). In the Animal Health module, a distinction must be made between the different measures for WTO notification. The RAPS and OHS contributions will not be materially

changed. They are primarily aimed at animal welfare and therefore continue to meet the criteria of the Green Box. The same applies to the additional RPPI contribution, which is simply subject to more stringent requirements. In contrast, the promotion of animal health ("measures" strand) focuses on overall animal health and therefore goes beyond the moral concern of improving animal welfare. This animal health measure is therefore included in the Amber Box as a non-product specific support.

The animal health module will be supplemented by a results component at a later date; a premium is foreseen for particularly good performance in the area of measurable animal health. However, as this measure is currently at the research stage, its design is not yet clearly defined and therefore cannot be assessed from the point of view of WTO law.

PS Field crops: the field crop production system includes measures such as herbicide renunciation and the promotion of functional biodiversity. Many of these measures pursue objectives which, under AP14-17, were supported by individual contributions to resource efficiency. As designed, they are in principle compatible with the Green Box criteria, and thus fall within the scope of environmental protection measures (annex 2, para. 12). Here too, contributions must not exceed the additional costs incurred. It remains to be seen whether measures should be notified individually or by module.

PS Special Crops: Like SP Field Crops, the Special Crops production system includes modules for plant protection, functional biodiversity, soil and climate. The aim is to internalise and reduce the negative effects of agricultural production on the environment. The planned measures include the total phase-out of insecticides or the calculation of the humic balance using a software program. Like the contributions of the Field Crops PS, those of the Special Crops PS incorporate past individual contributions to resource efficiency or the promotion of diversity. They meet the criteria for entry into the Green Box for environmental payments. Again, contributions should not exceed the additional costs incurred. Again, it is not clear whether measures should be notified individually or by module.

Contributions to biodiversity and contributions to locally adapted agriculture

The objectives of contributions to biodiversity remain the same. However, the conditions for granting the aid are becoming stricter, in particular because the new RAP scheme presupposes sufficient promotion of biodiversity. The development of the system does not change the fact that the contributions are not paid for specific crops and are not linked to production. They thus meet the criteria of paragraph 12 of Annex 2 and are notified as environmental measures in the Green Box. From 2025, it is also planned to introduce a premium for special services to promote biodiversity at farm level. The design of the premium is still under consideration. The conformity of these measures with the Green Box will be examined after they have been implemented in the Ordinance.

As of 2025, contributions for the networking of areas for the promotion of biodiversity and contributions for landscape quality will be combined in a single instrument - the contributions for agriculture adapted to local conditions - and supplemented by

measures to make up regional deficits in terms of achieving AEOs in the area of substance pollution (water, air, soil). As these measures remain decoupled from production, they fulfil an important condition for notification in the Green Box. The possibility of a notification in the Green Box will be judged definitively after concretization at the level of the ordinance.

9.4.1.4 Other aspects relevant to PA22+

Risk Management

The WTO Agreement on Agriculture provides for the possibility for member States to participate in income guarantee programmes under the Green Box (para. 7 of annex 2). However, the conditions to be met are strict, as green box compatible measures must not have direct effects on markets. In insurance terms, this means that compensation would only be considered in the event of substantial loss of income. To put it plainly: the notification of such insurance in the Green Box is only possible if the farmer's deductible is at least 30% of gross farm income. However, since income such as direct payments have to be taken into account in the calculation of loss of income, the loss of harvest would have to be practically total for a Green Tier compatible weather insurance to cover the damage. Comparison with other countries (e.g. the US and the EU) shows that weather risk insurance is most often classified in the Amber Box. As the conceptual work on such assurance has not been completed, a conclusive assessment cannot be made at this time. However, in view of the strict Green Box criteria, the measure will probably be classified in the Amber Box.

In view of this uncertainty and in order to avoid the classification of new measures in the Amber Box, it is important to design a scheme for subsidised insurance premiums that is consistent with the other objectives of agricultural policy. Indeed, several economic studies have shown that subsidised insurance leads to riskier production decisions. Moreover, there is a danger of indirectly supporting production methods that are not adapted to local conditions and are uncompetitive, which¹⁶¹ is contrary to the general objectives of the new agricultural policy. In addition, risk management in agriculture should be analysed against the background of current initiatives (drinking water, plant protection products) and as part of an overall assessment of policy implications (problem definition and objectives, benefit to the community)¹⁶².

Subsidised risk insurance should focus on clearly defined disaster risks¹⁶³, for which private insurance solutions cannot be developed. Above all, we must avoid restricting private initiative and ensure that we do not over-compensate producers or encourage

¹⁶¹ Vincent H. Smith & Joseph W. Glauber, 2012. « Agricultural Insurance in Developed Countries : Where Have We Been and Where Are We Going ? », *Applied Economic Perspectives and Policy, Agricultural and Applied Economics Association*, vol. 34(3), pages 363-390. <https://doi.org/10.1093/aepp/pps029>

¹⁶² Hirschauer, N. and Mußhoff, O. (2019). Economic assessment of the subsidisation of agricultural insurance. AGRA-EUROPE 11/19, 11 March 2019 : 1 à 3

¹⁶³ OECD, 2018. Taking a holistic approach to agricultural risk management. <http://www.oecd.org/agriculture/topics/risk-management-and-resilience/>

them to take risks. In order to encourage the development of appropriate private initiatives, the State must proactively inform farmers and empower them to implement risk management strategies.

From an economic point of view, it is important to¹⁶⁴¹⁶⁵ compare and evaluate the different state options in relation to the "risk of loss of return" challenge. These options include the provision of a database to enable farmers to make informed entrepreneurial decisions, taking into account, inter alia, the possibilities of digital technology; measures for adaptation to and prevention of climate change; selection and exploitation of drought-resistant varieties; measures for the sustainable and efficient use of natural resources (efficient irrigation methods), etc.

9.4.2 Other international bonds of Switzerland

The proposed amendments to the law do not change the relationship with the bilateral law between Switzerland and the EU. It is important to implement the new instruments in a way that is compatible with Switzerland's commitments under the bilateral agreements with the EU (in particular the Agriculture Agreement and Protocol 2 to the 1972 Free Trade Agreement between Switzerland and the European Community), in particular also because it is the producers and not the processors who benefit from the measures.

The amendments to the FDFA, the CC and the LBFA are compatible with Switzerland's international commitments. The proposals are also in line with Switzerland's general commitments, for example under the Convention of 18 December 1979 on the Elimination of All Forms of Discrimination against Women¹⁶⁶. The proposed measures implement the recommendations that the UN Committee on the Elimination of Discrimination against Women addressed to Switzerland in 2009 and 2016 concerning rural women. They are also consistent with the conclusions of the 62nd session of the United Nations Commission on the Status of Women (CSW) in 2018.

PA22+ supports the achievement of the DOs as follows :

- Swiss agriculture must be strengthened and made more efficient in the long term on the domestic market and abroad so that it can make its contribution to food security. Thanks to new technological possibilities, Swiss farms will have access to more and better information on weather events and market developments. This can increase their resilience and market success.
→ ODD 2
- The spouse of the farm manager should benefit from better social protection as of 2022. There are also plans to improve opportunities for people outside agriculture to enter the trade through amendments to the RFDA.

¹⁶⁴ Agricultural policies. Risk-based international comparison. Report prepared in response to Bourgeois postulates 14.3023 and 14.3815 <https://www.news.admin.ch/news/messages/attachments/46724.pdf>

¹⁶⁵ OECD (2019). Innovation, Productivity and Sustainability in Food and Agriculture. <https://www.oecd.org/publications/innovation-productivity-and-sustainability-in-food-and-agriculture-c9c4ec1d-en.htm>

¹⁶⁶ SR 0.108

→ ODD 1, 2 and 5

- The greatest ecological challenges are the severe loss of biodiversity, increasing greenhouse gas emissions, nutrient accumulation in lakes and soil protection. The PERs and the direct payment system must therefore be developed to reduce the environmental footprint of the agriculture and agri-food sector.

→ ODD 2, 12 and 15

- Regional Agricultural Strategies (SARs) will promote agriculture adapted to local conditions. Territorial particularities will be taken into account. Local challenges such as increasing nitrate levels in groundwater, from which drinking water is derived, can thus be addressed.

→ ODD 2, 6 and 15

9.5 Form of the act to be adopted

The draft comprises a simple federal decree (credit decree) in accordance with Art. 163 para. 2 of the Federal Constitution and three amendments to federal legislation.

9.6 Brake on spending

In accordance with Art. 159 para. 3 (b) of the Federal Constitution, the provisions on subsidies, as well as the commitment appropriations and expenditure ceilings must be adopted by a majority of the members of each of the two Chambers if they result in new one-off expenditure of more than CHF 20 million or new recurrent expenditure of more than CHF 2 million. For this reason, the present federal decree on resources for agriculture for the years 2022 to 2025 is subject to the expenditure brake. In addition, the provisions relating to the following new or modified grants are subject to the expenditure brake :

-P-LAgr : arts. 41, 72, 73, 75, para. 1, letters b and d, 76, 77, 86b, 87a, 93, 96, 96a, 105, 106, 107, 113, para. 1, 114, 116, 118, 119, 141 and 153a ;

-P-LFE : art. 11b.

The other legislative amendments do not create new provisions on subsidies subject to the expenditure brake.

9.7 Compliance with the principles of subsidiarity and fiscal equivalence

The proposed amendments do not affect the current division of labour between the Confederation and the cantons. Most agricultural policy measures are federal measures, financed by the Confederation. The cantons are responsible for enforcement. In the case of measures with cantonal scope for action (e.g. contributions to the production system, contributions for agriculture adapted to local conditions, structural improvements), the cantons must bear an appropriate share of the costs.

In the area of direct payments, it is now foreseen to pay contributions to farmers to promote advisory services in the field of biodiversity. These contributions are appropriate because the positive effect of advisory services on biodiversity has been proven and the measure thus contributes to the achievement of constitutional objectives in general and, in particular, to the conservation of natural resources in accordance with Art. 104 para. 1 let. b, Cst. According to Art. 136 of the GrVG, the cantons are responsible for the provision of advice at the cantonal level. The new contributions to biodiversity advisory services complement the cantonal advisory services and aim to generate uniform benefits for sustainable agriculture throughout the country.

9.8 Compliance with the principles of the Subsidies Act

The importance of subsidies for the achievement of agricultural objectives and the development of the provisions affecting the Subsidies Act are described in detail in chapters 1 and 5. Financial management is carried out by means of three expenditure ceilings and a commitment credit (cf. section 7). Art. 104 Cst. confers a permanent task on the Confederation, which is why most subsidies are neither limited in time nor degressive.

9.9 Delegation of legislative powers

In many areas, the LAG regulates ever-changing economic conditions which are often linked to complex technical aspects. It is therefore designed as a law that gives the Federal Council the leeway to act quickly, but also guarantees the achievement of agricultural policy objectives by means of guidelines. The proposed partial revision does not change this view.

The draft contains new or amended delegation standards in the following provisions:

- P-LAgr: Art. 6a, para. 4, 28, para. 2, 38, para. 1bis, 39, para. 1bis, 41, para. 4, , para. 3, 70a, para. 3, 73, para. 2, 75, para. 2, 76, para. 4, 77, para. 4, 86b, para. 4, 89(3), 93(5) and (6), 105(6) and (7), Art. 121(2), 141(4) and (8), 146a, 146b(2), 153a, 160b(4), 164a(2), 185(3bis);
- P-Laws: Art. 6, para. 6bis
- P-LFo: Art. 41a, para. 3

9.10 Data protection

The fulfilment of the tasks defined in the present draft amendment of the LAG, in particular those relating to the use of data for scientific purposes (Art. 146b P-LAgr), the circulation of animal feed and fertilisers (Art. 164a P-LAgr) and the provision of monitoring data (Art. 185, para. 3bis, P-LAgr), requires the processing of personal data in accordance with Art. 3, letter a, of the Federal Law of 19 June 1992 on Data

Protection (LPD)¹⁶⁷. In accordance with art. 17 DPA, personal data may only be processed if a law in the formal sense expressly provides for it. The above-mentioned articles form this legal basis.

¹⁶⁷ SR 235.1

List of abbreviations

ACL	Contributions for agriculture adapted to local conditions
EFTA	European Free Trade Association
AF	Federal Order
AFC	Federal Tax Administration
Al.	Paragraph
ALL-EMA	Monitoring programme Agricultural species and environments
AER	Federal Office for Spatial Development
Art.	Article
AHV	Old age and disability insurance
AOC	Appellation d'origine contrôlée
AOP	Protected Designation of Origin
ATF	Federal Supreme Court ruling
BDTA	Animal traffic database
SNB	Swiss National Bank
CBD	Contribution to biodiversity
CC	Civil Code; RS 210
CEC	Conference of Heads of Environmental Protection Services
FDC	Swiss Federal Audit Office
EC	European Community
CEA	Economic Accounts for Agriculture
ERC	Contribution to the efficient use of resources
ERC-E	Committee on Economic Affairs and Taxation of the Council of States
CER-N	National Council's Committee on Economics and Fees
CFHA	Federal Commission for Air Hygiene
CO	Code of Obligations; SR 220
CPS	Landscape Design Switzerland
CRA	Agricultural Research Council

CSP	Contribution to the production system
Cst.	Constitution; RS 101
DEFR	Federal Department of Economic Affairs, Education and Research
DETEC	Federal Department of the Environment, Transport, Energy and Communications
DFI	Federal Department of Home Affairs
FDJP	Federal Department of Justice and Police
ETH	
	Swiss Federal Institute of Technology Zurich
FAO	Food and Agriculture Organization of the United Nations
FF	Federal Sheet
FiBL	Research Institute of Organic Agriculture
EchIAE	Agri-Environmental Indicator Sample
EchG	Farm Management Sample
EchS	Income Status Sample
RS	Systematic Compilation of Federal Law
ha	Hectare
PGI	Protected Geographical Indication
LAgr	Agriculture Act of 29 April 1998; SR 910.1
LAT	Spatial Planning Act of 22 June 1979; RS 700
LBFA	Federal Act of 4 December 1985 on the lease of agricultural land; SR 221.213.2
LDAI	Foodstuffs Act of 20 June 2014; SR 817.0
FRDA	Federal Act of 4 October 1991 on Rural Land Law; SR 211.412.11
LEaux	Federal Act of 24 January 1991 on Water Protection; SR 814.20

LERI	Federal Act of 14 Dec. 2012 on the Promotion of Research and Innovation; SR 420.1
LFA	Federal Act of 20 June 1952 on Family Allowances in Agriculture; SR 836.1
LFo	Forest Act of 4 October 1991; RS 921.0
LFE	Law of ¹ July 1966 on epizootic diseases; RS 916.40
LIWIS	Agricultural innovation and knowledge system
LPD	Federal Act of 19 June 1992 on Data Protection; SR 235.1
LPN	Federal Act of ¹ July 1966 on the Protection of Nature and Landscape; SR 451
LSC	Federal Act of 6 October 1995 on Civil Service; SR 824.0
LSu	Subsidies Act of 5 October 1990; SR 616.1
MERCOSUR	Mercado Comùn del Sur; acronym for the common market of South America
NH3	Ammonia
OAS	Ordinance of 7 December 1998 on Structural Improvements; RS 913.1
OAT	Ordinance of 28 June 2000 on Spatial Planning; SR 710.1
OECD	Organisation for Economic Co-operation and Development
ODD	United Nations Sustainable Development Goals
OAS	Environmental objectives for agriculture
OEaux	Ordinance of 28 October 1998 on the Protection of Waters; RS 814.201
OEM	Ordonnance of 23 October 2013 on the maximum workforce in meat and egg production; RS 916.44
FOAG	Federal Office for Agriculture
FOEN	Federal Office for the Environment
FSO	Federal Statistical Office
ILO	International Labour Organization
WTO	World Trade Organization
UNITED NATIONS	United Nations
OPair	Ordinance of 16 December 1985 on Air Pollution Control; SR 814.318.142.1)

OPD	Ordinance of 23 October 2013 on Direct Payments; SR 910.13
OQuaDu	Ordinance of 23 October 2013 on the Promotion of Quality and Sustainability in the Agri-Food Sector; SR 910.16
OTerm	Ordinance of 7 December 1998 on Agricultural Terminology; RS 910.91
OSAV	Federal Office of Food Safety and Veterinary Affairs
PA	Federal Act of 20 December 1968 on Administrative Procedure; SR 172.021
PA 14-17	Agricultural policy 2014-2017 (development of agricultural policy)
PA 18-21	Agricultural Policy 2018-2021
AP 2002	Agricultural Policy 2002 (reorientation of agricultural policy)
PA 22+	Development of agricultural policy from 2022 onwards
PA PPh	Action Plan Plant Protection Products
CAP	EU Common Agricultural Policy
PDR	Regional development project
PDir	Direct payments
PER	Ecological benefits required
GDP	Gross Domestic Product
PITF	Integrated Task and Financial Plan
P-LRB	Federal policy for rural and mountain regions
PLVH	Grassland-based milk and meat production
SME	Small and medium enterprises
NRP68	National Soil Resource Research Program
PPh	Phytosanitary product
PS SDA	Sectoral crop rotation area plan
IQ, IQ	Quality level I, quality level II for areas for the promotion of biodiversity
RO	Official Compendium of Federal Law
RPT	Reform of financial equalization and the division of tasks between the Confederation and the cantons
SAR	Regional agricultural strategies

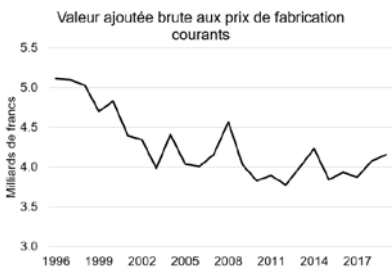
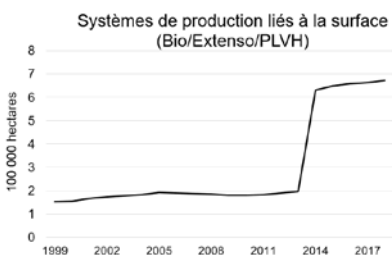
SARL	Limited liability company
UAA	Useful agricultural area
SIPA	Information system for agricultural policy
SDA	Rotation surface
SNE	Sustainable Development Strategy
SP	Production system
SPB	Biodiversity promotion area
SRPA	Regular outdoor outings
SST	Particularly animal-friendly housing system
StAR	Antibiotic Resistance Strategy
Suissemelio	Swiss Association for Rural Development
TJ	Terajoule
TTIP	Transatlantic Trade and Investment Partnership
EU	European Union
UGB	Livestock unit
UGBF	Livestock manure unit
UMOS	Standard manpower unit
USP	Swiss Farmers' Union
AWU	Annual work unit

Annex
(Chapter 4.3)

Description and evaluation of indicators and derivation of target values

Description	Evaluation	Developments to date	Target value & motivation																			
Market success indicators in Switzerland and abroad																						
Competitiveness is measured as a percentage of the ratio of average foreign and domestic producer prices. The value refers to standard products of comparable quality.	<p>-established and well-documented OECD indicator, published annually.</p> <p>-The price difference is significantly influenced by agricultural tariffs and shows the effect of these tariffs.</p> <p>Limitations :</p> <p>-Currency fluctuations have a great influence on price differences and must be taken into account in the valuation.</p> <p>-Price and volume trends for quality and niche products are not covered by this indicator, or only in a few cases.</p> <p>-A greater quantity of high-quality products in the higher price segment does not increase the indicator, because only standard products are taken into account.</p>	<p>The reduction in border protection contributed to halving the indicator to 150 per cent between 1996 and 2006. Since then, this development is mainly due to the increase in international prices. The increase to more than 150% from 2013 onwards is mainly due to the strength of the Swiss franc.</p>	<p>CPL < 140%.</p> <p>In particular, agricultural policy measures should help to ensure that price differences for comparable products in relation to the international price level (2018: 53%) fall below a maximum value (40%) and no longer exceed it. In addition, international price developments are expected to have a signalling effect on domestic markets and prices.</p>																			
	<p>NPC de l'agriculture suisse (OECD)</p> <table><caption>Approximate data points for NPC de l'agriculture suisse (OECD)</caption><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>1997</td><td>280</td></tr><tr><td>1999</td><td>320</td></tr><tr><td>2000</td><td>250</td></tr><tr><td>2003</td><td>240</td></tr><tr><td>2006</td><td>200</td></tr><tr><td>2009</td><td>170</td></tr><tr><td>2012</td><td>140</td></tr><tr><td>2015</td><td>160</td></tr><tr><td>2018</td><td>150</td></tr></tbody></table>			Year	Value (%)	1997	280	1999	320	2000	250	2003	240	2006	200	2009	170	2012	140	2015	160	2018
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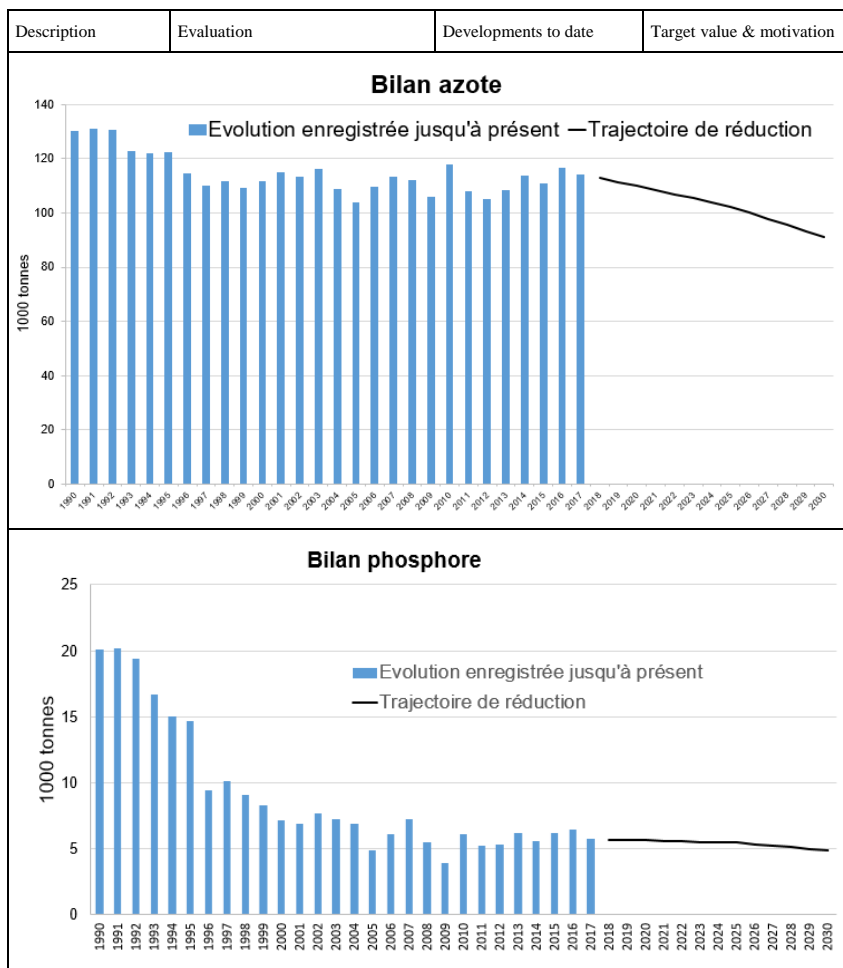
Description	Evaluation	Developments to date	Target value & motivation																
Competitiveness abroad is measured by the value of food exports based on domestic raw materials (customs chapters 1, 2, 3, 4, 5, 7, 8, 10, 11, 12, 15, 16, 17, 19, 20, 21).	<p>-Food exports by tariff number are regularly collected and published.</p> <p>-As all export subsidies have been abolished, the export value shows the extent to which Switzerland can penetrate international markets.</p> <p>-Higher value creation in the downstream branches can compensate for lower raw material quantities.</p> <p>Limitations :</p> <p>-More processed products exported based on imported raw materials (beef, sugar) and higher value added at downstream stages increase the indicator, but do not necessarily mean higher value added in agricultural production.</p> <p>-Decreasing international prices reduce the value of the indicator while export volumes remain unchanged, even though cost reduction has improved competitiveness.</p>	<p>After a continuous increase from CHF 2 billion to over CHF 3 billion in 2003 to 2009, the value of exports has remained stable at CHF 3 billion since then. The record value in 2018 is explained in particular by an increase in flour preparations, food preparations, milk, milk products and confectionery.</p>	<p>Food exports > CHF 3 billion</p> <p>The value of food exports should be obtained mainly through higher quantities and/or better quality of products. The current export volume in terms of value based on domestic raw materials should therefore be kept to a minimum.</p>																
		<p>Valeur des exportations de denrées alimentaires à base de matières premières suisses</p> <table><caption>Estimated data for the graph: Valeur des exportations de denrées alimentaires à base de matières premières suisses</caption><thead><tr><th>Year</th><th>Value (Milliards de francs)</th></tr></thead><tbody><tr><td>2000</td><td>1.8</td></tr><tr><td>2003</td><td>2.0</td></tr><tr><td>2006</td><td>2.5</td></tr><tr><td>2009</td><td>3.1</td></tr><tr><td>2012</td><td>2.9</td></tr><tr><td>2015</td><td>2.8</td></tr><tr><td>2018</td><td>3.2</td></tr></tbody></table>		Year	Value (Milliards de francs)	2000	1.8	2003	2.0	2006	2.5	2009	3.1	2012	2.9	2015	2.8	2018	3.2
Year	Value (Milliards de francs)																		
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2006	2.5																		
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2012	2.9																		
2015	2.8																		
2018	3.2																		
The increase in market value added is measured by gross value added according to the EAA (FSO) at current prices. It results from production minus intermediate consumption.	<p>-The indicator is published annually by the FSO.</p> <p>-Higher production volumes and higher prices due to better quality increase the value of the indicator and reflect this development.</p> <p>Limitations :</p> <p>-Reduced border protection forces agriculture to</p>	<p>Gross value added (GVA) rose from CHF 5 billion to CHF 4 billion in 2003 and has stabilised at this level since then.</p>	<p>GAV > 4 billion</p> <p>A further reduction of the indicator below 4 billion must be avoided. A reduction in the general price level and lower production volumes must be compensated by a shift to higher quality products.</p>																

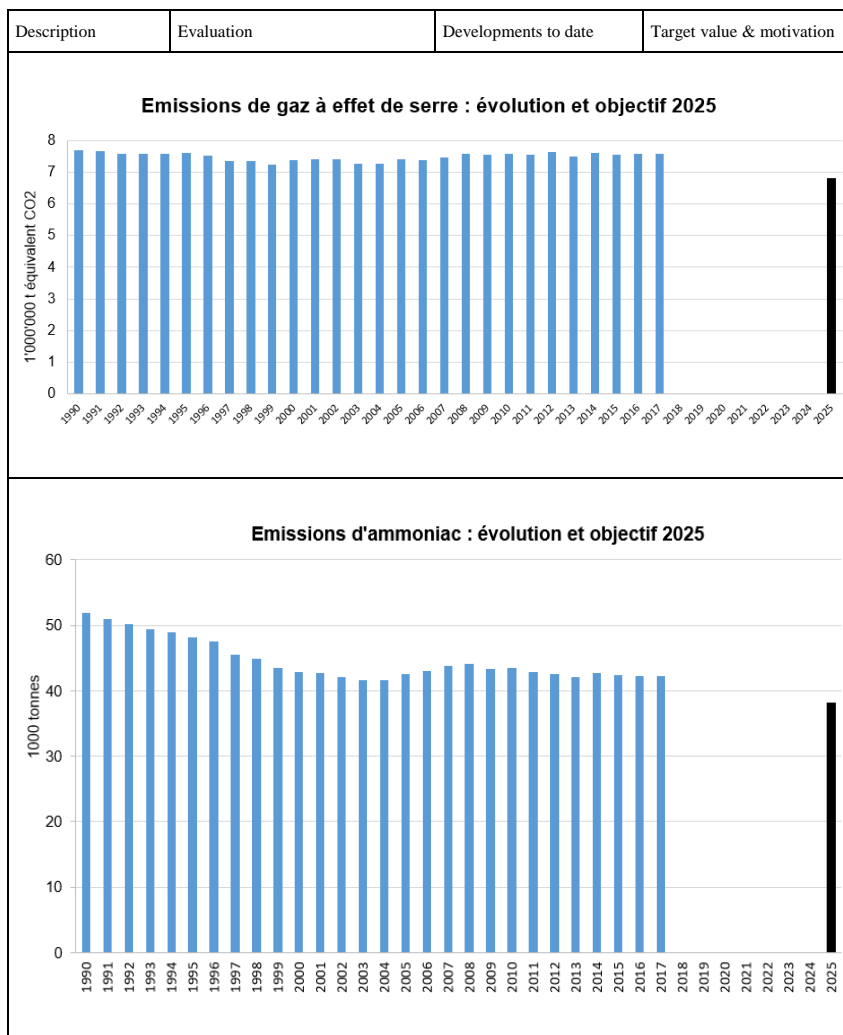
Description	Evaluation	Developments to date	Target value & motivation
	<p>increase the competitiveness of domestic production, but reduces the indicator as domestic prices fall.</p> <p>-compensation for non-market ecosystem services (direct payments) is not included, although these services have corresponding costs and are of public benefit.</p> <p>-quality product development should be taken into account when assessing the indicator. The movement in gross value added at constant prices should be used for this purpose.</p>		
<p>The use of synergies between sustainability and the market should be assessed in terms of the area of cultivated land benefiting from area-related contributions from the production system. Production from this type of area is often sold under label programmes.</p>	<p>-Value increases each year as a result of the execution of direct payments.</p> <p>-A continuous increase in this type of surface offers better marketing opportunities.</p> <p>Limitations :</p> <p>-The indicator does not cover all useful agricultural area used for the production of labelled products.</p> <p>-Sales figures for the label programmes can therefore only be estimated to a limited extent, as high sales of special crops and livestock products are not recorded.</p>	<p>After a clear increase in Extensio and Bio areas from 2000, these areas stagnated at 180,000 ha in 2005-2010. They have increased again until 2013. From 2014 onwards, the POSH programme areas have been added and have contributed to tripling the size of the cultivated areas with at least one production system applied to the whole area. Between 2014 and 2018, they increased by 1.6% per year.</p>	<p>UAA for contributions to the production system > 2 % per year</p> <p>Most of the products from the label programmes achieve greater added value. Given the steady reduction in UAA, an annual increase of 2% is an ambitious medium-term target.</p>
			

Description	Evaluation	Developments to date	Target value & motivation																																				
Indicators for the entrepreneurial development of farms																																							
The ratio of gross capital investment (GCI) to the value of agricultural output (output or production of the agricultural sector) should be used to measure the promotion of entrepreneurship/enhancement of personal responsibility. This value shows how investments evolve on the basis of market income.	<ul style="list-style-type: none">-The bases for calculating this indicator are published annually by the FSO (CEA).-The willingness to invest in agricultural production is recorded. <p>Limitations :</p> <ul style="list-style-type: none">-Direct payments are not recorded, but they also have a positive effect on the volume of investments.-Effects at the level of the individual farm, capacity utilisation and return on investment are not recorded.	Until 2010, this figure was between 14% and 16%. After 2010, it exceeded 17 per cent, but fell back to 15 per cent.	15% < IBC / Output < 18%. Agricultural policy measures aim to ensure that adequate investment continues to be made in modern agriculture that makes efficient and reasonable use of technological progress and the opportunities offered by digitisation. However, the aim is to avoid excessive investment in under-utilised machinery, buildings and equipment which cannot be depreciated within a reasonable period of time. The indicator should be between 15% and 18%.																																				
	<p>Investissement (BAI) par chiffre d'affaires (ElW)</p> <table><thead><tr><th>Year</th><th>Ratio (%)</th></tr></thead><tbody><tr><td>2000/02</td><td>15.2</td></tr><tr><td>2001</td><td>14.5</td></tr><tr><td>2002</td><td>15.2</td></tr><tr><td>2003</td><td>15.0</td></tr><tr><td>2004</td><td>15.5</td></tr><tr><td>2005</td><td>15.2</td></tr><tr><td>2006</td><td>15.5</td></tr><tr><td>2007</td><td>14.2</td></tr><tr><td>2008</td><td>15.2</td></tr><tr><td>2009</td><td>15.8</td></tr><tr><td>2010</td><td>16.2</td></tr><tr><td>2011</td><td>16.8</td></tr><tr><td>2012</td><td>17.2</td></tr><tr><td>2013</td><td>17.5</td></tr><tr><td>2014</td><td>16.2</td></tr><tr><td>2015</td><td>17.0</td></tr><tr><td>2016</td><td>16.5</td></tr><tr><td>2017</td><td>15.0</td></tr></tbody></table>			Year	Ratio (%)	2000/02	15.2	2001	14.5	2002	15.2	2003	15.0	2004	15.5	2005	15.2	2006	15.5	2007	14.2	2008	15.2	2009	15.8	2010	16.2	2011	16.8	2012	17.2	2013	17.5	2014	16.2	2015	17.0	2016	16.5
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Operational productivity should be measured in terms of the previous year's price using the average annual rates of change in labour productivity. Gross value added is divided by the number of work units. The value shows how the ratio of gross value added per unit of work used evolves.	<ul style="list-style-type: none">-labour productivity indicator is published annually in accordance with international standards.-The implementation of technical progress and the development of labour-saving processes increases value.-Higher added value increases value. <p>Limitations :</p> <ul style="list-style-type: none">-No information content on the conditions prevailing at the level of the individual holding.-Lower production volumes reduce the indicator.-yearly fluctuations in production result in large annual variations.	<p>The steady increase has slowed somewhat in recent years to just under 1.5% per year. The development towards niche products with high added value can put limits to the reduction of the labour factor. This may explain the slower increase. In particular, participation in label programmes may be associated with a higher workload.</p>	<p>Labour productivity: Increase of 1.5% per year</p> <p>A further increase can be expected with the implementation of technical progress and the adoption of new labour-saving procedures. The target value for the annual increase is to be increased from 2.1% to 1.5%.</p>																																														
	<p>Productivité du travail par rapport aux prix de l'année précédente</p> <table><caption>Approximate data points from the productivity graph</caption><thead><tr><th>Year</th><th>Index 1985=100</th></tr></thead><tbody><tr><td>1996</td><td>122</td></tr><tr><td>1997</td><td>125</td></tr><tr><td>1998</td><td>130</td></tr><tr><td>1999</td><td>132</td></tr><tr><td>2000</td><td>135</td></tr><tr><td>2001</td><td>138</td></tr><tr><td>2002</td><td>125</td></tr><tr><td>2003</td><td>142</td></tr><tr><td>2004</td><td>145</td></tr><tr><td>2005</td><td>140</td></tr><tr><td>2006</td><td>150</td></tr><tr><td>2007</td><td>155</td></tr><tr><td>2008</td><td>165</td></tr><tr><td>2009</td><td>170</td></tr><tr><td>2010</td><td>165</td></tr><tr><td>2011</td><td>175</td></tr><tr><td>2012</td><td>170</td></tr><tr><td>2013</td><td>175</td></tr><tr><td>2014</td><td>170</td></tr><tr><td>2015</td><td>165</td></tr><tr><td>2016</td><td>165</td></tr><tr><td>2017</td><td>185</td></tr></tbody></table>			Year	Index 1985=100	1996	122	1997	125	1998	130	1999	132	2000	135	2001	138	2002	125	2003	142	2004	145	2005	140	2006	150	2007	155	2008	165	2009	170	2010	165	2011	175	2012	170	2013	175	2014	170	2015	165	2016	165	2017	185
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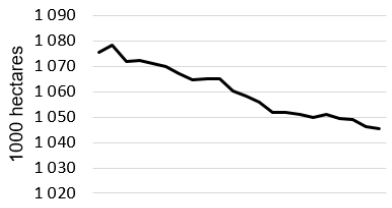
Description	Evaluation	Developments to date	Target value & motivation
Indicators for the use and protection of natural resources			
<p>The reduction in emissions and surpluses will be measured against nitrogen and phosphorus losses from agriculture, as well as national GHG and ammonia emissions.</p> <p>GHG monitoring is based on the national GHG inventory (FOEN) and the agricultural report, the monitoring of ammonia emissions on the Informative Inventory Report IIR (FOEN) and the monitoring of N and P losses on the national input/output balances according to the OSPAR method (Agro-scope).</p>	<p>-indicators cover the most important environmental impacts of agriculture.</p> <p>-Emissions are calculated and published annually. They are internationally comparable.</p> <p>-Target values for nitrogen and phosphorus losses for 2025 and 2030 will be explicitly set in the LAgr (reduction trajectory). If the linear trend in the loss of iron-bearing elements between 2014-16 and 2023 or 2028 shows that the interim targets are unlikely to be achieved in the years 2025 or 2030, the Federal Council will have to take further measures to achieve the targets in accordance with Art. 6a para. 4, Art. 6a para. 4 of the Federal Act on the Protection of the Environment, Public Health and Food Safety.</p> <p>Limitations :</p> <p>-No information content on the regional distribution of programs.</p>	<p>Emissions and losses have stagnated since 2000. Annual variations are mainly due to fluctuations in the harvest. Animal numbers are the most influential factor in the indicators.</p>	<p>Emissions : -10%</p> <p>The focus is on implementing the reduction path for N and P losses. The measures for this objective are set out in 5.1.1.4. This reduction in GHGs is compatible with the sectoral objective for agriculture in future climate policy.</p>

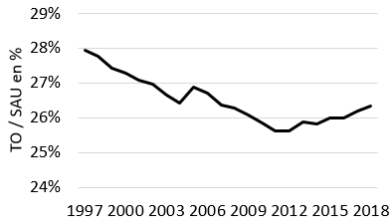




Description	Evaluation	Developments to date	Target value & motivation
<p>Biodiversity conservation: state of biodiversity as captured and assessed by the Species and Agricultural Environments Monitoring Programme (ALL-EMA). This includes the following aspects, of which the evolution over the whole area used for agriculture (UAA and summering area) is captured :</p> <ul style="list-style-type: none"> – Diversity and biological quality of habitats, including structures – Species diversity of plants, breeding birds and butterflies, including good quality indicator species – Quality of areas for the promotion of biodiversity 	<p>-EMA monitoring programme includes the evolution of biodiversity status indicators. It thus makes it possible to make more direct observations than the indicators used so far on the evolution of participation in promotion programmes.</p> <p>-The focus on biodiversity promotion areas and the integration of all areas used for agriculture allows comprehensive conclusions to be drawn and takes into account the fact that agriculture influences biodiversity beyond the biodiversity promotion areas.</p> <p>Limitations :</p> <ul style="list-style-type: none"> – The seizure takes place at five-year intervals for the whole of Switzerland. Annual evaluations are only possible to a very limited extent. – ALL-EMA captures only species and habitats and only plant species, breeding birds and butterflies. It is not possible to make findings on other groups of species such as insects. 	<p>The agricultural policy 2014-17 had the objective of fixing shares of SPB areas in the lowland region as well as shares of quality areas (QII) and networked areas. These intermediate objectives were achieved in 2017.</p> <p>However, the environmental objectives for agriculture in the field of biodiversity have not yet been fully achieved at all three levels. ¹</p> <p>Available data show that biodiversity is also declining in agriculture (negative trend).</p>	<p>The stepwise target for 2025 is that the ALL-EMA data collected over the entire agricultural area in the 2nd survey cycle (2020/2024) show a higher biodiversity compared to the first cycle (2015/2019). The state of biodiversity on other areas used in agriculture should be at least stable compared to the first cycle; due to the current negative trend, this target would represent a reversal of the trend. At a later stage, a net increase in biodiversity will be targeted.</p>

Description	Evaluation	Developments to date	Target value & motivation
Improvement in water quality is assessed on the basis of - improvement of the biological condition of watercourses	- Biological indicators show whether the reduction of pollution by substances actually improves the living conditions of aquatic organisms. Limitations : - The number of measuring stations is limited. - If the ecomorphology of the watercourse is very low, the SpearPesticide Index can be bad, even if the PPh pollution is low.	As the first survey will take place in 2018, the desired improvement cannot yet be quantified.	
- reduction of nitrogen inputs to watercourses.	- The Nitrogen Inputs to Rivers indicator measures a key parameter. - The reduction contributes to the achievement of agriculture's environmental objective (to reduce inputs by 50% from 1985 levels), and - The total contributions attributable to agriculture are recorded. - Agroscope develops the model and already uses it for its calculations. Limitations : - No annual data - No measured values are recorded, but they are calculated. - The indicator calculates the effects on the basis of a model.	25% reduction in inputs between 1985 and 2010.	The 10% reduction in nitrogen losses and ammonia emissions should be reflected in situ, in the watercourses, through a reduction in inputs.
-Risks to Aquatic Organisms from PhPs	-Considers all PhPs used in agriculture -The indicator is not yet fully developed.		PPh AP Target
Preservation of the basis of agricultural production			

Description	Evaluation	Developments to date	Target value & motivation																	
Useful agricultural area UAA: annual loss of area	<ul style="list-style-type: none">-UAA and the change from the previous year are published annually.-A good representation of the areas cultivated by the farms throughout the year.-With the increasing recording of cultivated areas using geographical information systems, the static values of the areas actually cultivated are becoming more reliable. <p>Limitations :</p> <ul style="list-style-type: none">-No complete census of cultivated land due to the exceptions provided for in Art. 16 OTerm (construction zone, etc.).-Reasons for the decline in the UAA, such as strong growth in urbanized area and increase in forest area, or other land-use changes are not recorded.	<p>The reduction in UAA is subject to large annual fluctuations. Over the last 20 years, they have varied from less than 4000 ha to more than 2500 ha. As a result of direct payments, more grass-land and pastures in border areas have been identified by the implementing bodies.</p> <p>The annual decline for the period 1997/2017 averaged just under 1500 ha. Between 2014 and 2018 it was 865 ha. One of the reasons for this slowdown is the Agricultural Policy 2014-17. Since then, more pastures have been recorded due to higher contributions.</p>	<p>UAA: decline per year < 800 ha</p> <p>Agricultural policy measures must help to ensure that the annual decline in UAA over several years does not exceed 800 ha.</p> <p>Area statistics shall be consulted periodically for the evaluation of area losses. Agricultural policy measures can mainly affect forest growth.</p>																	
	 <table><caption>Estimated data for UAA annual loss (1000 hectares)</caption><thead><tr><th>Year</th><th>UAA (1000 ha)</th></tr></thead><tbody><tr><td>1997</td><td>1080</td></tr><tr><td>2000</td><td>1075</td></tr><tr><td>2003</td><td>1070</td></tr><tr><td>2006</td><td>1065</td></tr><tr><td>2009</td><td>1055</td></tr><tr><td>2012</td><td>1050</td></tr><tr><td>2015</td><td>1048</td></tr><tr><td>2018</td><td>1045</td></tr></tbody></table>			Year	UAA (1000 ha)	1997	1080	2000	1075	2003	1070	2006	1065	2009	1055	2012	1050	2015	1048	2018
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Description	Evaluation	Developments to date	Target value & motivation
Preservation of open land (TO) : percentage of usable agricultural area (UAA)	<p>The indicator is recorded and published annually as part of the implementation.</p> <p>-TOs are an important condition for a diversified agriculture and a certain degree of self-sufficiency.</p> <p>-The higher the rate of self-sufficiency, the more arable crop products end up in food production, without processed animal products.</p> <p>Limitations :</p> <p>-An increase in forage production at the expense of arable crops for human consumption is not captured by the indicator.</p> <p>-The indicator does not provide information on the development or use of processing capacities for arable products (mills, oil mills, sugar mills).</p>	<p>From 1996 to 2011, TO's share of the UAA increased from 28% to 26%. Since then, it has stabilized at just over 26%.</p> 	<p>TO/SAU share > 26%.</p> <p>The share of TO in the UAA should not decrease further. These crops are mainly assigned to crops for direct human consumption.</p>
The use of the summer pastures must be ensured by putting a sufficient number of cattle consuming roughage on mountain pastures. Cattle put out to pasture are calculated in normal pasture.	<p>-The indicator is recorded and published annually in the direct payments system.</p> <p>- The animal species consuming roughage are all included in the normal pastureland, which reflects well on the rate of use of summer pastures.</p> <p>Limitations :</p> <p>-The indicator does not show the regional distribution of the summering region by animal species. Nor does it reveal local over- or under-exploitation of the alpine pastures.</p>	<p>Since 2000, the estimated livestock load on the alpine pastures has amounted to just under 300,000 normal pastoralists. Since the introduction of the 2014-2017 agricultural policy, the level of livestock stocking has increased to 305,000 normal pastoralists until 2015 and has remained stable since then.</p>	<p>Normal Easter Seals > 290 000</p> <p>Particularly in poorly served alpine pastures, a minimum number of livestock must be reached through contributions to the cultivated landscape. Also, a minimum number of 290,000 normal pastoralists is targeted. The regional distribution of summering animals should also be taken into account when assessing the achievement of the targets.</p>

Description	Evaluation	Developments to date	Target value & motivation																												
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¹⁰OFEV and OFAG (2008). Environmental objectives for agriculture. Status report 2016. Federal Office for the Environment, Bern. *Connaissance de l'environnement* No. 1633 (p. 114)

Annexes (draft acts)