

AGRICULTURAL 2023 COMPACT REPORT



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2023

The approval by Parliament of agricultural policy from 2022 onwards (AP 22+) in spring 2023 was a major milestone. Along with the parliamentary initiative on reducing the risk of pesticide use, the new policy addresses ecological, economic and social issues in agriculture and society, thereby laying the foundation for improved food security in Switzerland.

As early as 30 years ago, the Confederation laid the foundations for sustainable agriculture and strong domestic production when it introduced new additional and ecological direct payments. So in the first part of this brochure we look back on 30 years of direct payments, asking: Why were new direct payments introduced? What successes have there been and what is the situation today?

This brochure provides a compact look at some of the current developments in the Swiss agricultural and food sector. We at the Federal Office for Agriculture hope you enjoy reading it. Further information can be found on the website www.agrarbericht.ch.

30
YEARS
DIRECT PAYMENTS

30 years of direct payments
New additional and ecological direct payments

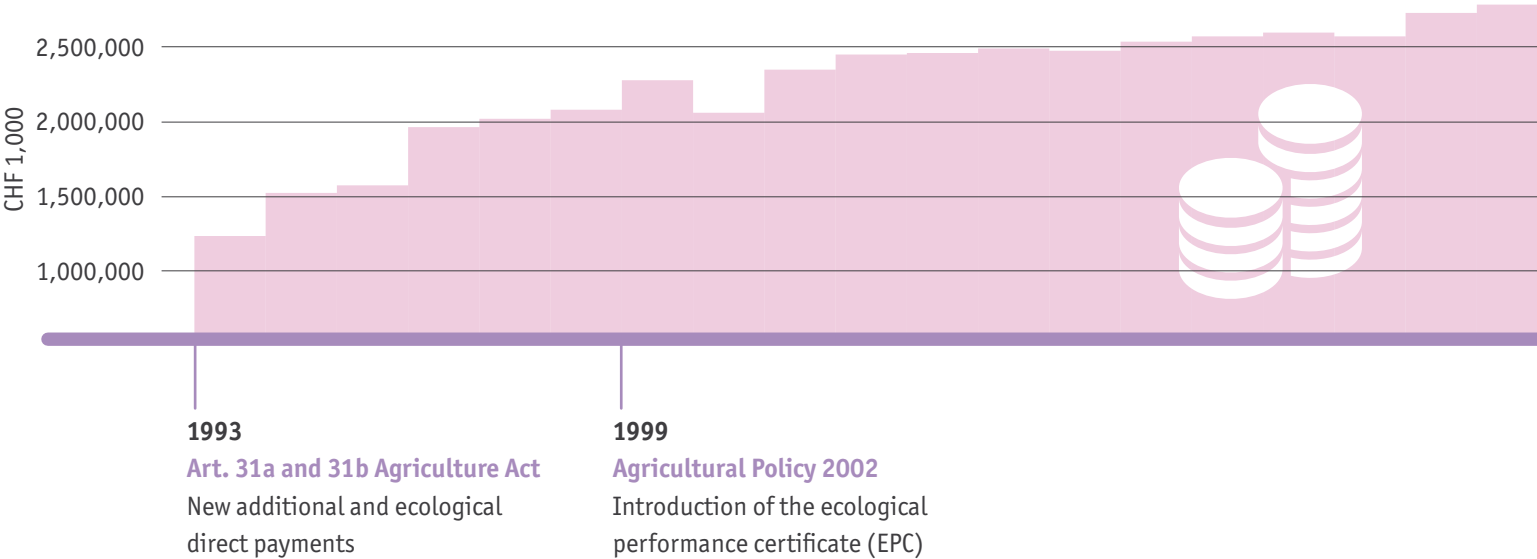
30
YEARS
DIRECT PAYMENTS

After the Second World War, there were two main instruments that shaped Swiss agricultural policy: state price and sales guarantees for principal products such as milk, bread grain and potatoes. There was also a very high level of border protection. This resulted in very high food prices and intensive production methods. There was a clear need for a reform in agricultural policy.

The turning point came in 1992, when Parliament adopted legislation allowing the introduction of new direct payments, a proposal put forward by the Federal Council. In June 1993, direct payments were introduced in Articles 31a and 31b of the Agriculture Act.

These new payments were additional to the previous types of direct payment, the intention being to remunerate farmers for both general services and environmental services. Article 31a (Additional direct payments) put the focus on securing an adequate income for farmers and on the protection and care of the cultural landscape. Meanwhile, Article 31b (Ecological payments) promoted special ecological services such as ecological offset areas or the controlled free-range husbandry of livestock (RAUS).

The new direct payments were rapidly extended in the following years. At the same time, the Federal Council reduced the prices set by the state and product-linked payments. Tariffs and export subsidies were also reduced gradually.



30 years of direct payments

Introduction of the ecological performance certificate

A new constitutional basis for agriculture was adopted in 1996 in the form of Article 104 of the Federal Constitution. On this basis, the Federal Council submitted to Parliament the Dispatch on Agricultural Policy 2002, which focused on improving competitiveness and strengthening the ecological services provided by agriculture. Implemented in 1999, these reforms abolished all state price and sales guarantees and reduced the funds for market support. Adjustments to direct payments were also made. Two categories were introduced: ecological direct payments, designed to encourage farmers to provide special environmental services, and general direct payments, comprising all direct payments other than ecological direct payments.

A major change was the introduction of the ecological performance certificate (EPC), which was required in order to receive general direct payments. The EPC requirements essentially corresponded to the Integrated Production programme guidelines and included the balanced use of fertilisers, an appropriate share of ecological offset areas, regulated crop rotation, appropriate soil protection and the targeted use of plant protection products.



2014

Agricultural Policy 2014 – 2017

Further measures introduced

2023

Parliamentary initiative

Changes to the EPC, new production system payments

2025

Agricultural Policy 22+

Improvements in social security protection

Direct payments today
Direct payment categories

The separation into general and ecological direct payments was done away with in 2014 and payments were more clearly aligned with the agricultural policy objectives of the Federal Constitution. Since then, direct payments have been divided into seven categories.

Overall, direct payments have proven their worth. They have both reduced market interventions and created the conditions for an enterprising agricultural community that produces in line with market conditions while reducing the pressure on the environment and providing improved ecological services. Given their considerable financial volume, they have also become an important source of income for Swiss farmers.

Direct payment category		Objective	
	Cultural landscape payments	→	Keep the cultural landscape open
	Payments for secure supplies	→	Ensure production capacity
	Biodiversity payments	→	Conserve and promote species and habitat diversity
	Landscape quality payments	→	Conserve and promote diverse cultural landscapes
	Production systems payments	→	Promote particularly near-natural, environment-friendly and animal-friendly forms of production
	Payments for the efficient use of natural resources	→	Ensure sustainable use of resources and efficient use of means of production
	Bridging payments	→	Ensure socially acceptable development of agriculture

Changes to direct payments

Complex direct payment system

In the course of implementing the parliamentary initiative aimed at reducing pesticide risks, further changes were made to the system of direct payments. The ecological performance certificate (EPC) was adapted and new production system subsidies introduced to encourage farmers to reduce greenhouse gas emissions, ammonia emissions and nitrogen surpluses.

New measures agreed by Parliament under AP 22+ include improvements to social security protection for spouses involved in work on the farm and the merging of the payments furthering the connectivity of biodiversity areas and landscape quality payments. The relevant legislation will come into force in 2025.

Direct payments are a central instrument of agricultural policy. However, limits are increasingly becoming apparent: greater differentiation has made the direct payment system highly complex. Furthermore, it is evident that the aims of society, especially in the environmental field, cannot be achieved solely by means of financial incentives and measures geared exclusively to agriculture. In the postulate report on the future of agricultural policy, the Federal Council outlines new ways of developing the direct payments system.

Online Version

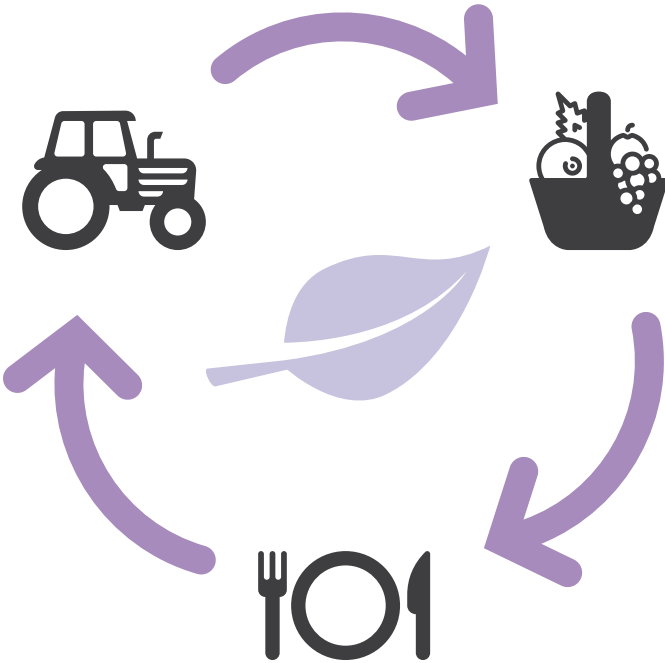
"Future orientation of agricultural policy"



Sustainable agriculture and food sector
Responsibility for the entire food system

In order to ensure the sustainable development of the agricultural and food sector in the long term, efforts must be made throughout the entire food system. From producers to consumers, everyone must assume greater responsibility. In this way, the industry should contribute to reducing risks associated with the use of plant protection products and take measures to reduce nutrient losses.

In a target agreement with the Confederation they can define their voluntary commitment and are free to implement their measures. As for consumers, they are asked to show greater responsibility by using food carefully and avoiding food waste.



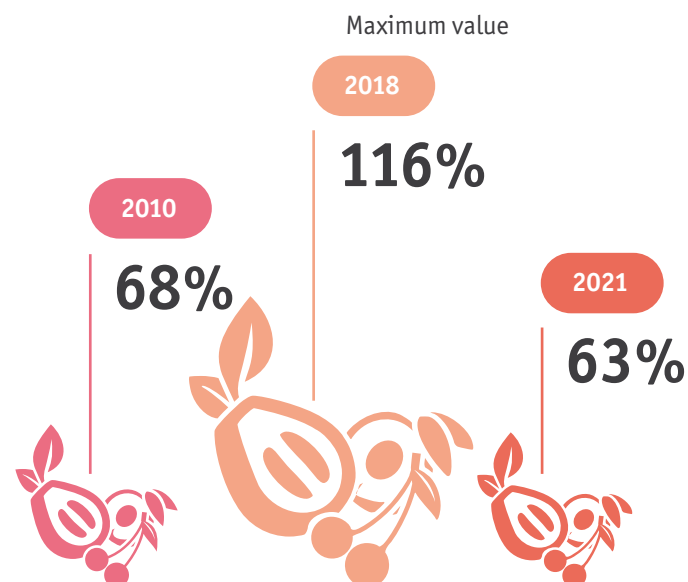
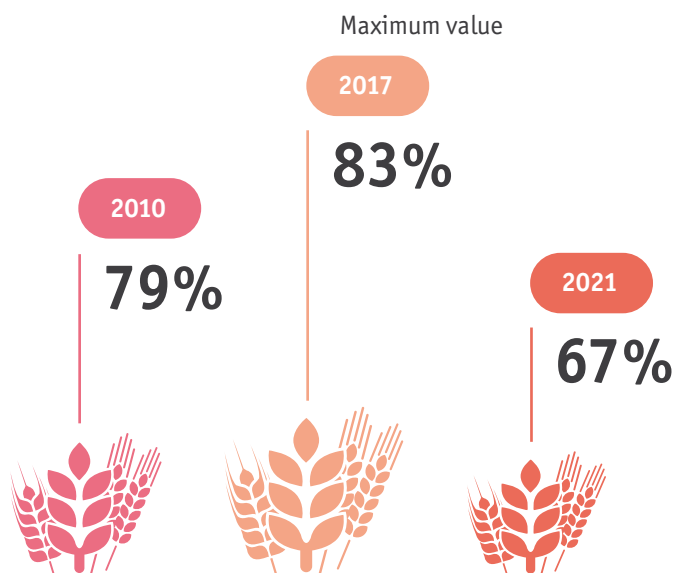
Food security

Less self-sufficiency due to poor weather conditions

The level of self-sufficiency fell significantly in 2021 and is now 52 % gross (45 % net). This is the lowest value since the food balance sheet was revised in 2007. The decline is due to lower domestic production of plant products resulting from poor weather in 2021. Stone fruit production volumes fell, with frost reducing some fruit type yields by more than half compared to the previous year. Moreover, the hail in June 2021 and especially the wet weather in July of that year were responsible for large yield losses in crop production.

Level of self-sufficiency

The level of self-sufficiency is defined as the ratio of domestic production to total domestic consumption, the latter being calculated using the formula: production + imports – exports and changes in stocks. A distinction is made between gross and net self-sufficiency levels. The net degree of self-sufficiency takes into account only the food produced with domestic feedstuffs.



Purchasing behaviour
Animal products from Switzerland preferred

The latest survey on the purchasing behaviour of the Swiss public shows that consumers choose Swiss agricultural products primarily because they value short transport routes, support for domestic agriculture and high quality.

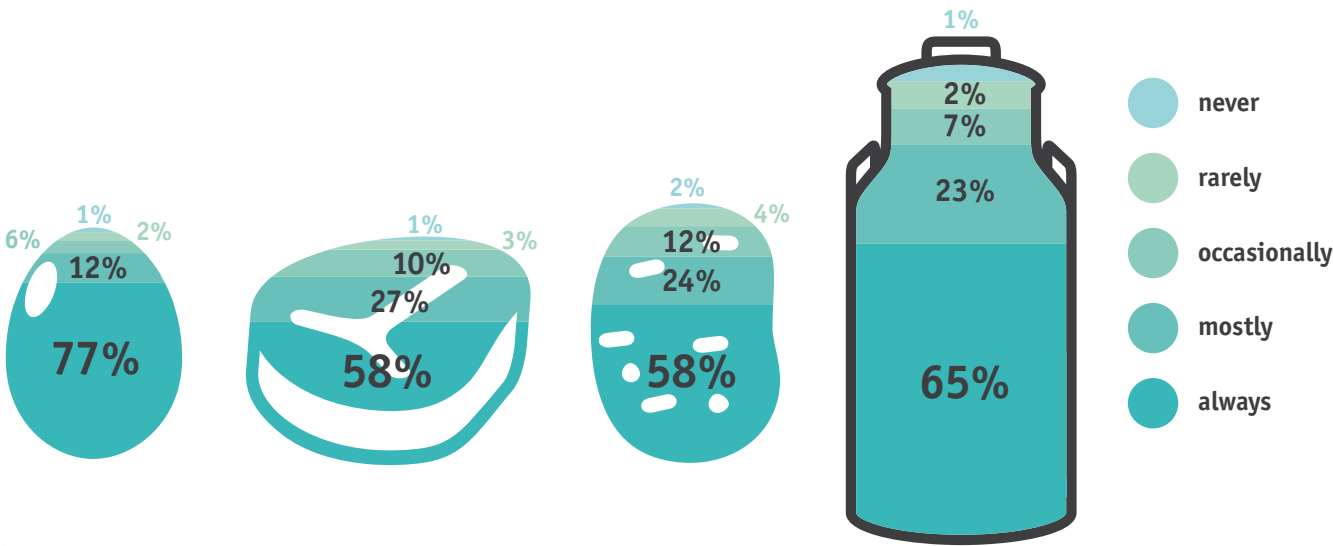
Respondents in 2023 indicated a preference for Swiss products, especially in the case of eggs (77%). The shares for milk and fresh dairy products (65%), and meat and potatoes (58% each) are also well above half.

Online survey on purchasing behaviour

Every two years, the Demoscope market research institute conducts a representative online survey on the purchasing behaviour of the Swiss public on behalf of the Federal Office for Agriculture (FOAG). In the most recent, held in 2023, 1,061 persons were surveyed.



Preference for Swiss products 2023



Source: Demoscope

Farms

Increasing number of farms run by women

In 2022, 48,344 agricultural holdings were counted in Switzerland, 520 holdings fewer than in 2021, a fall of 1.1%. The number of holdings in the size categories below 30 hectares decreased (-2%) (not including very small holdings below one hectare), while the number of holdings with an area of 30 hectares and above increased (+1.9%).

Despite the decrease in the number of farms overall, in 2022 110 more farms were run by women than in the previous year, i.e. 7.2% of the total. This share has been on the rise for several years. The strongest increase was seen in small farms of between one and three hectares, of which there are 60. Also in the 30 – 50 hectare category, twenty-four more farms were managed by women than in the previous year.



7.2%
were run by women

Plant production
Soybean cultivation increases by almost 30 %

In 2022, the total agricultural area was 1,042,014 hectares. Natural meadows and pastures accounted for 58 % of the area, and arable farming was practised on 38 % of the agricultural land. In percentage terms, there was a marked increase in soybean cultivation of almost 30 %. The area under soybean cultivation has almost trebled within ten years.

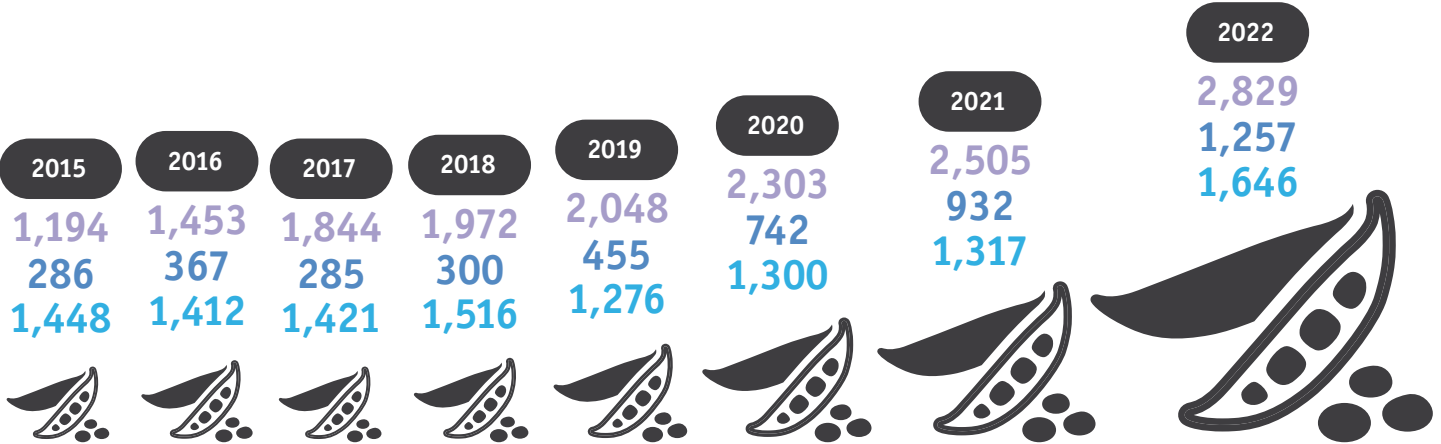
The total area under grain legumes, which in addition to soya include peas, beans, vetches, lupins and lentils, has been around 7,700 hectares in recent years; while the area cultivated organically increased, conventional cultivation of legumes decreased.

There is likely to be a further expansion in the area devoted to legumes as demand for Swiss-grown grain legumes increases and since a new single crop payment for grain legumes for food purposes was introduced in 2023.



Area development of soy in hectares

total legumes organic non-organic



Adaptation to climate change

Drier conditions for agriculture

Switzerland is particularly affected by the impact of climate change. Temperatures in this country are rising twice as fast as the global average. As a result, hazards such as heavy precipitation, floods, drought and debris flows are also increasing. The federal government's Adapting to Climate Change pilot programme provides valuable insights and concrete proposals on how also agriculture can adapt to global warming. The programme supports innovative projects by the cantons, cities and communes that demonstrate how Switzerland can adapt to climate change.

For example, a broad-based strategy for climate- and site-adapted agriculture was developed for the Bünztal valley in the canton of Aargau. Entitled Adaptation as Opportunity, the project focused on the possibilities and limits of agricultural development under drier climatic conditions. The analyses showed that digitalisation and technical optimisation can lead to the improvement and more efficient use of irrigation systems in cultivated areas.



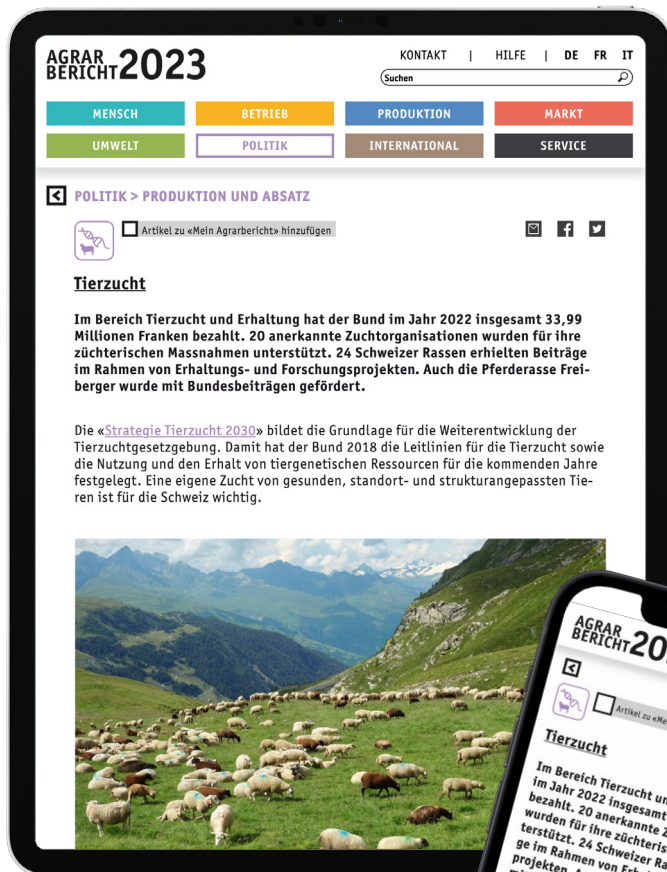
Sustainable food systems

The Transformation We Need

Switzerland continues its international and national commitment to making food systems more sustainable. From 24 to 27 April 2023, the Fourth Sustainable Food Systems Programme Conference, entitled The Transformation We Need, was held in Vietnam. As co-leader of the programme, Switzerland co-organised the international conference along with the World Wildlife Fund (WWF), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Environment Programme (UNEP) and the UN Food Systems Coordination Hub, plus others.

The central role of food systems in addressing global challenges such as climate change and biodiversity loss was a key topic addressed at the conference. It was also emphasised that short-term interventions to address these challenges must always have a long-term perspective.

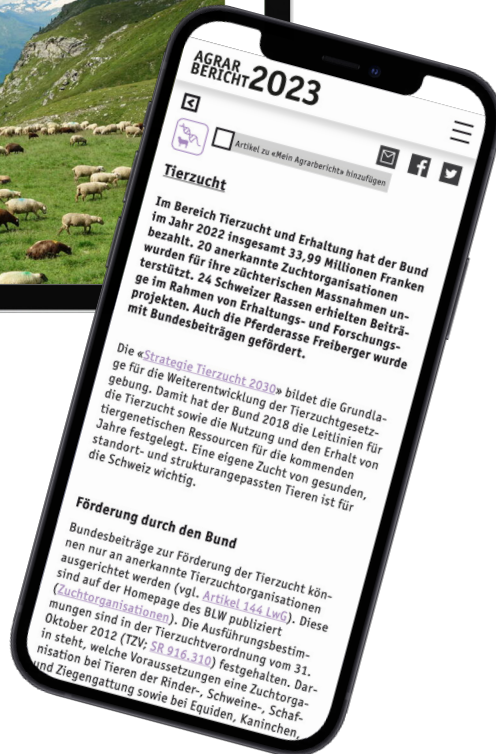




Agricultural Report 2023

The online version of the complete Agricultural Report (available in French, German and Italian) provides easy, rapid access according to your individual requirements. The clear, simple design enables you to find the information you need quickly, even on the go.

Using the “My Agricultural Report” tool, you can also create a personalised copy, selecting the topics you are interested in. Find out more about the important issues at www.agrarbericht.ch. We hope you enjoy reading it!



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