



Voluntary Report - public distribution

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Denmark

Organic

Danish Organic Production Subsidies

1998

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Report Highlights:

This report provides an overview of the Danish Government's producer support program for organic agriculture.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1], NL

The Danish Government has supported organic farming through producer subsidies since 1987. The Danish budget in 1997 for organic subsidies was \$21.8 million (144 million Danish Kroners/DKK). Combined with outstanding applications for 1997 (78 million DKK), the actual budget amounted to \$33 million (222 million DKK). However, the total amount actually paid to producers in 1997 was \$10 million (66 million DKK).

The number of Danish organic farmers has been trending steadily upward. In 1997, the number of organic producers jumped by 45% or 459 farmers to 1,486. The increase is attributable to increased consumer demand and the improving profitability of organic farming. Press reports indicate that organic farming is 15-20% more profitable than conventional farming.

Traditionally, the primarily beneficiaries of the Danish organic subsidy program have been dairy farmers. However, in order to expand organic pork production, the Danish Government broadened the program in 1997 to include farms without milk quotas.

Under the existing program, Danish organic farmers receive a basic subsidy of \$30 per acre for a total of five years along with a \$12 per acre conversion subsidy during the first two years. Farmers who farm in areas designated as “sensitive” (wetlands) receive an additional \$30 per acre subsidy for five years. Farmers without a milk quota that have only plant production receive a \$120 acre subsidy for the first two years followed by a \$72 subsidy in the third year. As of 1997, pork producers receive an additional \$120 per acre subsidy for five years. Total subsidies paid to producers, including the EC per hectare premium, the environmental protection subsidies, and the organic production subsidies, can not exceed DKK 5,000 per hectare (approximately \$300 per acre).

DANISH GOVERNMENT SUPPORT FOR ORGANIC AGRICULTURE
(US\$ per acre)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Basic Subsidy	\$30	\$30	\$30	\$30	\$30
Conversion Subsidy	\$12	\$12	NA	NA	NA
“Sensitive” Area Subsidy	\$30	\$30	\$30	\$30	\$30
Supplemental Subsidy*	\$120	\$120	\$72	NA	NA
Subsidy for Pork Producers	\$120	\$120	\$120	\$120	\$120

Source: Danish Ministry of Agriculture

Exchange Rate: 6.75 Danish Kroners per US\$

*Only available to farmers with plant production and no milk quota allotment

In addition to producer subsidies, the Danish Government provides support for projects aimed at promoting organic production and sales. Government support is available for research, information and training. The 1997 budget for these types of activities was \$5.45 million (approximately DKK 36 million).