

SWEDEN

Agriculture

3.1 The Common Agricultural Policy

Since joining the EU, the Swedish Government has endeavoured to realise an agricultural policy that promotes competitive production based on sustainable production systems to achieve higher economic benefit and lower budget costs. As reform of the Common Agricultural Policy (CAP) continues, Sweden is advocating the following principles: (1) agricultural and food enterprise production should be driven by consumer demand, (2) production should be ecologically and economically sustainable, (3) the EU should facilitate global food security, including by extending the principles of free trade to agriculture and food supply.

The European Commission resolved in June 2003 to reform the CAP. The central principle of the reform is that sustainable agriculture should be guided towards increased market orientation. Another element of the reform is that Member States will be given more influence over how national agricultural policy is drafted. The European Commission's basis for the proposed CAP reform was the sustainable development strategy agreed by the Council of Europe in Göteborg in spring 2001. The overriding objective of the reform is to make European farmers more competitive based on those fundamental principles. Severing the link between direct subsidies and production is the most important element of the reform. The single farm payments (decoupled payments) will control production to a lesser extent and increase market influence.¹ A further advantage of decoupling support is that single farm payments are less trade-distorting. The support system will be further simplified, thus cutting administrative expenses for farmers and official agencies. Further reforms within the framework of the CAP are planned for the wine and fruit and vegetable sectors. The EU is the leader in production of competitive high-quality wines, but there is surplus production of wine in the EU market that is leading to emergency distillation. The first step Sweden intends is to advocate eliminating market-regulated support measures that are propping up unprofitable production. The ultimate goal is for the sector to survive without aid.

Reform of the fruit and vegetable sector will include decoupling the comprehensive support payments for processed products. Beyond increased market orientation, the support will not push intensified production and the heavier environmental load this generally involves. Support to producer organisations in the fruit and vegetable sector is funded in the EU with a view to making producers more competitive and profitable.² As a result of support to special organisations, this may distort competition and disadvantage some producers and consumers in relation to those entitled to subsidies.

3.2 Consequences of the Common Agricultural Policy for Sweden

Generally speaking, the impact of CAP on production has declined. Decoupling subsidies from production makes farm production less sensitive to changes in agricultural and trade policy. But harmonisation with previously adopted policy changes, primarily in the half-time review of the CAP, will result in continued reductions in land use for cereal farming and in dairy cow herds, which indicates that Sweden will not fully utilise its milk quota. The extensive beef production in Sweden is particularly sensitive to aid discontinuation and there will be a generally adverse impact on beef production if the special beef premium is eliminated. The number of farm enterprises has increased and land area used for pasture and crop farming has increased somewhat.³ Prices for land and leaseholds are still rising.

¹ Ministry Communication 2004:9

² Council Regulation (EC) 2200/96 on the common organisation of the market in fruit and vegetables

³ Effect in farm statistics, not new cultivation.

The continued adjustment of farmers to changed business conditions and CAP reform is influencing both the positive impacts of farming (such as cultural heritage values and biodiversity) and the environmental load (such as ammonia emissions, eutrophication and climate impact). The environmental load in terms of nitrogen leaching, ammonia emissions and greenhouse gases is set to continue declining. The use of plant pest control agents is also expected to decline. When production is maintained or increased, the environmental load tends to decrease. The reason for this is that in many cases the environmental load is more strongly linked to the size of the area in use and the size of animal herds than to production levels, which are largely determined by productivity trends. The area of land used for natural pasture land will remain dependent on environmental payments to prevent reduction in scope.

Agricultural production in forest districts will find it more difficult to survive fiercer competition from elsewhere in the world without targeted aid. Greater regional specialisation, which is causing a decline in cereal production in forest districts, is probably harmful to biodiversity. Reduced biodiversity in forest districts may result if the already high grassland percentage increases further when cereal production declines. The greatest relative reduction of cereal production is also going to be in forest districts. However, increased demand for cereals for energy purposes may lead to generally better profitability for cereal production and ameliorate the expected decline.

Structural efficiency measures may have adverse impacts in forest districts where the costs of preserving natural and cultural heritage values increase as the number of enterprises declines. These costs become particularly high in areas with poor land consolidation where herds are too widely separated and there are no alternative sources of livelihood. Greater pressure in the plains districts for improved land consolidation and larger contiguous farm units may also influence outcomes in the same direction. Continued structural efficiency measures may have adverse impact on cultural heritage values with continued pressure for improved land consolidation in the plains and greater distances between farms in forest districts. For instance, it has not been possible to analyse demographic trends in various regions, which may determine whether preservation of farms and cultural heritage elements continues after full-time farming has been abandoned. Pasture lands are dependent on targeted aid such as pasture payments and single farm payments for pasture land, and do not benefit much from high productivity growth or high prices for cereals and oil plants. Single farm payments tied to management standards are also significant to keeping cultivated fields open in forest-dominated districts.

Nor are the threats against natural and cultural heritage values affected as much by price and productivity growth as the total environmental load. This is due to the fact that the adverse environmental impact is more strongly linked to the size of farm production, how much area is farmed and herd size. The preservation of natural and cultural heritage values and biodiversity is more dependent on the existence of farming and the design of targeted actions and regional adaptation is more critical to those aspects.

3.3 Environmental improvement initiatives – Swedish environmental quality objectives

The Riksdag has adopted 16 environmental quality objectives and 72 related interim targets. The environmental quality objectives express the quality and condition of the Swedish environment, including natural and cultural heritage resources, that the Riksdag considers environmentally sustainable over the long term. The interim targets state the orientation and time perspective for attaining the objectives. Environmental quality objectives and interim targets guide the direction of Swedish national and international environmental initiatives aimed at achieving a sustainable society. Taken as a whole, they constitute our framework for compliance with the Convention on Biological Diversity. Several of the environmental quality objectives are directly connected to agriculture, three in particular: *A Varied Agricultural Landscape*; *Zero Eutrophication*; and *A Non-Toxic Environment*. Other environmental quality objectives are related to agricultural production, including *Reduced Climate Impact*; *Good-Quality Groundwater*; *Thriving Wetlands*; and *A Rich Diversity of Plant and Animal Life*. An in-depth assessment of the environmental objectives programme is in progress and will result in new or revised interim targets after 2010.

Work related to the national environmental quality objectives is performed using a mix of instruments including legislation, economic instruments and skills acquisition. All Swedish environmental laws are based on the Swedish Environmental Code and related ordinances. Regulations cover a wide range of matters including pesticide handling, spreading of plant nutrients and conserving and protecting biodiversity. How the EU Common Agricultural Policy is formulated has significant impact on attainment of the environmental quality objectives. For instance, the natural and cultural heritage values present in the agricultural landscape are dependent on the land being maintained and how it is maintained. Likewise, policy affects the adverse environmental impact of agriculture.

The environmental quality objectives programme is continually evaluated and the indicators are used to follow up results and provide a basis for action and decisions.

Several environmental quality objectives are aimed at promoting biodiversity. One that is particularly significant to agriculture is *A Varied Agricultural Landscape*, which establishes that the value of agricultural land for biological production and food production must be protected even as biodiversity and cultural heritage values are preserved and enhanced. From a generational perspective, attaining the objective will involve using the agricultural landscape in a way that minimises adverse environmental impact and promotes biodiversity. The agricultural landscape must be open and varied, with significant elements of small—scale biotopes and aquatic habitats. Biological and cultural heritage assets present in the agricultural landscape which arose through centuries of traditional management must be conserved or improved, while endangered species, biotopes and cultural heritage environments must be protected and conserved. Genetic variation in domestic animals and plants must also be conserved. Finally, alien species and genetically modified organisms that may threaten biodiversity must not be introduced.

Much of the biodiversity of the agricultural landscape is found in meadows and pasture lands, which are among the lands with the richest variety of species in Sweden. Accordingly, there are special interim targets related to conservation and management of these lands. All land areas must be conserved and the extent of particularly valuable areas such as meadows and pasture lands of the most endangered types must be increased. The latter include limestone pavements (alvars), forest pastures, summer pastures, heather moorlands and pasture lands in Norrland. The trend has been positive in recent years. Aimed at reversing the negative trend for species connected to the agricultural landscape, one interim target establishes that the number of small-scale biotopes in the agricultural landscape must be preserved to at least the current extent. The trend for small-scale biotopes is more difficult to assess. Discontinuing use of agricultural land is a key factor behind the disappearance of biotopes. New small-scale biotopes are formed when wetlands are established, for instance. Establishing or restoring small surface waters or wetlands in the agricultural landscape is one means of promoting biodiversity and reducing plant nutrient leaching. The area has been increased by more 6,000 hectares since 2000, but the increase is not sufficient to attain the interim target. Another interim target refers to conservation and management of culturally significant landscape features, either point elements (field cairns, pollarded trees) or line elements (dry stone walls, open ditches, etc.). The interim target states that these features must increase by 70 per cent between 2000 and 2010. Line elements have increased satisfactorily since 2000, while point elements have increased to a somewhat lesser extent.

The main objective of the Programme for Diversity of Cultivated Plants (POM) is to protect plant and domesticated animal genetic resources aimed at ensuring food security, sustainable agriculture and conservation of biodiversity in Sweden. Another POM objective is to promote international cooperation on conservation, use and access to plant genetic resources and fair distribution of the profits that can be made when these resources are used. There is no specific environmental quality objective for organic production, although organic production can contribute to biodiversity and to the environmental quality objective *A Non-Toxic Environment*. The Swedish Government's new objectives for organic production include that at least 20 per cent of agricultural land in Sweden should be used for certified organic farming by the end of 2010, which may be compared to the 2005 figure of around 7 per cent.

The environmental load caused by agriculture is covered by the environmental quality objectives A Non-Toxic Environment and Zero Eutrophication. Trends are tracked by means including risk indicators, which show that health risks have been reduced by around 70 per cent and environmental risks by around 30 per cent since 1988. The risk reductions are partially attributable to targeted information and advisory initiatives, successful regulation of certain problem products and product development that has favoured lower risks. In this connection, interim target 9 was formulated in 2006, which states that exposure to cadmium will be at a level that is safe from the long-term public health perspective by 2015.

Pesticide use has not declined to the same extent, in part due to new crop choices for which the impact on plants from the plant protection perspective has deteriorated.

The environmental quality objective Zero Eutrophication includes interim targets for reducing emissions of nitrogen and phosphorus compounds to ocean waters and reducing ammonia emissions. Emissions of nitrogen compounds to sea areas will be reduced by 30 per cent from 1995 levels by 2010. The percentage attributable to agriculture has not been determined. There is an action programme in the agricultural sector to reduce root zone nitrogen leaching. The problem has so far been reduced beyond the stated objective of the action programme, mainly due to reductions in cultivated field area, higher nitrogen efficiency in farming and environmental payments for reducing nitrogen leaching. If land is put back into cultivation, it may have adverse impact on nitrogen leaching.

3.4 Bilateral, regional and multilateral negotiations within the agricultural policy framework

There is also a weight of international opinion that the EU should reform the Common Agricultural Policy based on the adverse impact the policy is believed to have on world trade in agricultural products. The Doha round of WTO negotiations has now been in progress for six years. Sweden supports the mandate for the Doha Development Agenda to achieve significant reductions of trade-distorting support, significant increases in market access and elimination of all forms of export subsidies and agrees that the needs and interests of developing countries should be placed at the heart of the outcome of negotiations. Sweden is driving the EU position in a more ambitious direction towards trade liberalisation.

The demands imposed by sustainable development are closely linked to trade policy objectives. The developed countries must be credible and consistent in their defence of open trade in order to bring about a harmonised trade policy. The developing countries must be able to trust that environmental or social conditions are not used to conceal protectionist motives. Sweden, which has traditionally defended open trade, enjoys credibility on these issues and thus has an opportunity to play a key role in these contexts. While protecting human, animal and plant health is vital, trade policy measures must be based on science and the least trade-distorting measures should be adopted.

Poverty reduction is Sweden's overriding objective for global development. Economic growth is a prerequisite for sustainable global development and permanent poverty reduction. Trade is a crucial instrument in this context and it is extremely important that developing countries are able to benefit from the opportunities world trade provides.

The Member States of the WTO agreed in July 2004 a framework for continued agriculture negotiations. The framework further elaborates that established at the 2001 Ministerial Conference in Doha and was a phase goal on the way to a new Agreement on Agriculture. For the three main pillars of the negotiations (domestic support, export subsidies and market access), the framework clarified the outlines of a final agreement. For all three main pillars, developing countries are not required to make reductions as comprehensive as those required of developed countries and are given more time to implement them. No commitments are required of the least developed countries (LDC).

The 2005 Hong Kong Ministerial Declaration solidified the progress made to that point in the negotiations. The WTO Member States became somewhat more precise concerning how high tariffs should be reduced

more than low tariffs and 2013 was set as the final date for eliminating export subsidies. Among the EU countries, Sweden played a decisive part in achieving the decision to eliminate domestic support. The Ministerial Declaration also contains separate rules for cotton, by which export subsidies in all developed countries were to be eliminated by 2006. The developed countries also promised duty free market access for 97 per cent of products originating from LDC.

The significance of trade as a means for generating development and reducing poverty has been accepted for several years, but there are barriers impeding the opportunities of developing countries to benefit from increasingly open trade terms. Trade-related development assistance has a very important role to play in this context, as clarified in the Aid for Trade recommendations.⁴ In light of these considerations, the Swedish Government has chosen to expand Swedish trade-related development assistance.

Sweden believes access to the EU market for developing countries is of central importance. Sweden is acting to bring about broad and comprehensive trade agreements within the framework of ongoing negotiations on economic partnership agreements with the six ACP regions.⁵ Sweden was instrumental in realising the EU decision to offer ACP countries duty and quota free access for all products except sugar and rice, which will be covered by transitional measures. It is also noteworthy in this context that the EU has for many years been providing developing countries duty-free or reduced tariff access to the EU market through the GSP.⁶ The least developed countries have been covered since 2001 by special arrangements within the framework of the GSP Regulation that provide duty and quota free access for all products except weapons (Everything But Arms, EBA). EBA was adopted during the Swedish Presidency of the EU and Sweden played a very active role in its adoption.

3.5 Objectives and guidelines for achieving food security and sustainable agriculture

As part of the national sustainable development strategy, the Swedish Government has set an objective to promote the interests of developing countries and poor individuals so that everyone can benefit from the opportunities provided by world trade. Sweden's Policy for Global Development establishes that Sweden should promote and further develop open, robust, fair and legitimate framework conditions for international trade and that open global trade in agricultural and fisheries products should be pursued. Sweden is participating actively in the FAO and other forums to promote food security and sustainable agriculture worldwide.

Developing countries' need for food security is a prioritised issue in the ongoing WTO negotiations. Sweden believes that a market-oriented and fair trade system for agricultural products is a key instrument in their endeavours to improve food security. Continued liberalisations in the areas of market access, export subsidies and domestic support are necessary in parallel with non-trade concerns such as food security and environmental protection. Developing countries must be accorded the regulatory flexibility required to achieve vital social goals such as food security.

Several non-governmental organisations in the global development arena are also committed to these issues. The Swedish Society for Nature Conservation (SNF), the Church of Sweden and the Federation of Swedish Farmers (LRF) have entered into an alliance under the banner of agricultural policy and international solidarity. The process, which began in 2004, has been designated *The Trialogue*.⁷

⁴ A task force was created at the 2005 WTO Ministerial Conference in Hong Kong to examine how trade-related development assistance might be improved. The efforts of the task force resulted in the Aid for Trade recommendations. The recommendations were adopted by the General Council of the WTO in October 2006.

⁵ ACP = Africa, Caribbean and the Pacific

⁶ General System of Preferences

⁷ <http://www.eeb.org/activities/agriculture/documents/Trialogenengver3L.pdf>

3.6 Community-based and indigenous approaches to sustainable food production

Locally and regionally produced food

Many consumers see added value in good animal welfare and clear origin labelling, as well as production that helps keep rural areas alive and thriving and creates jobs in the local community. As a result, they have a positive attitude towards locally and regionally produced food, which makes quality and identity effective marketing arguments. This trend is benefiting enterprises engaged in small-scale food processing. There were 3,300 such enterprises in Sweden in 2004, about a third of them in rural areas. Companies with fewer than fifty employees are considered small-scale enterprises. Half of the small-scale food enterprises have no employees. The enterprises are in several different lines of business including slaughtering, butchering, baking, fisheries, dairy production and reindeer husbandry. Traditional food cultures often have connections to the various regions of the country, which is creating the conditions for development and diversification of rural business.

Sustainable food production – the indigenous people’s perspective

Reindeer husbandry is pursued on one-third of Sweden’s total land area and is restricted to the indigenous Sami people. The right to keep reindeer is based on prescription from time immemorial and is a vital prerequisite for preserving Sami culture. Reindeer husbandry is also a prerequisite for maintaining the characteristic pasture lands of the northern Swedish landscape and biodiversity. The finances and structure of reindeer husbandry are based on access to natural pasture lands and the pasture that grows naturally in forests, bogs and the mountains.

With respect to animal welfare, reindeer meat is a food produced under good ethical and ecological conditions. How the land is used combined with natural regulation of the size of reindeer herds imposes limitations on the number of animals and thus the number of Sami people who can earn their livelihoods from reindeer husbandry. Even as these factors constitute limitations, they are also the foundation of production based on nature’s own conditions and are thus sustainable. One key challenge in the future will be how well Sweden is able to manage climate changes and the severe impact climate change is going to have on reindeer husbandry and thus opportunities for Sami culture to develop.

In addition to reindeer husbandry, lake fishing and game hunting are good examples of sustainable food production that have been significant to Sami people and other residents of inland Sweden for centuries. Most lake fishing nowadays is of the nature of household supply, with very little commercial fishing activity. Unlike lake fishing, sales of hunted game as food is of great economic importance to many Sami people who earn their livelihoods from traditional Sami enterprises. Game is an important element in household food supply for other rural families, but also to the household budget to a certain extent. Game hunting has little impact on the ecosystem, provided that game stocks are sustainably managed.

3.7 Diversification of agricultural production systems, including development of new markets for value-added agricultural products

Agriculture, forestry and the countryside are facing tremendous challenges in a globalised economy with constant demands for adaptation to prevailing conditions. This adaptation must be compatible with the demand for ecologically, economically and socially sustainable development. The EU enlargement and continued reform of the Common Agricultural Policy are processes that may have devastating consequences for Swedish agriculture if they are not followed by a deliberate diversification strategy. Global warming, which has been generally accepted only in the last two years, is leading to tremendous opportunities for the environmental and land-based sector. Reducing dependency on fossil-based primary products is critically important to our common future. A future sustainable society must be based on renewable energy and renewable primary products; by producing these things, the environmental and land-

based sector can become more important to the overall economy. A “knowledge-based bioeconomy” can be developed through investments in research, development and innovation programmes in accordance with the vision articulated in the EU’s Seventh Research Framework Programme.

Bioenergy

Farmers have become more interested in producing energy crops in recent years and the single farm payments introduced with the 2003 reform are a contributing factor. Other reasons behind the burgeoning interest include rising energy prices and greater environmental awareness among consumers. In order to live up to its commitments in the Kyoto agreements to reduce the contribution to climate and environmental change and reduce dependency on oil, the EU has taken various measures through regulations, directives and action plans based on using biofuels in the European Union. The EU also regards the use of biofuels as an opportunity for higher employment in agriculture and biofuel processing, as well as for rural development. The EU Member States have taken various approaches to managing the Biofuels Directive. The greatest investments in Sweden so far have been in relation to ethanol. Biodiesel production now equals about 6 per cent of ethanol production. This will probably change in the future through the option to mix a larger quantity of biodiesel with Environmental Class 1 diesel, and investments in biodiesel plants in Sweden.

The Swedish Government is advocating elimination of tariffs on ethanol because biofuels, like other goods, should be produced and exported by the countries that have the best conditions for doing so. If trade is restricted or made costlier by tariffs, biofuels become an economically unprofitable use of resources, leading to higher costs for consumers and society as a whole. On the global level, inefficient distribution of resources prevents countries from exploiting their comparative advantages and achieving economic sustainability through liberalised trade. This has a particularly detrimental impact on producers in developing countries. By importing biofuels, the EU can also reduce emissions of greenhouse gases more cost efficiently than by using domestically produced fuel. The organic foods market has been experiencing strong growth for quite some time. The market share for organically grown foods in the grocery trade was 2.2 per cent in 2005 and total sales amounted to about SEK 4 billion.⁸

In addition to sales through the grocery trade, public catering establishments are showing increasing interest in organic foods. Sales are also growing for many small shops specialising in organic foods, farm shops and subscription systems. A large percentage of Swedish organically produced cereals is exported and the international market for organic foods is growing strongly. Steadily increasing sales of organically produced milk and resulting use of organically grown grain to feed dairy cows are the main driver in the domestic market. Increasing numbers of local authorities and county councils are buying organic milk, which has substantial impact on the market.⁹

Food labelling

Informative food labels empower consumers to make deliberate choices based on their personal needs and preferences. A majority of Swedish consumers believe food labelling is very important. There are labelling regulations at the EC and national levels and a new proposal for general legislation on food labelling is expected from the European Commission within the near future. The area is very complex and imposes tremendous demands on supervisory authorities. Interest in global fairness and sharper focus on working conditions in particular have led to greater interest in also labelling products from an ethical and social standpoint. The available range of socially and ethically labelled products is continually increasing in Sweden and around the world but is still limited, in part due to the difficulty of ensuring compliance with social criteria in a sufficiently reliable and efficient manner. This applies especially to products that go through many different production steps and countries of origin, such as garments. The “Fair Trade” (*Rättvisemärkt*) system is one of the major labelling systems for global fairness in Sweden. Fair Trade is an ethical and social label focused on human rights. Consumption of Fair Trade labelled goods is minor due to the limited selection, but consumer interest and sales are rapidly increasing.

⁸ KRAV’s statistical service.

⁹ The Swedish Ecological Farmers Association: Growing Market 2006

Nutritional and health claims, ingredients lists and nutrition labels are important tools for consumers. The “Keyhole” label informs consumers that a product is a healthy alternative and has been the Swedish National Food Administration’s trademark since 1989. Keyhole labelling has stimulated product development by the food industry of leaner foods with higher fibre content. The symbol is very familiar to consumers and is highly significant when they want to choose healthy foods. The National Food Administration intends to establish a new certification body aimed at assuring the quality of restaurant lunches with the Keyhole label.

Organic labelling tells the consumer about the food’s means of production. Organic production and product labelling are regulated in the EU under Community regulations. A symbol for organic foods has been developed in the EU to inform consumers. In addition to the EU symbol, there is a private Swedish “KRAV” label for certified organic foods. There are currently two accredited inspection bodies in Sweden: Aranea Certifiering AB (formerly KRAV) and Smak AB. SWEDAC (the Swedish Board for Accreditation and Conformity Assessment) accredits and supervises inspection bodies. The Swedish company KRAV plans to launch a supplementary label for climate-friendly food at the end of 2007.

Origin labelling of foods has been discussed a great deal in recent years. Origin labelling, which tells consumers what country a food was produced in, is required for fresh and frozen beef, fruit and vegetables, eggs, honey and fish. Swedish guidelines for voluntary origin labelling of food have been drafted jointly by the food industry and consumer organisations. According to a recent Nordic consumer survey, 78 per cent of Nordic consumers consider origin labelling important and 61 per cent believe food labels should include information about environmental conditions, animal welfare and human rights.

3.8 Early warning systems in relation to external events: monitoring food supply and weather insurance schemes for farmers

Opportunities for Sweden to take contingency measures related to food supply are limited within the European project. Regulation or rationing require actions to regulate trade with other countries that are incompatible with the EU regulatory system. But the risk of food shortages that would make rationing necessary is considered minimal. The main principle in connection with a food shortage is that supply problems should primarily be resolved through Community actions.

Responses to outbreaks of serious contagious animal diseases, such as swine fever and foot-and-mouth disease, include slaughtering animals and restrictions on transportation aimed at preventing further spread.

There are two national laws in Sweden that regulate compensation options for stock farmers depending on whether the disease is a zoonotic or an epizootic. Stock farmers also have private insurance schemes because the state guarantees do not cover the entire loss. The main rule applied to eradicating epizootics is that 50 per cent of Member States’ costs for slaughtering and remediation will be paid by the EU Veterinary Fund.¹⁰ Payments to Sweden from the Veterinary Fund are rare, which is evidence of good animal health in the country. One drawback to payments from the Veterinary Fund is that they may lead to poor spread of risks, since they lessen producers’ financial incentives to take preventive measures.

About half of private forest owners in Sweden have private forest insurance schemes that cover storm damage, but benefits are not paid unless there is relatively extensive storm damage to the individual property, and the schemes cover losses only up to a certain maximum. Insurance schemes do not cover market price drops caused by events such as supply shocks in connection with very widespread storms, which limits the protective effect of the insurance.

Almost all Swedish farmers are covered by customary insurance schemes. The basic scheme usually covers property damage, production disruptions, third-party liability, and legal expenses. The property cover

¹⁰ The Veterinary Fund is an item in the EU budget.

includes damage to buildings, equipment, animals, machinery and products. Insurance schemes cover only fire damage in relation to crops. Benefits are paid for production disruptions only when the loss of income was caused by property damage. There is no full-coverage *harvest loss insurance* available in the Swedish market, but private *hail damage and reseeding insurance* is available. About 60 per cent of Swedish crops are covered by insurance schemes of this kind.