

Audit of the benefits of individual crop subsidies in agriculture

Federal Office for Agriculture

Key facts

The Federal Office for Agriculture (FOAG) provides so-called individual crop subsidies for individual crops in accordance with Article 54 of the Agriculture Act. In addition to direct payment subsidies, these are intended to specifically promote the cultivation of selected and strategically important agricultural crops. The Federal Council determines which crops are subsidised and the amount of the subsidies. Since 2014, between CHF 60 and 66 million has been paid out annually for this purpose. In 2022, just under 10,000 farms received individual crop subsidies.

The aim is to maintain production capacity and the functionality of individual processing chains for sufficient supply for the population and to ensure the supply of livestock feed. The Swiss Federal Audit Office (SFAO) examined whether the subsidy in its current form is still appropriate.

Overall, the audit showed a positive picture. The subsidy achieves the objectives laid down by law. The FOAG still lacks a basis for deciding when a crop should be subsidised for the first time, when it should continue to be subsidised or when it should no longer be subsidised.

Cultivation areas are preserved and processing chains ensured

Overall, the cultivation areas for these subsidised individual crops have been narrowly maintained since 2015, despite progressive structural change in agriculture. Sugar beet and oilseed crops (rapeseed and sunflower) are cultivated on more than 80% of the land supported by individual crop subsidies. While the cultivation areas for sugar beet have decreased significantly since 2015, there has been an increase in the cultivation areas for oilseed crops in the same period. The processing chains for both of these crops, as well as for soya, are currently functional up to the production of the end product in Switzerland. The other individual crop subsidies are of little importance in terms of cultivation areas.

The crops supported by individual crop subsidies mostly have low or no import duties, which means that Swiss production is in direct competition with imported products. Without individual crop subsidies, their cultivation in Switzerland would in many cases become economically unattractive and the cultivation areas would decrease significantly. A significant decline or even the end of cultivation would sooner or later lead to individual processing steps no longer being carried out in Switzerland, meaning the processing chain would no longer be assured.

No basis for deciding which individual crops are to be subsidised

Like all agricultural policy measures, the FOAG should also regularly review the effectiveness of individual crop subsidies. However, an isolated analysis of the individual crop subsidies makes little sense due to the interdependencies between the various support measures in agricultural policy. The SFAO considers it important that, as part of the

further development of agricultural policy, the individual crop subsidies be critically assessed in terms of their impact and achievement of objectives, and that the findings be incorporated into the corresponding dispatches.

The cost-intensive individual crop subsidies are used to achieve the legal objectives and should only be used for strategically important crops. At present, the FOAG lacks a basis to decide on the allocation or withdrawal of a specific individual crop subsidy. The SFAO recommends that the FOAG develop one and publish it.

The levels of individual crop subsidies have been adjusted only occasionally since 2014. In this way, the FOAG ensures planning security for itself as well as for producers and processors. For external parties, however, it is not always clear which market changes would lead to consideration of an adjustment of individual crop subsidies in order to be able to continue to achieve the objectives of the individual crop subsidies. Nevertheless, the SFAO can understand that the FOAG does not want to introduce an automatic mechanism for adjusting the subsidy level. This would reduce the FOAG's leeway and could lead to undesirable developments and increases in the individual crop subsidies that are not in line with other agricultural subsidies and the FOAG's strategy.

Original text in German