

Agreement on Green Growth

16 June 2009

1. Introduction

The government (Venstre and De Konservative [Venstre, the Danish Liberal Party and The Danish Conservative Party]) and Dansk Folkeparti [The Danish Peoples' Party] have signed an agreement on Green Growth. The purpose of the agreement is to ensure that a high level of environmental, nature and climate protection goes hand in hand with modern and competitive agriculture and food industries.

This is an ambitious and long-term plan defining environment and nature policies and the agriculture industry's growth conditions. A total of DKK 13.5 billion is to be invested in Green Growth until 2015, which is about a 50% increase in investments compared to previous initiatives.

These investments will ensure that Denmark meets its environmental obligations fully while strengthening growth and employment.

The Agreement on Green Growth incorporates:

- The Environment and Nature Plan Denmark up to 2020. The aim of the plan is to secure not only a better environment and climate, but also more areas of nature of a high quality that are accessible to everyone. The plan not only enables Denmark to meet its obligations under the EU Water Framework Directive and the Natura 2000 Directives but also facilitates follow-up of the Aquatic Environment Plan III and the Pesticide Plan 2004-2009. These investments are conditional on approval by the European Commission.
- A strategy for a green agriculture and food industry undergoing growth. A collective and focussed initiative will be implemented in order to create better framework conditions for a self-sustaining agriculture industry that: will develop dependent on market conditions, will protect the environment and nature, and will deliver green energy.

This Agreement implements the Danish Rural Development Programme (RDP) for 2010 - 2013. The Agreement supports the full repatriation of Rural Development Funds from the EU.

An agreement will be endeavoured with the Parties behind the reconciliation on the Environment Approval Scheme for animal husbandry, cf. Annex 4.

2. Environment and Nature Plan Denmark 2020

The Parties are agreed on the following goals and initiatives (cf. in addition Annexes 1 and 3):

2.1. An aquatic environment of high quality

- 19,000 tonne reduction in nitrogen discharge to the aquatic environment from 2010 to 2015
- 210 tonne reduction in discharge of phosphorus to the aquatic environment from 2010 to 2015.
- Improvement in the physical conditions of selected stretches of watercourses totalling 7,300 km from 2010 to 2015
- Re-structuring nitrogen regulation to take into account environmental concerns.

Instigation of clarification work to find a workable model based on a system with tradable nitrogen quotas. This clarification work will also compare the advantages and disadvantages of the quota model to alternative methods in order to facilitate determination of any necessary initiatives remaining and selection of the actual model. New nitrogen regulation is potentially anticipated to take effect no later than 1 January 2012. The revenue from trading nitrogen quotas would be transferred to the industry via the land taxes.

- Concrete initiatives to reduce the discharge of nitrogen and phosphor to aquatic environments. These will include dedicated measures such as permanent spraying-free, fertilizer-free and cultivation-free buffer zones and wetlands, as well as general regulation including neutralisation of nitrogen effect when agricultural land is taken out of production. This initiative will be implemented from 2010. The actual initiatives are described in more detail in Annexes 1 and 3.
- An additional initiative will be implemented as part of the River Basin Management Plan targeting stormwater overflow and further improvements in treatment processes for waste water from households, industry and sewage works, as well as strengthened protection of groundwater resources.

2.2. Substantial reduction in the harmful effects of pesticides on human beings, animals and nature

- Introduction of a new indicator for the “pesticide impact index” which not only includes use of pesticides but also the extent of non-sprayed areas. The indicator will be developed to include in the calculation data on the pesticide burden on health and the environment. The new indicator will replace the previous treatment frequency index.
- The “pesticide impact index” shall be reduced to 1.4 by the end of 2013.
- The intention is to submit a proposal in the autumn of 2009 for a law on re-structuring of the pesticide tax. This would mean that the least environment- and health-friendly pesticides are subject to the highest tax while the most environment- and health-friendly pesticides are subject to a relatively lower tax. At re-structuring, consideration will be given to minor and high value crops to avoid that the cultivation of these are discontinued in Denmark. Any additional revenue from the pesticide tax will be returned to the agricultural sector via reduced land taxes.
- Several other initiatives will also be implemented, cf. Annex 1.

2.3. Fewer greenhouse gasses

- Reduction of the agricultural sector’s emission of greenhouse gasses by an anticipated 800,000 tonnes of CO₂ annually as a consequence of the energy, nature and environment initiatives proposed in Green Growth.
- The opportunities for further reduction of emissions from the agricultural sector using a market-based model (quotas/taxes) will be analysed in more detail. This analysis will be integral to a collective, cross-sectional analysis of possible instruments within the European Climate Action and Renewable Energy package for the entire non-quota area. The analysis will be presented in the autumn of 2009.
- The government will present a collective, cost-effective climate strategy for the non-quota area up to 2020 based on this analysis.

2.4. Improved protection of nature and biodiversity

- The decline in biological diversity shall be stopped.
- Several initiatives will be implemented to strengthen the protection of the various types of nature (including drylands), plants and animals in Danish nature, hereunder an initiative for care of nature and management of about 145,000 ha private and public Natura 2000 sites, cf. Annex 1.

2.5. More nature and better access to nature

- Funding for establishment of a total of 75,000 ha new nature areas until 2015.
- The countryside shall be more accessible so that increasing numbers of Danes have the opportunity to use and enjoy it, cf. Annex 1.
- A special fund will be established for facilities (e.g. signage, tables, benches, etc.) for historic monuments, and voluntary conservation. An internet portal will be established with advice on restoration and dissemination of information about historic monuments. These initiatives will be evaluated in 2013.

2.6. Improved planning and monitoring of the environment and nature

- Monitoring the Danish environment and the state of the nature areas will be improved in order to undergird planning of future environment and nature initiatives.

2.7. Compensation of the industry for mandatory nature and environment obligations

- The industry will, within the framework of the Rural Development Programme, be entitled to compensation for legislated requirements governing spraying, fertiliser and cultivation-free border zones as well as reduced or ceased watercourse maintenance.

3. A strategy for a green agriculture and food production industry undergoing growth

The Parties are agreed on the following goals and initiatives (cf. in addition Annexes 2 and 3):

3.1. A more self-sustaining agricultural sector

- The Danish Agricultural Act will be modernised in order to create better frameworks for a self-sustaining agriculture industry, including rescinding the maximum limit for the number of livestock units per farm unit and the limit for the number of hectare a farmer may own, and removal of the area requirement. The ownership requirement will be relaxed but the requirement for the farmer in the company to own at least 10% of the capital and to have decision-taking power will be retained. The impersonal residency obligation will be extended to apply to all farm units for a longer period in order to strengthen rural settlements.

3.2. Simpler and more flexible regulation of the environment and food production

- Regulation of the agricultural sector and the food industry will be made simpler

and more flexible. It is critical for the Parties that considerations for animal welfare, healthy foods and consumer protection are maintained at a high standard. Unnecessary administrative burdens shall be removed and regulation shall be implemented so that farmers have more freedom to facilitate production in an optimally suitable manner. This will take place by simplification of the veterinary areas through reduction in the number of registrations, obligatory reports and mandatory signatures associated with sick animals. Furthermore, the processes around marking and registration of animals will be simplified and digitalised.

- The Parties take note of the government's agreement with KL (Local Government Denmark) from February 2009 concerning speedier environmental approval of animal husbandry, and a diversely composed committee will be appointed with the remit of identifying proposals that in the long-term will further simplify, improve, and harmonise the Livestock Approval Act with other environment and food regulations.
- Meat control will be made more effective. An action plan has been implemented that will result in re-structuring and improved management of the controls.

3.3. The agricultural sector as a supplier of green energy

- The role of the agricultural sector as a supplier of green energy is to be strengthened. The goal is that up to 50% of livestock manure in Denmark can be used for green energy in 2020.

It is anticipated that the new initiatives to be implemented (cf. below) will create frameworks that enable this. In 2012, the status of the development of the biogas plants will be assessed, including an evaluation of the need for any further initiatives to achieve greater energy exploitation of livestock manure.

- Several initiatives will be implemented to promote the role of the agricultural sector as a supplier of green energy, including:
 - A starter pool of DKK 85 million annually for establishment of new common biogas plants and farm unit-related investments associated with connection to a common plant from 2010 to 2012. Under this scheme, a plant grant worth up to 20% of the investment can be provided. The remaining funds will be provided by a 60% municipal guaranteed loan and 20% own financing.
 - A starter pool for organic biogas plants to a total of DKK 15 million annually from 2010 to 2012. Under this scheme a plant grant can be awarded for up to 20% of the investment. An evaluation of the scheme will be conducted after the first round of applications.
 - Amendments to the Planning Act that oblige the municipalities to include localisation of biogas plants in municipal planning.
 - Equalisation of grants for selling biogas to cogeneration plants and the natural gas net.
 - Planting of perennial energy crops will be made tax deductible.
 - The distance requirements to watercourses and lakes stipulated in the Protection of Nature Act will be changed so that cultivation of perennial energy crops is possible within the buffer zone.

A grant scheme for planting perennial crops totalling DKK 32 million annually from

2010 to 2012. The scheme will be effective from the planting season 2010. The grant can be given to areas in normal operation, in which planting results in a large reduction of nitrogen, and where the area is located so that the reduction in the nitrogen burden can help to meet the Water Framework Directive. The grant scheme will be assessed in 2012.

The actual initiatives are described in more detail in Annex 2.

3.4. Promotion of market-based organic sector

- Frameworks for a market-based development of the organic sector will be developed so that in 2020 the organic sector will have more than doubled compared to the 2007 level. The organic sector is thus expected to comprise 15% in 2020 compared to 6% in 2007.
- Funds to the area-based grants will be increased so that they can support an annual growth in the organic sector up to 18,000 ha. Initiatives to promote sales of organic foods, etc. must be strengthened, cf. Annex 2.
- A number of simplifications were introduced at the last revision of the Ecology Act in 2008. Nevertheless, there is a continued need for simplification of the regulations governing the organic sector. Therefore a diversely composed committee will be appointed that is to investigate the possibilities for further simplification and ease of administration within the organic sector. The Parties will discuss the committee's report on simplifications, which will be available at the beginning of 2010.
- The registration fee for the the organic logo for large scale kitchens will be withdrawn in order to promote use of organic raw materials in the catering industry.
- A special starter pool will be established for organic biogas totalling DKK 15 million from 2010 to 2012, cf. item 2.3.
- The initiative will be evaluated in 2013 to assess whether there is a need for additional measures.

3.5. Initiatives within aquaculture

- A grant pool totalling DKK 100 million will be established from 2010 to 2015 as a supplement to the existing support options in the Fisheries Funds. The pool is dedicated to the most advanced recirculating technologies (FREA - full recirculated aquaculture facilities or model fish farms type 3) and can operate with a higher funding percentage (40%), due to the greater environmental advantages and investment uncertainty associated with this type of facility.
- An aquaculture committee will be appointed with the remit to investigate the aquaculture industry's long-term business and environmental conditions.

3.6. Denmark as a green growth laboratory

- Strengthened initiatives within research, development and innovation within the environment and food sectors will be included in the discussions in the autumn of 2009 on the implementation of the Globalisation Funds 2010 - 2012.

- Research and innovation initiatives within agricultural and food sectors will be re-organised to become more dynamic, including environmental technology related to the industry. A Green Development and Demonstration Programme (GDDP) will be established in connection with this. The GDDP will contribute to the development of environmental technology that can undergird more environmentally-friendly and competitive agriculture and food industries, cf. Annex 2. A programme for market maturation of new green technology will be included in the discussions in the autumn of 2009 on the implementation of the Globalisation Funds 2010 - 2012.

3.7. Investments in new green technologies

- Technology development and innovation in the agricultural industry will be undergirded. Therefore, a grant pool of DKK 145 million annually from 2010 to - 2015 will be established for application of new environment- and climate-friendly technologies in the primary agricultural industries, cf. Annex 2.

3.8. A more value-creating food industry

- Continued support of value creation in the food industry through funding of technology promotion. In addition, a FoodExperimentarium (MadExperimentarium) will be established that will focus on innovation and education, cf. Annex 2.

4. Financing Green Growth

Green Growth will be financed by:

- Repatriation of funds under the European Rural Development Programme, etc.
- About 2/3 of the environmental billion DKK (Miljømilliard II).
- Changed transfer of pesticide tax revenue to the percentage tax funds. The revenue transferred from the pesticide tax to percentage tax funds is set at a level such that the treatment frequency index of 1.7 is met, cf. below.
- Re-prioritisation of State allocations including the State's part of the revenue from the pesticide tax.
- Utilisation of unused funds under the Ministry of the Environment and the Ministry of Food, Agriculture and Fisheries.
- Sale of land under the Ministry of the Environment and the Ministry of Food, Agriculture and Fisheries.

In light of the economic situation in the agricultural sector, there is no intention to use voluntary modulation that takes funds from the individual farmer (clause 68). The Parties are however agreed on the utilisation of unused funds under the EU's direct agricultural funding, equivalent to about DKK 120 million annually from 2010 to 2013. The funds come from an unused pool from the single payment scheme, and are thus not taken directly from the farmers.

Return of funds to the agricultural percentage tax fund, etc. is currently directly coupled to

the use of pesticides in the agricultural sector. The funds will thereby be replenished with additional funds when the agricultural sector uses more pesticides than the fixed goal of a treatment frequency index with pesticides of 1.7.

Green Growth will freeze the percentage tax funds revenue at a level that meets the treatment frequency index of 1.7.

Therefore, from and including 2010, the percentage tax fund will be maximally replenished with funds from the pesticide tax equivalent to the income from a treatment frequency of 1.7, i.e. DKK 250 million annually.

If the new pesticide tax generates additional revenue, this will be returned to the agricultural sector via the land taxes. The Parties are agreed that Green Growth is to be implemented in complete compliance with the tax stop.

Expenses and financing associated with Green Growth is described in more detail in Annex 3.

5. Rural Development Programme 2010 - 2013

Green Growth implements Denmark's Rural Development Programme (RDP) for 2010 - 2013.

The initiatives in Green Growth that have been financed by the Rural Development Programme for 2010 - 2013 are expected to be extended at implementation of the Rural Development Programme for 2014 and 2015. One prerequisite is that the Rural Development Programme that runs from and including 2014 has, as a minimum, the same dimensions as that for 2010 - 2013. If the assumption pertaining to the scope of the Rural Development Programme from and including 2014 is not valid, the scope of the commenced initiatives (hereunder financing) will be re-discussed.

A number of the Rural Development Programme's actual implementation decisions will not be approved before the end of 2009. It is a prerequisite for financing Green Growth that the implementation decisions will allow financing of the anticipated initiatives using rural development funds. If the assumption is not valid, the affected initiatives will be re-discussed.

To undergird a widely grounded initiative, part of the framework for the municipalities and regions will be reserved (at least DKK 200 million annually), as well as part of the framework for the agricultural funds (at least DKK 80 million annually), so that they – as is currently the case for the municipalities and funds – have the opportunity to achieve co-financing from the Rural Development Programme for implementation of own activities.

The Parties emphasise that work is ongoing at EU level to enable, to a greater extent, to facilitate grant schemes that are suitable for achieving permanent selection of agricultural areas for re-creation of wetlands, river valleys for retention of phosphorus, cessation of watercourse maintenance, establishment of buffer zones and other relevant schemes aimed at permanent or long-term selection or extensive farming.

In addition to the Green Growth initiatives, the RDP also contains initiatives under the programme's axis III that the Parties have agreed to implement. This involves activities for children and young people in rural areas, jobs and attractive living conditions in rural areas (LAGs), grants for farmers in unfavourable areas and plant genetic resources, cf. Annex 3.

ANNEX 1. Concrete initiatives in the Environment and Nature Plan Denmark 2020

1. An aquatic environment of high quality

The Parties are agreed on the commencement of the following concrete initiatives for the purpose of undergirding an aquatic environment of high quality:

- A Re-structuring of nitrogen regulation to take environmental considerations into account. Clarification work will be initiated to examine a model based on a system with tradable nitrogen quotas. The clarification work will also examine the advantages and disadvantages of the quota model compared to alternatives, in order to facilitate determination of any necessary initiatives and selection of the actual measures. The re-organisation shall in principle ensure that double regulation does not occur and, as far as possible, contribute to easing administration for the agricultural industry. The re-structuring shall in addition ensure that the total nitrogen initiatives take into account the geographic differences in the countryside and the fragility of the environment and nature to a satisfactory extent.

The grounds on which decision will be taken will be submitted to the reconciliation parties for discussion no later than the beginning of 2011. On the same occasion, the total composition of the initiatives and their contribution to the reduction of nitrogen discharge (including through a projection of the effect of existing ongoing initiatives) will be assessed with the purpose of determining the extent of the contribution of the new green nitrogen regulation.

A new nitrogen regulation is anticipated to be effective no later than 1 January 2012. The regulation must be approved by the EU before it is coming into force. The revenues from any sales of nitrogen quotas will be transferred back via the land taxes.

- The legislation requiring 10 metres' permanent spraying-free, fertilizer-free and cultivation-free buffer zones along all watercourses and lakes, equivalent to 50,000 hectares. The requirement for cultivation-free zones does not apply if permanent grass or perennial energy crops are grown without use of fertilizer or pesticides.
- Grant for selection of 10,000 ha wetlands
- Grant for selection of 3,000 ha river valley
- Planting additional catch crops on 140,000 ha agricultural land
- Dismantle the rule that allows sowing catch crops instead of winter green fields. In order to achieve the same effect as when sowing catch crops a pilot project will be implemented in which winter green fields can be combined with so-called mid-crops.
- Option of sowing catch crops and reduced nitrogen standards.
- Neutralisation of the nitrogen effect when taken agricultural land out of production for purposes as town development, nature, etc.
- Ban on certain forms of soil cultivation in the autumn. This means that prior to spring sown crops, the soil must not be cultivated after harvesting the previous crop until 1 November on clay soil, and until 1 February on sandy soil. It will still

be permitted to cultivate the soil for sowing catch crops. Organic farming is exempt from this ban.

- Ban on ploughing grassfields at certain periods of the year

The Parties are in addition agreed that the physical conditions at selected stretches of 7,300 km watercourse shall be improved through the following initiatives:

- Cessation or reduction of watercourse maintenance.
- Watercourse restoration and re-creation
- Removal of selected physical barriers

Maintenance of watercourses must at all times be in compliance with the regulations. In the event of non-compliance with the regulation, the municipalities are responsible for any damage inflicted on the relevant plot owners.

Lastly, the Parties are agreed on securing improved treatment of stormwater and waste water through the following initiatives, that will be actualised based on the municipalities' feedback on the state River Basin Management Plans:

- In watercourses and lakes in which the waste water burden does not currently meet the requirements of the Water Framework Directive, the treatment process must be improved.
- Expedite and expand waste water treatment in open country.
- Reduction in discharge from stormwater overflow in drainage area to fragile wetlands, including areas covered by the Bathing Water Directive.
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Waste water initiatives including initiatives relating to stormwater overflow will be actualised in cooperation with the municipalities.

- To ensure speedier processing of the River Basin Management and Natura 2000 plans, opportunity to complain about the River Basin Management and Natura 2000 plans will be adjusted.

2. Substantial reduction in the harmful effects of pesticides

The Parties are agreed on the following initiatives in order to reduce the harmful effects of pesticides on humans, animals and nature:

- The current indicator (treatment frequency) is to be replaced by a new indicator for "pesticide impact index". The harmful effects of pesticides on health and the environment will be included in the coming indicator for extent of burden.
- It is intended in the autumn of 2009 to propose legislation to re-structure the pesticide tax so that the pesticides most harmful to health and the environment are subject to the highest taxes, while less harmful pesticides are subject to relatively lower taxes.
- Consideration must be given to minor and high value crops to avoid that the cultivation of these crops will be discontinued in Denmark.
- Legislation requiring 10 metres' permanent spraying-free, fertilizer-free and

cultivation-free buffer zones along all watercourses and lakes, equivalent to 50,000 hectares. The requirement for cultivation-free zones does not apply if permanent grass or perennial energy crops are cultivated without use of fertilizer or spraying.

- Creation of the framework for cultivation in accordance with guidelines for integrated pest management, including development of crop-specific guidelines, monitoring and warning systems, seven demonstration farms, establishment of a points system for ranking and substitution of pesticides, as well as increased efforts targeting approval of alternative plant protection products.
- Dedicated advice on integrated pest management for farming, horticultural and fruit growing sectors. Requirements will oblige large farm units to use the advice and warning systems.
- Information campaigns for consumers and garden owners
- Notification obligation for spraying logs
- User-paid control/inspection of spraying equipment
- Requirement for education of pesticide dealers
- Restrictive pesticide approval scheme
- Environment and health burdens from use of pesticides in horticultural and fruit growing sectors must be reduced maximally
- Pesticide residues in Danish-produced food must be reduced to a minimum.
- Approved pesticides must not leach into the groundwater at levels above the maximum limit value
- Continued control of pesticide residues in food
- Warning system for pesticides in groundwater
- Continuation of pesticide control which includes control of illegal imports
- Requirement for allocating 25 metres spray-free buffer zones around public water supply facilities.
- Pesticide research in among others integrated plant protection, decision support systems and harmful pesticide effects

3. Fewer greenhouse gasses

The initiatives incorporated in the Green Growth agreement are expected to reduce the agricultural sector's emission of greenhouse gasses overall by about 800,000 tonnes of CO₂ annually. Of this, about 400,000 tonnes is expected to be derived from the green, market-based re-structuring of nitrogen regulation.

4. Improved protection of nature and biodiversity

The Parties are agreed on the following initiatives:

- A directed initiative in the Natura 2000 sites in the form of grants to care for nature and management of private and State Natura 2000 sites

- Support for establishment of up to 75,000 ha new nature
- Grants for caring for approx. 40,000 ha § 3 areas (meadows, heaths, mosses, grasslands, etc.) outside the Natura 2000 sites.

5. More nature and better access to nature

The Parties are agreed on the following initiatives:

- Undergird establishment of a total of 75,000 ha new nature until 2015, including:
 - About 800 ha new woods close to urban areas.
 - About 6,900 ha new private woods.
 - About 13,000 ha wetlands and river valleys.
 - About 4.300 ha new nature in Natura 2000 sites.
 - About 50,000 ha spray-, fertiliser- and cultivation-free buffer zones.
- Establishment and operation of five national parks with walking trails, cycling and riding trails, bird hides and overnight accommodation
- Local green partnerships.
- Strengthened dissemination of information and easier access to nature.
- A grant pool of DKK 4 million annually will be established for 2010 to 2015 for facilities (e.g. signage, tables, benches, etc.) for historic monuments and voluntary conservation. A further DKK 1 million will be set aside annually from 2010 to 2015 for an internet portal with advice on restoration and dissemination of information on historic monuments

6. Improved environment and nature monitoring and planning

The Parties note that the government will implement the following initiatives to improve the monitoring of Danish nature in order to undergird planning of future environment and nature initiatives:

- The Danish nature and environment monitoring programme will be revised.
- A project will be instigated to draw up a Green Denmark map.

The Parties will at a later date receive decision-making documentation concerning the future facilitation of environment and nature monitoring, including financing of the initiative.

ANNEX 2. Concrete initiatives in the Strategy for green agriculture and food industries undergoing growth

1. A more self-sustaining agriculture industry

The Parties desire a more self-sustaining industry that has better growth opportunities taking the environment and nature into account. The Parties are therefore agreed on modernisation of the Agricultural Act:

- Abolition of the limit for the maximum number of livestock units permitted per company (maximum requirement for the number of livestock unit is currently 950 livestock units per company).
- Abolition of the limit for the maximum number of hectare ground a farmer can

own (the maximum requirement for the number of hectare is currently 400 ha).

- Abolition of the requirement for ownership of 25 – 30% of the ground in animal husbandry (area requirement).
- The ownership requirement will be abolished to remove limitations as to who can be a co-owner of a farm. The requirement that obliges the farmer in the company to own at least 10% of the capital and to have decision-taking power in the company will however be retained, as will the requirement that the farmer in company-owned enterprises larger than 30 ha must conduct the daily running of the property on behalf of the company
- The regulations concerning prioritisation will be evaluated in the autumn of 2009.
- Opportunity to run livestock production on non-agriculture registered properties without associated land.
- Abolition of the distance limit that all owned properties must lie within a maximum distance of 10 km from residential buildings on the property on which the residency obligation is met.
- Abolition of the distance limit that permanent pastures and nature areas that are used for grazing (when leased) must lay a maximum of 15 km from the lease farmer's residence.
- Agricultural areas can be acquired (by private persons, trusts and associations) and be reserved for nature purposes.
- A limit will be introduced for conservation of agricultural areas which the modernisation of the Agricultural Act provides opportunity to purchase and develop to nature areas. If the area is owned by a trust or association that has purchase and conservation of nature areas as part of its purpose and enterprise, the areas may only become conservation areas if the trust or association relinquishes conservation compensation in advance.

To ensure that there is no increase in the environmental burden, a proposal will be submitted for the preparation of BAT standards for ammonia discharge from large farms. The requirements would be introduced in parallel with the structure development. There is a proposal to further restrict ammonia to 30% from 2011. Furthermore, the Planning Act will be amended so that the municipalities are obliged to include the new, larger, livestock farms in their general planning.

The harmonisation requirement will continue unchanged.

In 2012, an evaluation of the agricultural industry's opportunities for attracting equity will be conducted, and this will also look at the implemented modernisation of the Agricultural Act.

2. Simpler and more flexible regulation of the environment and food

- The Parties note that, in February 2009 as part of Green Growth, the government signed a milestone and framework agreement with KL (Local Government Denmark) on speedier environmental approvals. The agreement shall ensure that in the future municipalities process applications for environmental approvals within fixed, maximum, case processing deadlines. DKK 100 million have been allocated to improve the frameworks for case processing and to ensure compliance

with the agreement. The agreement means that the case backlog shall be removed by 1 October 2010. Status review of the agreement will be made on 1 October 2009.

- A diversely composed committee will be appointed with the remit of identifying proposals that, in the long-term, will further simplify, improve and harmonise the Livestock Act with the other environment and food regulations. The committee is to present the proposal for simplification by the end of 2010.
- Meat control will be made more effective. An Action Plan relating to this has been initiated. A consultancy survey has been conducted as part of the Action Plan. The survey identifies some concrete areas that are candidates for re-structuring and improved control management. From 2009 to 2011, the Action Plan is expected to realise a gradual increase in savings within meat control. From 2011 and onwards, the savings are expected to realise DKK 113 million annually.

3. The agricultural sector as a supplier of green energy

Promotion of biogas production

The Parties are agreed to strengthen the economic incentives for energy exploitation of livestock manure through the following initiatives:

- Starter pool for establishment of biogas plants, etc., totalling DKK 85 million annually from 2010 to 2012. The purpose of the starter pool is to promote, as a minimum, rapid establishment of common biogas plants which are necessary to achieve a significant increase in energy exploitation of livestock manure. Under this scheme, a plant grant can be awarded for up to 20% of the investment. The remaining funds will be provided by a 60% municipal guaranteed loan and 20% own financing. Under the scheme, grants can be awarded to:
 - Common biogas plants
 - Farm unit related investments for connection to a common gas plant
- A starter pool for organic biogas totalling DKK 15 million from 2010 to 2012 Under this scheme, a plant grant can be awarded for up to 20% of the investment. An evaluation of the scheme will be conducted after the first round of applications.
- Double support cannot be provided for establishment of biogas plants. If establishment of biogas plants is supported by other public schemes, this grant will not apply.
- The Parties otherwise intend to maintain the current biogas electricity settlement price.
- Analysis of the Heat Supply Act with the aim of equitability between suppliers of biogas and natural gas.
- Grant equalisation of biogas sales to cogeneration plants and the natural gas net.
- Furthermore, the Parties will promote positioning of biogas plants through:
 - Preparation of a plan for efficient assimilation of biogas.
 - Preparation of a coordination plan for dissemination of information on biogas and manure.
 - Establishment of a State biogas “flying squad”.
 - Dialogue with KL (Local Government Denmark) on an agreement on localisation of

biogas plants.

- o Amendment of the Planning Act to oblige the municipalities to incorporate localisation of biogas plants in municipal planning.

The Parties note furthermore that the government is working to create better frameworks for incineration of livestock manure through the following initiatives:

- o Further tax equalisation between vegetable biomass and livestock manure.
- o Relaxation of the Waste Incineration Directive requirement for monitoring pollution and treatment at smaller plants.

Stimulation of cultivation of perennial energy crops

The Parties are agreed on stimulating cultivation of perennial energy crops through the following initiatives:

- o Tax deductions for planting of perennial energy crops.
- o Change of the distance requirements to watercourses and lakes in the Nature Protection Act so that cultivation of perennial energy crops is possible within the buffer zone
- o A grant scheme for planting of perennial crops totalling DKK 32 million annually from 2010 - 2012. The grant can be given to areas in normal operation, in which planting results in a large reduction in the nitrogen burden, and where the area is located so that the reduction in the nitrogen burden can help to meet the Water Framework Directive. It is expected that grants can be provided for up to 40% of the farmer's planting costs.

4. Promotion of market-based organic sectors

The Parties are agreed on the following initiatives intended to support a market-based increase in the organic sector to 15% in 2020 compared to 6% in 2007:

- o Increase in the frameworks for the area-based grants (re-structuring grant and environment-related grant) so that they can support growth in the organic sector of up to 18,000 ha annually.
- o Continuous adjustment of the grants so that they match market development.
- o "Re-structuring check" at traditional farmers to stimulate conversion to organic farming.
- o Grants for appointment of ERFA (exchange of experience) groups that are to promote new-establishments and conversion to organic operations.
- o Sales-promoting initiatives to be strengthened in order to contribute to further growth in export of organic foods.
- o Abolition of the registration fee for the organic logo for large scale kitchens in order to promote use of organic raw materials in the catering industry.

5. Initiatives in aquaculture

- o A grant pool will be established totalling DKK 100 million from 2010 - 2015 as a supplement to the existing support options in the Fisheries Fund. The pool is dedicated to the most advanced recirculating technologies (FREA - full recalculated aquaculture facilities or model fish farming type 3) and can operate

with a higher funding percentage (40%), due to the greater environmental advantages and investment uncertainty associated with this type of facility. The Parties will receive a detailed report on the pool's constituents no later than October 2009.

- An Aquaculture committee will be appointed comprising representatives from the Ministry of the Environment, the Ministry of Food, Agriculture and Fisheries, the Danish Aquaculture Organisation, KL (Local Government Denmark), Danish Freshwater Fishing Association, the Danish Society for Nature Conservation, and the Danish Sportfishing Association. The committee will examine the aquaculture industry's long-term industry and environmental conditions.

6. Denmark as a green growth laboratory

The Parties are agreed on the following initiatives to develop Denmark as a green growth laboratory:

- Creation of a strategic Innovation Partnership for Agro Food and a Green Development and Demonstration Programme (GDDP), that is based on the competencies held by the Innovation Committee and the Food Research Advisory Committee.
- Strengthening of research and innovation initiatives in the environment and food sectors to be drafted as part of discussions on implementation of the Globalisation Agreement in autumn 2009.
- Programme for market maturation of new green technologies to be discussed in connection with negotiations on implementation of the Globalisation Agreement in autumn 2009.

7. Investments in new green technologies

The Parties are agreed on the following initiatives intended to undergird investments in green technologies:

- Creation of a grant pool of DKK 145 million annually for application of new environment- and climate-friendly technologies in the primary industry. The pool will be dedicated to application of technology for: -
 - Reduction of odours and emission of greenhouse gasses and ammonia from livestock production and livestock manure, including manure separation, pre-processing and application technologies.
 - Reduction in use of pesticides. This could, for example, be GPS-based technologies for sowing row crops that optimise crop growth and limit use of pesticides.
 - Reduction in loss of nutrients in connection with feeding, digestion of feed, and use of livestock manure.
 - Reduction in consumption of energy, water, nutrients, and pesticides in the horticultural sector. For example, investments to improve greenhouses or energy storage technologies.
 - Retention of nutrients away from the fields, e.g. from mini-wetlands or similar.

8. A stronger value-creating food industry

The Parties are agreed on implementation of the following initiatives to undergird a stronger value creating food industry:

- Continued support of the technological development in the food industry in order to strengthen productivity and value creation.
- Contribute to food diversity through strengthening of the Network scheme.
- Implementation of a Quality Food scheme that focuses on advice on marketing and business plans.
- Establishment of a FoodExperimentarium (MadExperimentarium) that focuses on innovation and education.
- Branding of Denmark as a gourmet country through the establishment of a public-private partnership.

ANNEX 3. Overview of public expenses and financing sources

Table 1. Total public expenses distributed by investment area, DKK million.

Overview of publicly-financed initiatives	2010	2011	2012	2013	2014	2015	Agg
Green Growth in total	2.239	2.501	2.350	2.229	2.062	2.139	13.520
Water Framework Directive nitrogen and phosphor	308	463	212	212	211	211	1.618
Water Framework Directive watercourses	0	130	130	130	130	130	650
Water Framework Directive – non-agricultural initiatives	117	9	9	9	9	9	161
Pesticide initiatives	85	84	83	80	78	75	485
Nature initiatives	589	696	791	853	760	761	4.450
Research and innovation ¹	194	174	174	174	174	174	1.066
The agriculture industry as an energy supplier	163	160	157	20	20	20	541
Environmental approvals, etc. ²	28	1	1	1	1	1	31
Organic sector:	352	399	432	431	363	439	2.417
Growth in the primary industry and food industry	267	249	224	182	181	181	1.284
RDP in addition to Green Growth	122	123	124	123	123	123	738
Green Growth - reserve	13	13	13	13	13	13	81

Footnotes: The funds' share of growth initiatives has not been included in the total. Additional administrative costs associated with the Rural Development Programme have been included technically under the individual investment areas or initiatives. ¹ The intention is to discuss strengthening research and innovation within the environment and food (GDDP) through distribution of the globalisation funds in the autumn of 2009.

² Excludes State initiatives in 2009 totalling DKK 73.5 million.

Table 2. Financing Green Growth

Financing	Green Growth annually	avg,
Existing funding		945
Environmental billion (Miljømilliard II)		115
Changed return of pesticide tax funds including changed estimation of revenue (Agricultural fund)		85
Changed estimate of revenue from pesticide revenue (State contribution) ¹		70
Unused funds under the Rural Development Programme, the Ministry of the Environment, and the Ministry of Food, Agriculture and Fisheries		25

Sale of summer cottage plots and agricultural areas	25
Other State financing ²	70
EU financing	915
Financing in total	2.255

Footnote: The figures are rounded to the nearest DKK 5 million¹. DKK 70 million are included in financing of Green Growth consequent to the revised estimate for pesticide tax revenue (State contribution). The total pesticide tax revenue has been adjusted compared to that budgeted in the Finance Act for 2009.

² "Other State financing" comprises administrative savings and financing of the agreement on environmental approvals in 2010.

ANNEX 4. Draft of Agreement on the Livestock Act and Reduced Ammonia Burden

The initiatives to further reduce the ammonia burden shall secure improved protection of fragile nature and strengthen biological diversity.

This agreement facilitates follow up of the considerable initiatives that have been implemented to reduce the ammonia burden from animal husbandry since 2001.

- The general requirement for a reduction in ammonia evaporation from animal husbandry is restricted further in 2011 to 30%, and standard conditions are drawn up for the best available technology (BAT) (for all relevant animal husbandry above 250 livestock units).
- From 2012, the general ammonia requirements will be replaced by the BAT standard conditions (for all relevant animal husbandry above 250 livestock units).
- The specific ammonia regulation will be changed to a requirement for a maximum total burden for Natura 2000 nature (maximum total burden of 0.2 - 0.7 kg. N/ha dependent on the number of livestock in the proximity) and other nature areas currently with buffer zone protection (maximum total burden of 1 kg. N/ha).
- For certain non-Natura 2000 nature types currently without buffer zone protection, there are State guidelines on maximum over-burden (maximum over-burden of 1 kg. N/ha).
- To ensure consideration of the welfare of the livestock, there will continue to be exceptions from the ammonia requirement, for example for outdoor livestock and organic animal husbandry, livestock on deep straw, poultry and piglets. At the same time, a certain flexibility will be introduced in connection with modernisation of stall technology if this is to benefit livestock welfare.
- The Parties will submit a proposal for revision of the Livestock Approval Act in 2009, including exemption of silage places and manure storage from the approval obligation, with the exception of changes that do not entail more livestock units, implementation of activities so that manure discharge and thus harm to the environment and nature can be limited, and other changes arising from Green Growth.
- The Parties note the government's agreement with KL (Local Government Denmark) from February 2009 on speedier environmental approval of animal husbandry.

- A diversely composed committee will be appointed with the remit of identifying proposals that will further simplify, improve and harmonise the Livestock Approval Act with other environment and food regulations by the end of 2010.