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Federal Department of Economic Affairs DEA
Federal Office for Agriculture FOAG

New evidence on the contribution of Swiss agriculture to the viability of rural areas

October 23 2006



- Study carried out by:
Institute of Agricultural Economics of the Swiss
Federal Institute of Technology
<http://www.iaw.agrl.ethz.ch/iaw/e/home.htm>
- Slides: Vinzenz Jung, Federal Office for Agriculture

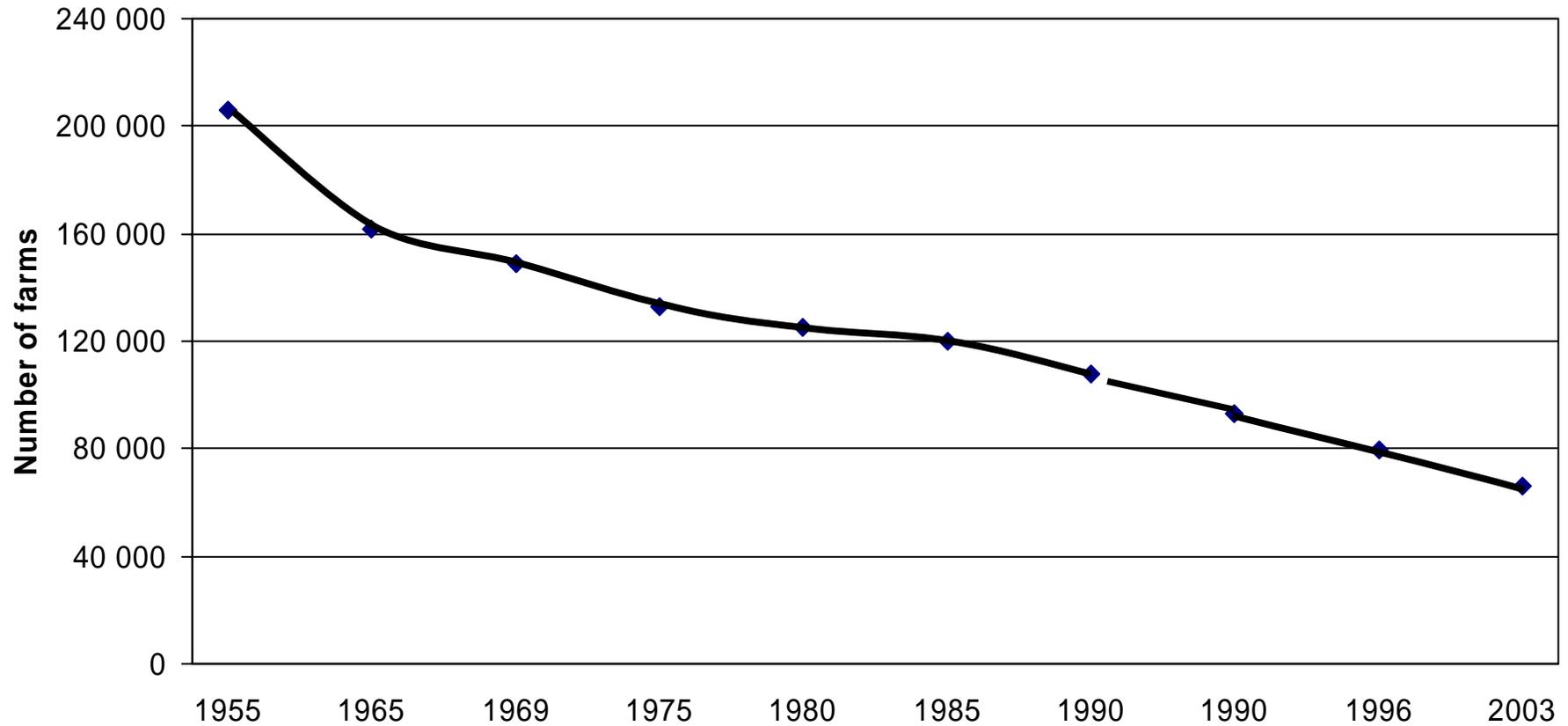


Economic indicators about Swiss agriculture

Swiss agriculture contributes 0.9% to GDP
and employs 193'000 people
i.e. 3.5% of the total working population.

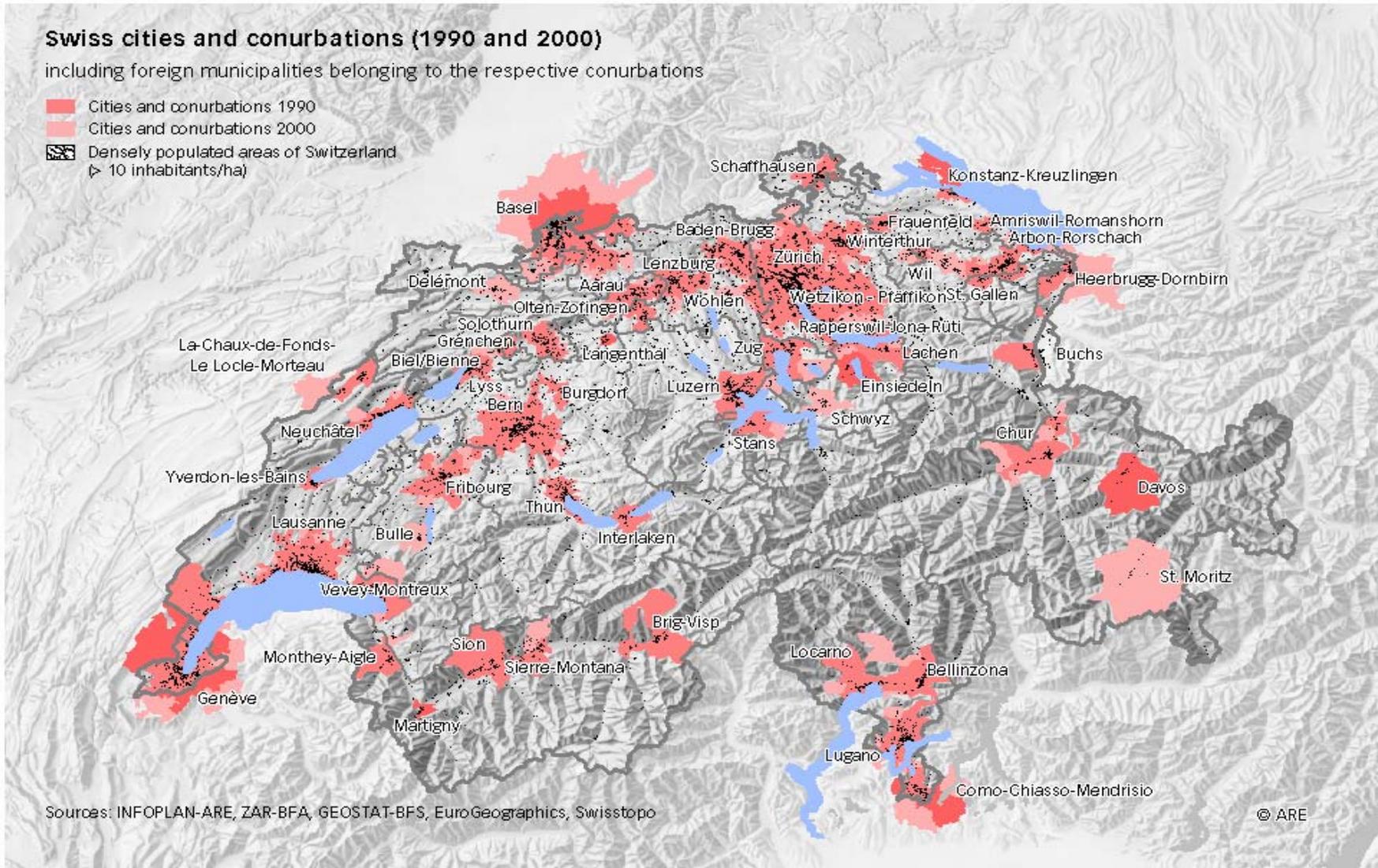


Number of farms in Switzerland since 1955





Territorial development





Swiss constitution

According to the Swiss constitution, agriculture has to contribute to:

- secure provisions for the population
- the conservation of natural resources and rural landscapes
- a decentralised settlement of the territory



**Does Swiss agriculture
contribute to the viability
of rural areas**

i.e.

**to a decentralised settlement
of the territory?**



Study in two steps

- First step: Analysis of the viability of rural communities;
- Second step: Agriculture's contribution;
- Viability: Can settlement be maintained in the medium term?



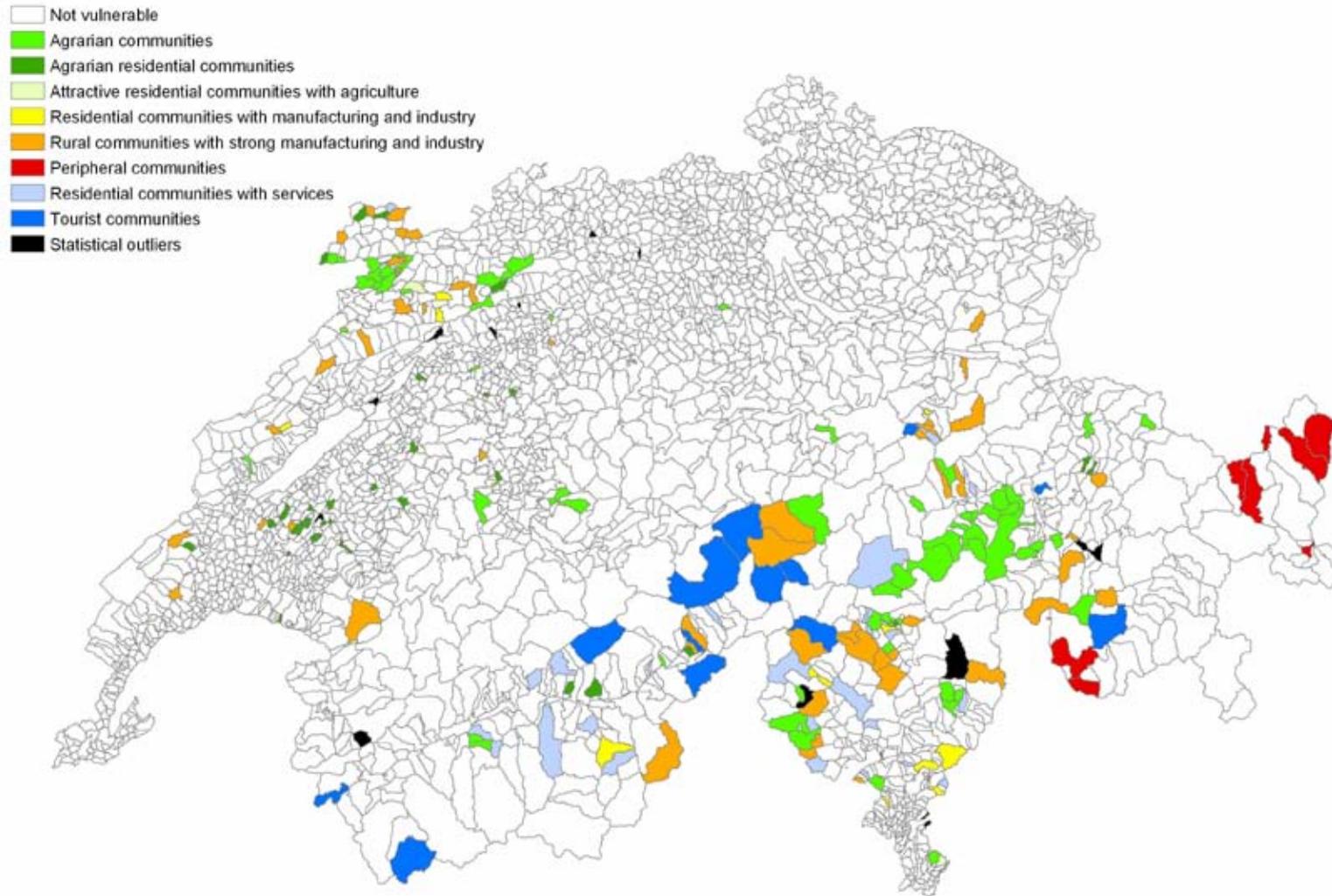
First step:

Level of analysis: municipalities with less than 1000 inhabitants. A municipality is considered threatened in its existence (vulnerable):

- either when its working population has moderately grown between 1970 and 2000 but shrunk between 1990 and 2000;
- or when its working population has shrunk between 1970 and 2000 and not sufficiently grown in compensation between 1990 and 2000.



First step: 231 communities (of 2900) vulnerable





Second step: Preliminary consideration

Swiss agriculture contributes 0.9% to GDP and employs 193'000 people (3.5% of the total working population).

There is evidence, however, that its contribution goes way beyond what these indicators suggest. Agriculture together with up- and direct involved downstream industries contributes 7.4% to GDP.



Second step:

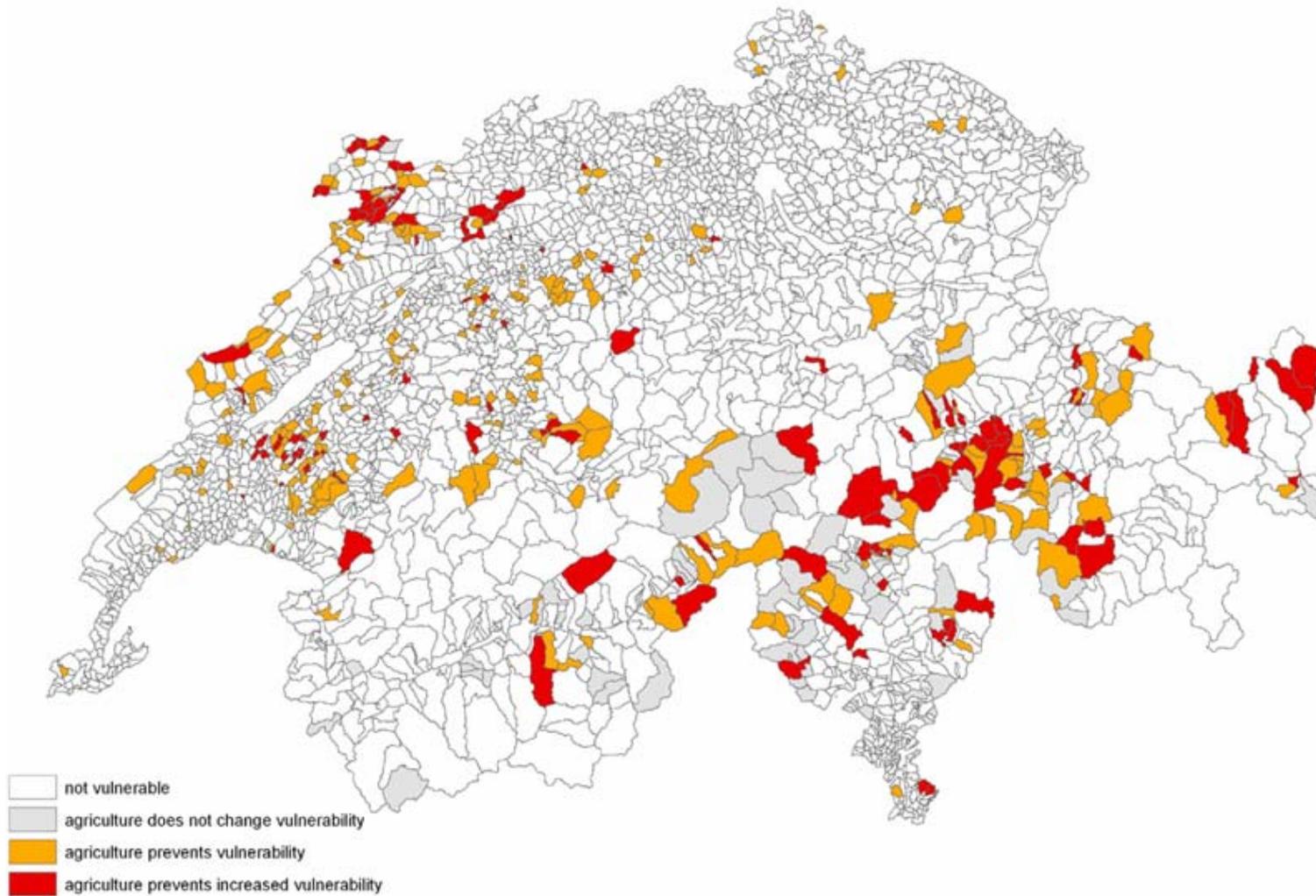
The effect of a disappearance of the agricultural sector is simulated.

If agriculture had disappeared between 1990 and 2000:

- 116 municipalities with no change: agriculture is too weak to make a difference;
 - 115 municipalities which were threatened before would now be considerably more threatened;
 - additionally 244 municipalities not threatened before (or borderline cases) would now be (definitely) threatened.
- 231 {
- } 359



Second step





Viability: Can settlement be maintained in the medium term?

Agriculture contributes to the viability of 359 municipalities i.e. 12% of all Swiss municipalities. 1.2% of the total Swiss population live there and they encompass 11% of the utilized agricultural area.

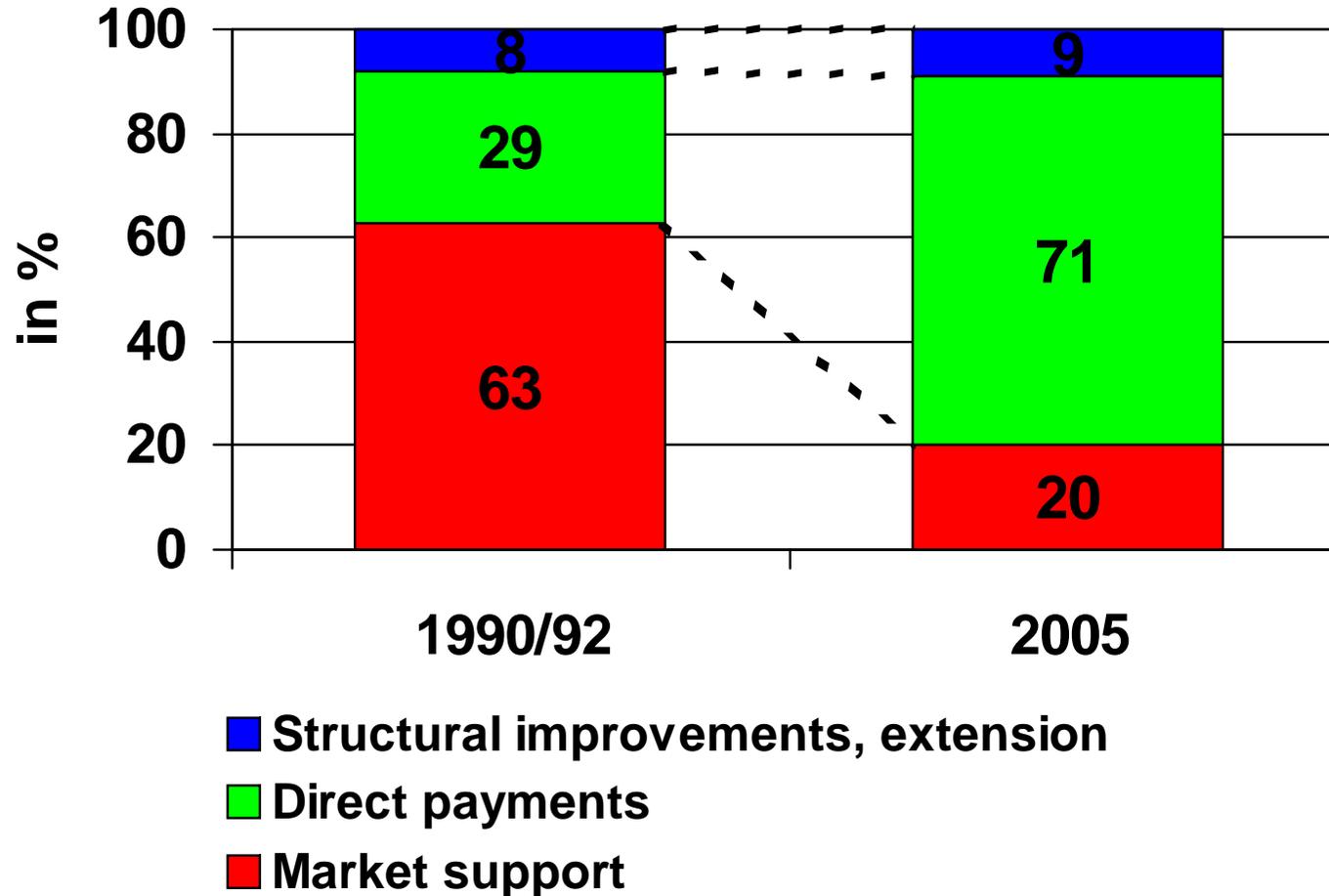


Viability: Can settlement be maintained in the medium term?

- The contribution of agriculture to maintain a decentralised settlement of the territory will further decrease in the future;
- There are vulnerable regions where agriculture is too weak to make a difference.



Swiss agricultural policy since 1993





Agricultural policy 2011 (project)

- Abolition of all remaining market support measures (apart from a payment for milk transformed into cheese);
- Shifting of funds to direct payments;
- Phasing-out of all remaining export subsidies;
- **Strengthening of measures to support the creation of value-added in rural areas .**

Strengthening of measures to support the creation of value-added in rural areas

- Labelling (new label for mountain products);
- Increased incentives for individual and collective initiatives at the local level;
- Support for local initiatives which aim at increasing the efficiency of ecological resource-use;
- Improvement of conditions for biomass production;
- Loosening of building restrictions to foster secondary activities;

All bottom-up!

Coordination with regional policy is important!



Thank you for your attention

