



Reform of the Common Agricultural Policy

RACCE Committee debate

Background

Farming and crofting are a vital part of Scotland's economy, culture and rural communities, which a great many people depend on for their livelihoods. At the same time, much of Scotland's valued wildlife and landscape and the quality of our natural environment depend on farming activity. But farming is under pressure, operating in an increasingly tough economic climate with rising input costs and volatile prices. In some parts of Scotland, farming activity is declining and there is mounting concern that this may lead to land abandonment. In other parts of the country, agriculture is becoming increasingly intensive and specialised in order to survive. Both trends are having negative impacts on the environment and on rural communities. RSPB Scotland sees the challenge for the future as how to achieve a prosperous and sustainable agriculture; one which produces adequate supplies of safe, healthy food, protects and enhances the environment and contributes to the vitality of rural areas. We believe continued public support for the agriculture sector – through the Common Agricultural Policy (CAP) – will be necessary to achieve this.

Scottish agriculture currently receives c.£670 million of public support through various CAP payments; Pillar I direct payments and Pillar II rural development measures. This money is vitally important to the agriculture sector but, in these difficult financial times, demonstrating value for public money is paramount. The forthcoming reform of the CAP is a major opportunity to put EU and Scottish agriculture on a more sustainable footing and meet the needs of all citizens and taxpayers who fund it.

On 12th October 2011, the European Commission published its formal proposals for CAP reform covering the period 2014-2020¹. There now follows a protracted period of negotiation between the 27 Member States of the EU, the European Parliament and the Commission before a final reform package is agreed. **It is vital that the Scottish Government uses its influence to secure reform to the CAP that will lead to a more sustainable and prosperous agriculture sector.**

Achieving Scotland's Land Use Objectives through CAP reform

The Scottish Government has committed itself to "Use the Land Use Strategy Objectives to influence negotiations on CAP reform"². These objectives are stated as:

- Land based businesses working with nature to contribute more to Scotland's prosperity
- Responsible stewardship of Scotland's natural resources delivering more benefits to Scotland's people
- Urban and rural communities better connected to the land, with more people enjoying the land and positively influencing land use.

¹ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

² <http://www.scotland.gov.uk/Publications/2011/03/17091927/0> Proposal 5, p14

RSPB Scotland believes that if these objectives are to be met, the Scottish Government should be advocating a radical overhaul of current CAP support regimes and a move away from the status quo. Specifically, **we believe the Scottish Government should be calling for CAP support to be re-focused on the delivery of public goods and services.** Ideally, this would be achieved through a substantial shift in funding from Pillar I to Pillar II; alternatively, this requires the Government to support significant reforms to Pillar I, including a redistribution of support and substantive greening of payments.

CAP Funding

The UK (and Scotland within that) share of EU CAP funds must reflect the challenges that need to be addressed. Largely for historic reasons, the UK receives the lowest share (on a per hectare basis) of EU Pillar II funds with Scotland receiving the lowest share of all four UK countries. This must be addressed. **The Scottish and UK Governments must make a strong case in Europe for increased Pillar II funding, highlighting the need to improve the competitiveness of agriculture; secure the sustainable management of natural resources; and help the development of rural areas.**

Cross compliance

Currently, farmers in receipt of direct payments and some rural development payments must comply with a set of standards under a system known as cross compliance, or face the withdrawal of payments. Under the reform proposals, cross compliance is set to continue but a number of changes have been put forward. Negative changes include the removal from the Statutory Management Requirements of certain obligations arising from the Birds and Habitats Directives. RSPB Scotland wishes to see these reinstated. It also appears that farmers who opt into the small farmers scheme will not be subject to cross compliance but we can see no valid reason why any farm in receipt of public money should be exempt from such requirements. Positive proposals include the addition of a new requirement under the Good Agricultural and Environmental Condition element of cross compliance. This is placed on the protection of wetland and carbon rich soils including a ban on first ploughing of such soils, a requirement which we support. **Overall, RSPB Scotland believes cross compliance should be strengthened to provide a robust, minimum standard of performance across all farmland (irrespective of farm size) which is adequately inspected and enforced.**

Pillar I direct payments

Direct payments – in the form of the Single Farm Payment (SFP) – receive the lion's share of CAP funds. The allocation of Pillar I funds between Member States and within Member States - between regions and farmers - is highly contested. The Commission is proposing a move to a system that would, over time, lead to a flat rate payment per hectare of eligible land across Member States or within regions; RSPB Scotland supports this.

Scotland currently uses an historic basis for making Pillar I payments. This means a farmer's SFP is based on what they produced in an earlier reference period and bears no relationship to the current day situation. As a result, payments are weighted in favour of farming systems in the more productive and commercially viable regions of Scotland whilst economically vulnerable and high nature value farming systems in the north and west receive much less

support. **Moving from an historic to area based system of SFP support in such a way that some re-distribution occurs would have many benefits. RSPB Scotland wants to see an increase in support for high nature value farming and crofting systems.**

Greening Pillar I payments

The Commission is proposing that in addition to the basic payment described above, a farmer must adopt certain farming practices 'beneficial for the climate and the environment'. In return, an additional payment will be made. The so-called 'greening' measures currently under discussion include: crop diversification; permanent grassland; and, ecological focus areas. **RSPB Scotland supports the introduction of these measures which must go beyond cross compliance and work coherently with agri-environment measures in Pillar II.**

The intention of the *crop diversification* measure is to avoid monoculture of crops and we support this objective. However, we have concerns that the application of this measure in Scotland, as it is currently specified, might have some negative environmental impacts. We are particularly concerned that this might act as a disincentive for cropping for mixed farmers who currently grow relatively small hectares of, for example, spring barley or fodder crops. Such farmers may, if faced with a requirement for a three crop rotation, give up growing such crops and rely on bought in feed instead. Given that such crops (and related stubbles) can provide an important source of food for birds and other wildlife, as well as nesting and breeding sites, the loss of such cropping would be detrimental. **RSPB Scotland encourages the Scottish Government to support the crop diversification requirement but seek some flexibility to reflect local farming practices.**

In broad terms, a requirement to maintain *permanent grassland* and prevent large-scale loss to arable production is desirable in order to, for example, maintain soil carbon stores and prevent habitat loss. However, we have concerns that this requirement is not sufficiently specified in order to protect the most environmentally important grasslands or targeted to deliver any specific environmental outcomes. At best, it will maintain the status quo in relation to grassland cover and, at worst, it will prevent the re-introduction of arable cropping where it would be environmentally beneficial or prevent farmers from re-seeding some relatively intensively managed pastures that are of low biodiversity value but not part of an arable rotation i.e. older than 5 years. We are also concerned that the Commission has specified 2014 as the reference date for declaring areas of permanent grassland as this may encourage some farmers to plough permanent grasslands between now and then (subject to cross compliance provisions), some of which could be environmentally important. **We urge the Scottish Government to pursue a more targeted form of protection for permanent pastures of high environmental value. We also ask the Scottish Government to remind farmers that the ploughing of uncultivated land is subject to Environmental Impact Assessment regulations, both during this period and beyond whatever changes may ensue as a result of the CAP reform.**

Ecological focus areas (EFAs) will require farmers to devote at least 7% of their eligible area to, for example, fallow, terraces, landscape features, buffer strips and afforested areas. This will not require the majority of farmers in Scotland – or elsewhere – to take land out of production and does not constitute a form of set-aside. The requirement will largely be able to be met by

existing on-farm features such as hedgerows, gorse, scrub and trees; these are important wildlife and landscape features to maintain. EFAs should apply to all farmland, not just arable land as currently proposed. **RSPB Scotland urges the Scottish Government to support EFAs but to seek some flexibility in defining these areas to reflect local farming practices.**

Pillar II Rural Development

A number of changes are being proposed to the current Pillar II 'Rural Development Regulation'. These include the establishment of new priorities for rural development funding and the introduction of a number of new measures. **RSPB Scotland wants to see the new regulation set concrete, clear and binding objectives for Member States/regions to meet.** These should include commitments to: achieving climate protection; good conservation status of Natura 2000 sites and protected habitats and species; achieving favourable status of water bodies under the Water Framework Directive; and explicit recognition of the importance of High Nature Value farming systems³. Of all the potential measures within the regulation, agri-environment measures are critical to achieving environmental outcomes. **We welcome agri-environment measures being compulsory for Member States to implement (although voluntary for farmers to enter).**

Whilst the EU regulations set the framework for rural development, it will be the Scotland Rural Development Programme (SRDP) 2014-2020 which will ultimately determine what is achieved. Designing a Programme that sets clear objectives and targets and includes appropriate measures to achieve these will be critical. **We wish to see greater emphasis in the next SRDP on supporting High Nature Value farming systems and on the effective funding and targeting of agri-environment schemes (Land Manager's Options and Rural Priorities) to meet environmental targets.** Agri-environment support is currently not sufficient to meet biodiversity objectives.

We welcome the Rural Affairs, Climate Change and Environment Committee's examination of proposals for CAP reform, and urge Members to consider how reforms can deliver a sustainable future for Scotland's farmers and crofters, whilst also delivering a sustainable future for our wildlife and environment as a whole.

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RSPB Scotland is part of the Royal Society for the Protection of Birds, the UK-wide charity which speaks out for birds and wildlife, tackling the problems that threaten our environment. Nature is amazing - help us keep it that way.

³ http://www.rspb.org.uk/Images/HNV_tcm9-283019.pdf