



## Reform of the CAP

### RACCE committee evidence session

RSPB Scotland is part of the global network BirdLife International<sup>1</sup> which is the world's largest partnership of conservation organisations, operating in over one hundred countries and territories worldwide. The network strives to conserve birds, their habitats and global biodiversity, working with people towards sustainability in the use of natural resources. BirdLife Europe works extensively within the EU, including advocating measures to protect wildlife within the process of CAP reform<sup>2</sup>.

### Background

Farming and crofting is a vital part of Scotland's economy, culture and rural communities; a great many people depend on it for their livelihoods. At the same time, much of Scotland's valued wildlife and landscapes and the quality of its natural environment depend on farming activity.

Scotland has a high proportion of High Nature Value (HNV) farming and crofting systems – mainly low intensity livestock production<sup>3</sup>. The continuation of such farming activity is essential to the conservation of biodiversity and environmental management more widely. There is growing evidence that farming activity is declining in some parts of Scotland and mounting concern that this may lead ultimately to land abandonment. This decline is most clear in the north and west of Scotland, where hill farming and crofting predominate. In other parts of the country, the gradual intensification and specialisation of agriculture has had negative impacts on the environment – diffuse water pollution, soil erosion and declines in biodiversity. The challenge for the future is 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.

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 future of Scottish agriculture but, in these difficult financial times, demonstrating value for public money is paramount. RSPB Scotland believes that only by re-focusing CAP support on the delivery of public goods and services – those things we need and value but are not provided by the market – can such a large amount of public expenditure be justified. BirdLife International recently wrote to the EU Commissioner Dacian Cioloş to outline the network's views on CAP reform<sup>4</sup>.

At the EU level, the future CAP must:

- **Help put Europe's food production onto a significantly more environmentally sustainable basis, thus securing long-term food security for European citizens.** Food security is underpinned by environmental security. Food production depends on functioning ecosystems that maintain healthy soils, provide water, regulate the climate and pollinate crops, for example.

---

<sup>1</sup> <http://www.birdlife.org/>

<sup>2</sup> [http://www.birdlife.org/eu/EU\\_policy/index.html](http://www.birdlife.org/eu/EU_policy/index.html)

<sup>3</sup> [http://www.rspb.org.uk/Images/HNV\\_tcm9-283019.pdf](http://www.rspb.org.uk/Images/HNV_tcm9-283019.pdf)

<sup>4</sup> [http://www.cap2020.ieep.eu/assets/2011/9/5/Tests\\_of\\_greening-BirdLife-PDF\\_1.pdf](http://www.cap2020.ieep.eu/assets/2011/9/5/Tests_of_greening-BirdLife-PDF_1.pdf)

- **Help Europe meet its environmental commitments and contribute to the EU 2020 strategy objectives.** The future CAP must provide the tools to help the EU and its Member States and regions meet targets for biodiversity<sup>5</sup>, climate change<sup>6</sup> and water<sup>7</sup>.

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.

### **CAP reform proposals and Scotland**

Proposals for CAP reform are due to be published by the European Commission on 12 October 2011. An agreement is not anticipated until at least 2013 with any changes being implemented from 1 January 2014 at the earliest. Both the overall reform and the way in which Scotland chooses to implement specific measures will have major influences on agriculture, the environment and rural communities. Key issues for Scotland are summarised below:

#### **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 for increased Pillar II funding highlighting the need to: improve the competitiveness of agriculture; secure the sustainable management of natural resources; and, to 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. Some stakeholders are arguing for a simplification of cross compliance and a reduction in the number of requirements to be met. **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 moving to a system that would, over time, lead to a flat rate payment per hectare of eligible land across Member States or within regions. The aim is for some convergence of Member States around the current average. The UK – at €247/ha - is currently just below the EU average of €271/ha so may possibly see a small increase in its overall Pillar I allocation – the national ceiling – but not by much. However, within the UK there is significant divergence in payment rates between the four UK countries. Scotland receives €125/ha with Wales receiving around the average and Northern Ireland receiving approximately €350/ha. There have been some calls for a re-distribution of support between the UK countries. This would be politically difficult to achieve and is a move not backed by the UK farming unions who instead are focused on securing an uplift in Pillar II support. **RSPB Scotland supports this focus on securing increased rural development funding.**

---

<sup>5</sup> Including requirements of the Birds and Habitats Directives and the Convention on Biological Diversity 'Aichi' biodiversity targets to halt the decline in biodiversity by 2020

<sup>6</sup> The EU is committed to reducing greenhouse gas emissions by 20% by 2020, with some Member States/regions having more ambitious targets including Scotland

<sup>7</sup> The Water Framework Directive commits the EU to achieving good ecological status of all surface waters by 2015.

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 in the more productive regions of Scotland whilst economically vulnerable and high nature value farming 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 benefits. RSPB Scotland wants to see vulnerable farming areas receiving an uplift in overall support, recognising their role in supporting high nature value farming.**

### **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.**

Ecological focus areas will require farmers to devote at least 7% of their eligible area to, for example, fallow, terraces, landscape features, buffer strips and afforested areas. **RSPB Scotland believes that ecological focus areas 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.

### **Active farmer test and capping**

The European Commission is proposing to exclude farmers from receiving direct payments whose income from farming (excluding CAP subsidies) is less than 5% of their overall income from economic activity. Farmers receiving less than €5,000 in total will be exempt from this. There is also a proposal to cap the total amount of the basic area payment a farmer can receive starting at a 20% reduction for amounts between €150,000 and €200,000 and increasing to 100% for amounts over €300,000. **RSPB Scotland believes the active farmer test would exclude a number of legitimate farming businesses from receiving support in Scotland and that capping is not based on any objective measure. These proposals should be scrapped.**

### **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 systems. 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.

The Committee could ask MEPs whether they:

- Support a re-focusing of the CAP to give greater emphasis to the provision of public goods and services, recognising the need to offer value for taxpayers money.
- Are making the case for an increase in rural development funding for the UK and Scotland in order to deliver public goods.
- Recognise and support the need for re-distribution of Pillar I direct payments within Scotland in order to increase the levels of support to farming in vulnerable and high nature value areas.
- Will argue for the inclusion of greening measures that will deliver real environmental outcomes and not seek to water down the current proposals to the detriment of Scotland's environment.
- Will make the case for the removal of the active farmer test and capping proposals that would have negative impacts on a number of legitimate farming businesses in Scotland.
- Will argue for 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.

For further information please contact:

**Julia Harrison**, Parliamentary Officer or **Vicki Swales**, Head of Land Use Policy

RSPB Scotland, 2 Lochside View, Edinburgh Park, Edinburgh EH12 9DH Tel: 0131 317 4100

Email: [julia.harrison@rspb.org.uk](mailto:julia.harrison@rspb.org.uk) or [vicki.swales@rspb.org.uk](mailto:vicki.swales@rspb.org.uk)

*The Royal Society for the Protection of Birds (RSPB) is a registered charity: England and Wales no. 207076,  
Scotland no. SC037654 – September 2011*

*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.*