



## CONSULTATION RESPONSE CONSULTATION RESPONSE



Scottish  
Environment



### **Scottish Environment LINK's response: the Impact Assessment on the Commission Proposals "Common Agricultural Policy towards 2020"**

**Scottish Environment LINK** is the forum for Scotland's voluntary environment organisations - 35 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. The membership of LINK organisations totals over half a million people. LINK assists communication between member bodies, government and its agencies and other sectors within civic society. Acting at local, national and international levels, LINK aims to ensure that the environment is fully recognised in the development of policy and legislation affecting Scotland.

This response is supported by the following organizations which make up LINK's Agriculture Task Force:

Archaeology Scotland  
Buglife – The Invertebrate Conservation Trust  
Bumblebee Conservation Trust  
Butterfly Conservation Scotland  
National Trust for Scotland  
Plantlife Scotland  
RSPB Scotland  
Scottish Wildlife Trust  
Soil Association Scotland  
Woodland Trust Scotland

***Policy scenarios*****(1) Are the policy scenarios outlined consistent with the objectives of the reform? Could they be improved and how?**

LINK's vision for the future of the CAP<sup>1</sup> is that it should be focused on providing public goods with a strong legislative baseline requiring the polluter to pay for environmental damage. Tiered support should allow all farmers to deliver environmental benefits while rewarding those most who provide highest benefits (either through the type of farming system they employ or through targeted agri-environment).

The Commission must ensure the proposals meet the following strategic objectives:

1. Ensure that all farmers can improve their agricultural practice to make it more sustainable thus ensuring long term food and environmental security
2. Ensure that those systems already delivering public goods (e.g. High Nature Value farming systems and organic farming) are adequately rewarded, allowing them to continue their current practice
3. Deploy effective, well targeted agri-environment measures which are sufficiently funded to address key environmental problems.

LINK is broadly supportive of the stated objectives of reform but believes that the focus should be on the second objective: "ensuring the provision of environmental public goods". We believe that ensuring the CAP is environmentally sustainable will help us to meet the other objectives in a manner which provides measurable results. Given that the CAP is paid for through taxpayers money, it is important to focus on correcting economic externalities and paying for public goods which are otherwise not provided by the market.

The CAP must contribute to rural vitality, however, it is difficult to do this in clearly measurable ways. Ensuring environmental quality clearly contributes to the health and well-being of people in rural areas<sup>2</sup> and often provides economic benefits beyond the farming sector<sup>3</sup>. Maintaining agricultural production capacity is obviously of vital importance and LINK welcomes the focus on production *capacity* rather than increasing production. The rhetoric around food security is often misleading, for example it is often argued that the maintaining direct payments as a large component of agricultural support will increase food security<sup>4</sup>. Food security depends

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<sup>1</sup> Scottish Environment LINK (2008) Beyond the CAP

<http://www.scotlink.org/files/publication/LINKReports/LINKatfReportBeyondCAP.pdf>

<sup>2</sup> E.g. people in rural areas tend to rate their quality of life as better than those in urban areas SEERAD (2003) Living In Scotland: An Urban-Rural Analysis Of The Scottish Household Survey

<sup>3</sup> E.g. McMorran, R., M. Price and A. McVittie (2006). A review of the benefits and opportunities attributed to Scotland's landscapes of wild character. Scottish Natural Heritage commissioned report No. 194 (ROAME No. F04NC18) and Courtney, P., G. Hill, D. Roberts (2006) The role of natural heritage in rural development: an analysis of economic linkages in Scotland. Journal of Rural Studies 22, 469-484.

<sup>4</sup> E.g. the Inquiry has argued here that Pillar 1 must take a wider role in the CAP post-2013 in order to justify the maintenance of current support levels, it does not retract from its view that the most important reason for support is to produce food and maintain a vibrant agricultural industry. Reduced food production in Scotland makes us more vulnerable to world food security issues and without a vibrant industry the wider benefits will not flow. The Road Ahead For Scotland: Final Report of the Inquiry Into Future Support For Agriculture In Scotland <http://www.scotland.gov.uk/Publications/2010/11/03095445/8>

on a number of factors including affordability and access to food locally. Much of the grain produced feeds animals, the drinks industry or is used to produce biofuels, for example, in Scotland, only around 7% of the cereal production from Scottish arable production goes directly into human consumption<sup>5</sup>. In addition, large quantities of food are currently wasted<sup>6</sup>.

LINK believes that Option 1 cannot deliver the reform objectives proposed by the Commission. Without a substantial increase to targeted environmental funding, Europe cannot meet the environmental challenges acknowledged in the impact assessment.

Option 2 has the potential to deliver environmental benefits if the greening of pillar 1 is significant and real redistribution of funds to those providing environmental benefits occurs. There is however a danger that weak implementation of the suggestions could result in little changing in practice. We are particularly concerned that not enough emphasis is put on the role of agri-environment in pillar 2 in addition to the new green elements in pillar 1.

Option 3 has considerable potential to meet the EU's environmental objectives. LINK's preferred option would be all funds to be directed towards public goods as per option 3. However, we do not support a significant reduction in the support budget. In addition, clarification is needed on how support can be directed towards existing beneficial systems such as HNV farming.

**(2) Are there other problems apart from those set in the problem definition section of this document that should be analysed when considering the architecture of the CAP in the post 2013 period? What causes them? What are their consequences? Can you illustrate?**

LINK believes that in general, the analysis of the environmental challenges gives a fair overview of the current situation. We welcome the detailed analysis that has gone into producing it and the focus on maintaining beneficial systems such as High Nature Value farming. However, the assessment has not adequately covered the problems caused by some agricultural systems, in particular the continued decline of biodiversity directly linked to agricultural practice such as the reduction in field boundaries; decrease crop diversity and higher levels of fertiliser and pesticide use which have led to habitat loss at the farm and landscape scale<sup>7</sup>.

In the UK as a whole, there has been a 50% decrease in the farmland bird indicator between 1970 and 2006<sup>8</sup> a trend mirrored across the EU. While the monitoring in Scotland has been less thorough, percentage decline in ranges for particular species

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<sup>5</sup> The Arable Sector in Scotland 2009 <http://www.scotland.gov.uk/Resource/Doc/278281/0093363.pdf> & Scottish Primary Food and Drink produce processed in Scotland 2007 <http://www.scotland.gov.uk/Publications/2007/08/29111522/13>

<sup>6</sup> Over half a million tonnes per year in Scotland. <http://www.wasteawarelovefood.org.uk/>

<sup>7</sup> E.g. Scottish Environment LINK (2005) The State of the Farmed Environment [http://www.macaulay.ac.uk/LINK/link\\_sitemap.html](http://www.macaulay.ac.uk/LINK/link_sitemap.html)

<sup>8</sup> Defra (2011) Wild Bird Populations in the UK <http://www.defra.gov.uk/evidence/statistics/environment/wildlife/download/pdf/110120-stats-wild-bird-populations-uk.pdf>

from 1968-72 and 1988-91 Breeding Bird Atlases give some indication of the problems farmland birds face e.g. as grey partridge (-25%); tree sparrow (-30%); barn owl (-34%); corn bunting (-60%) and corncrake (-65%)<sup>9</sup>. Agriculture also affects the farmed landscape e.g. 19% of nationally important monuments were identified as at risk from agriculture (mainly ploughing and erosion by stock)<sup>10</sup>.

Scottish waters are generally in good condition compared with the rest of the EU, however, around 2025km of river; 143 km<sup>2</sup> of loch; 177km<sup>2</sup> of estuaries; 973km of coastal waters and almost 17,000 km<sup>2</sup> of ground water are classified as being in poor or seriously polluted condition<sup>11</sup>. The agricultural sector also emits large quantities of nitrous oxides (largely from fertiliser use) and methane (largely ruminant livestock) as well as being heavy fuel and energy users. The sum of emissions from various agricultural activities from the "national inventory" suggest that agriculture is responsible for around 25% of Scotland's total emissions<sup>12</sup>.

The current CAP causes serious environmental problems across the EU. Direct payments have no clear policy rationale and in many cases where payments are historical as in Scotland, continue to reward the more damaging agricultural systems most. Rural Development payments have a much clearer justification. However, some options may provide benefits only for the individual beneficiary, particularly in axis 1 (e.g. large payments for new chicken sheds in Scotland) rather than the wider public and in some cases may incentive environmentally destructive actions. Agri-environment has a clear purpose and often achieves its aims, however, LINK is concerned that some producers are unable to access schemes. This is particularly relevant to farmers and crofters with High Nature Value systems. These producers receive low levels (or no) support through Pillar 1 of the CAP<sup>13</sup>. The income forgone and additional cost calculation means they are insufficiently rewarded for continuing current practice even where this provides significant benefits. In addition, farmers in these areas often lack advice as commercial advisors find the financial reward for assisting their entrance to schemes too meagre to interest them.

In the section on "challenges to current policy tools" LINK believes more should be included on current advisory systems and their strengths and weaknesses. Recent Research for the European Network for Rural Development has identified the importance of advice to rural land managers<sup>14</sup>. It is clear that if land managers are expected to react to the new challenges, they will need advice as well as financial support. The current situation, where the Farm Advisory System is only obliged to cover cross compliance, is not sufficient.

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<sup>9</sup> Sharrock, J.T.R (1976). The Atlas of Breeding Birds in Britain and Ireland. Berkhamsted: Poyser Gibbons, D.W., Reid, J.B. & Chapman, R.A. (1993). The New Atlas of Breeding Birds in Britain and Ireland: 1988-1991. London: T.&A.D. Poyser.

<sup>10</sup> English Heritage. Heritage at Risk. <http://www.english-heritage.org.uk/server/show/nav.19074>

<sup>11</sup> SEPA (2008) Significant Water Management Issues

<sup>12</sup> Climate Change and Scottish Agriculture: report and recommendations of the agriculture and climate change stakeholder group (ACCSG) May 2008

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High Nature Value farming? [http://www.birdlife.org/eu/pdfs/HNV\\_Policy\\_document\\_proof6\\_010910.pdf](http://www.birdlife.org/eu/pdfs/HNV_Policy_document_proof6_010910.pdf)

<sup>14</sup> E.g. ENRD (2010) Thematic Working Group 3 Public goods and Public Intervention

[http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=E46D7284-C614-2989-CD03-F5ABE9FAA1C9](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=E46D7284-C614-2989-CD03-F5ABE9FAA1C9)

LINK would also suggest that a requirement to map environmental features on LPIS should be implemented and that the results should be accessible to individual land managers and made publically available. This will help with implementation of cross compliance and ensure that higher level agri-environment payments are suitably targeted in a process transparent to all citizens within the EU. It is important that the eligibility criteria for payments are suitable and allow the inclusion of High Nature Value meadows even where these include landscape features and patches of scrub and trees.

**(3) Does the evolution of policy instruments presented in the policy scenarios seem to you suitable for responding to the problems identified? Are there other options for the evolution of policy instruments or the creation of new ones that you would consider adequate to reach the stated objectives?**

While LINK welcomes the research that has gone into producing the impact assessment, we are disappointed that the levels of information provided on each of the policy options are limited. Even for the Commission's clearly preferred alternative (option 2), there is not enough information to know whether the proposed greening will result in real impacts in the member states and regions. We are therefore unable to give a detailed view on whether they will respond to the identified problems. However, brief responses based on available evidence are given below.

We believe that option 1 is totally inappropriate to address the problems identified given that it represents very little change to the current policy and would result in a continuation of the problems currently facing agriculture. Option 2 represents an opportunity to step in the right direction, but is conditional on the interpretation put on the new green elements. LINK's ideal for a future CAP is along the lines indicated in Option 3 in that all support should be directed towards public goods. However, we would be concerned that if the CAP budget were decreased significantly, the support available would not be sufficient. However, on principle, Option 3 appears a significant step in the right direction and should be the ultimate goal for policy reform.

There are some gaps in the Communication which do not sufficiently meet stated objectives. For example, the role of agri-environment is currently underplayed. This must continue to represent the key mechanisms for reaching environmental objectives and should continue to be compulsory in all member states. High Nature Value farming does not receive sufficient attention. It is important that proposals are worked up over the coming months and that these systems receive sufficient targeted support through Pillar 1 as well as through Pillar 2. LINK would also like to see cultural landscapes firmly embedded in any definition of objectives eligible for agri-environment payments.

For all the scenarios, LINK believes that a strong, coherent and well enforced legislative baseline is needed to underpin the suggested policy instruments. It is important that European farmers are not receiving support where they are causing environmental damage and therefore expense to taxpayers.

### ***Impacts***

**(4) What do you see as the most significant impacts of the reform scenarios and the related options for policy instruments? Which actors would be particularly affected if these were put in place?**

Option 1 would fail to address the environmental impacts of the CAP. Farmers producing significant public goods would continue to be under-rewarded and in HNV areas, abandonment would continue. Europe would fail to meet biodiversity, water quality and climate targets related to land use and this would undermine our ability to produce food and so impact on the wider public. In addition, it fails to address the current unfair distribution of payments. The continuation of a system of support without clear objectives would not be supported by taxpayers and would lend further weight to calls to abolish the CAP from consumer groups and economists.

Option 2, depending on how the green elements are implemented would provide some environmental benefits. However there is considerable potential for missing environmental targets. Some of the suggestions (such as recoupling) could result in environmental damage especially as the potential to recouple for environmental reasons has been removed. In order for Option 2 to work, it is essential that the Commission and member states face up to the need for considerable redistribution of support as new measures are put in place. The green elements of direct support must be compulsory for all member states and all farmers receiving support. LINK believes all farmers should be able to provide green infrastructure, rotate arable crops and provide green cover. In addition, payments should be available for the maintenance of high quality permanent pasture, HNV systems and Natura 2000 areas where management prescriptions relevant to farming have been identified. Pillar 2 must receive a greater share of the funding and it should be compulsory for member states to dedicate over 50% of this to agri-environment measures. Support for HNV systems should also be available through Pillar 2.

Option 3 should have clear environmental benefits and would help the EU to achieve the necessary targets. LINK's ideal would be a system of payments supporting the production of public goods with a similar budget to the current CAP. It is important that support be available for all farmers producing public goods e.g. for HNV systems not just for income forgone. Abolishing direct support is unlikely to have a significant effect on food production<sup>15</sup>, however, if suitable transition measures are not put in place, and farmers cannot access support for sustainable practices, it could result in intensification in some areas and abandonment in others. It is therefore essential that changes should be implemented with a clear timetable and with a sufficient support structure and budget.

It is important that the Commission consider the impacts of CAP reform on the wider public and not just on the agricultural sector. It is clearly in the interest of the public to enforce the polluter pays principle and ensure that the CAP is providing public goods.

**(5) To what extent will the strengthening of producer and inter-branch organizations and better access to risk management tools help improve farmers' income levels and stability?**

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<sup>15</sup> LEI(2010) Farm viability in the European Union: assessment of the impact of changes in farm payments, <http://www.lei.dlo.nl/publicaties/PDF/2010/2010-011.pdf>

It is of great importance that EU farmers have a decent income and are not over-reliant on direct support where this is not clearly linked to outcomes. High value produce is an EU strength and farmers should develop this potential. However, LINK does not believe that risk management should be supported through public money as it is largely the private individual's responsibility to manage for risk. Risk management support could result in increased risk-taking e.g. continuing unsustainable farming methods in drought or flood-prone regions.

**(6) What environmental and climate-change benefits would you expect from the environment-targeted payments in the first and the second pillar of the CAP?**

The CAP needs to sufficiently incentivise the maintenance and improvement of quality of soils, water and landscape and ensure that habitats quality is improved in order to meet biodiversity and other environmental objectives. Land management should contribute towards climate change targets e.g. by restoring peat bogs and maintaining permanent pasture. Landscape and heritage will benefit from adequate environmental support with economic and social rewards through tourism and a valuing of local identity and sense of place.

The division between the CAP Pillars is not necessarily helpful in envisaging how the CAP can deliver environmental objectives. LINK along with other environmental NGOs calls for a new contract between farmers and society with consistent rules for all payments which ensure they deliver real outcomes.

If the two Pillar structure is continued, it is important that there is not an overreliance on Pillar 2 to deliver everything. Either the size of Pillar 2 must be increased significantly (our preferred option) or Pillar 1 must be significantly greened. EU-wide studies<sup>16</sup> have pointed to the weaknesses in both Pillars as well as highlighting ways in which they can be made to deliver. It is important that lessons are learnt from the current funding period and funds are directed to meet their aims. This does not come without a cost as targeted funding has higher implementation costs, however LINK believes targeting is essential to justify support into the future.

**(7) What opportunities and difficulties do you see arising from a significant increase of the rural development budget and a reinforcement of strategic targeting?**

We support a significant increase in the rural development budget and a reinforcement of strategic targeting. This would result in a significant increase in value for money for current CAP spend. Farmers could genuinely be rewarded for the public goods they provide and it would mean that Europe could achieve our environmental objectives. It would also help bring the CAP in line with societies expectations of what support should deliver.

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<sup>16</sup> BirdLife: Could do better and Through a green smokescreen  
[http://www.birdlife.org/eu/EU\\_policy/Agriculture/eu\\_agriculture\\_do\\_better.html](http://www.birdlife.org/eu/EU_policy/Agriculture/eu_agriculture_do_better.html);  
[http://www.birdlife.org/eu/EU\\_policy/Agriculture/eu\\_agriculture\\_green\\_smokescreen.html](http://www.birdlife.org/eu/EU_policy/Agriculture/eu_agriculture_green_smokescreen.html)

This should include recognition of the importance of High Nature Value farming systems and ensure that they are sufficiently rewarded through a system that goes beyond income forgone and additional costs to rewards for the actual public goods produced.

Targeting support is likely to result in higher administration and monitoring costs, however, this is justified by the better returns likely to be received on the support distributed.

**(8) What would be the most significant impacts of a "no policy" scenario on the competitiveness of the agricultural sector, agricultural income, environment and territorial balance as well as public health?**

Without any policy it is likely that agricultural production would intensify in some areas and abandonment would occur in other places. This would decrease the likelihood of Europe meeting environmental commitments.

***Monitoring and evaluation***

**(9) What difficulties would the options analysed be likely to encounter if they were implemented, also with regard to control and compliance? What could be the potential administrative costs and burdens?**

Directing support better towards public goods would imply higher administrative costs, monitoring and levels of advice. However, LINK believes this is outweighed by the ability to better meet the policy's aims and represents responsible investment in terms of short, medium and long-term benefits. Some administrative costs are inevitable for a targeted scheme.

There is a clear need to focus on outcomes on the ground rather than the ease of auditing the finances of schemes. Currently, maintaining the ease of auditing schemes is used as a reason to avoid putting in place schemes which have multiple outcomes rather than just distributing money to beneficiaries.

**(10) What indicators would best express the progress towards achieving the objectives of the reform?**

LINK supports use of the following indicators:

- Farmland birds
- Soil health/quality
- Water availability/quality
- Green house gas emissions
- Carbon stores
- Condition of Natura 2000 sites
- Maintenance of HNV farming systems
- Grassland butterflies

LINK would also support developing new indicators where a gap is identified for example an indicator on the "maintenance of heritage landscapes".



**(11) Are there factors or elements of uncertainty that could significantly influence the impact of the scenarios assessed? Which are they? What could be their influence?**

There are numerous elements of uncertainty. Climate change is the biggest problem facing us globally and mitigation and adaptation measures need to be put in place now. Current policies are not necessarily assisting with this e.g. bioenergy policy. It is important that policies put in place must result in true green house gas emission reductions and not cause environmental damage in other ways.

The speed of the EU's reaction to environmental issues such as biodiversity loss and water pollution will be important to determine how much of a problem they pose EU countries in the future. The decisions made on the future of agricultural support will have a large impact in this area.

Food security is another area of uncertainty and producing food within environmental limits (not damaging the resources on which food production depends) is important for the EU as whole. As mentioned above, this is often used to justify continuing direct Pillar 1 payments to farmers, however, these payments are not targeted to maintaining the EU's food production capacity which is intimately linked to environmental quality.

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