



Consultation on the Implementation of the Common Agricultural Policy Health Check in Scotland: Response to questions on Article 68

Introduction

Scotland's rural development funding from Europe is the lowest, per hectare, in the entire EU. LINK's long term vision is that all land management subsidies should be directed towards the provision of public goods. However, currently, direct funds through the SFP which are historically based and do not have a clear policy aim, are by far the largest pot of agricultural funding. Article 68 provides an opportunity to redirect funds to specific systems seen to be of value for environmental reasons, where SRDP funds have already proved insufficient to maintain them. Other member states are already discussing using Article 68 to interesting effect and there is a concern that Scotland could miss out on an opportunity if this mechanism is not put to use.

One issue which Scottish Environment LINK would like to see addressed through this mechanism is the environmental consequences of the loss of livestock farming from some areas of Scotland. There is agreement from agricultural policy stakeholders that parts of Scotland's livestock sectors are experiencing serious declines in economic viability, and that the resultant loss of animal numbers and wider infrastructure (including labour and skills) has potentially negative economic, social and environmental impacts in our hills and islands. It will be necessary for reform of LFASS and article 68 to be used in conjunction if we are to ensure that those systems providing public benefits are maintained.

LINK also believes that Article 68 could be used to address the negative environmental impacts of set-aside loss. These ideas are laid out in more detail in the responses below.

Q1: Should the SBCS be retained in its current form? If so, for how long should it be retained? Please give your reasons for your decision.

No. The SBCS in its current form fails to achieve its key objectives.

Q2: Should the SBCS be retained in its current form and in addition, new measures be developed to support sheep production in Scotland for example under Article 68(1)(c)? If you have answered Yes, how do you think additional support provided in this way could best benefit the sheep sector?

No. While a new national envelope should also support sheep production where it has environmental benefits, the current scheme is insufficient.

Q3: Should the current SBCS be terminated? If Yes, why do you think the scheme should be ended? If it is ended, should a new scheme be developed, for example under Article 68(1)(c)?

Yes. The SBCS should be terminated as it is failing to meet its environmental objectives. A new scheme could be developed either under Article 68(1)(c) or under article Article 68(1)(a)(v) targeted at environmentally-beneficial livestock (cattle and sheep) farming.

Q4: Should the national envelope provision, which needs to be funded by topslicing of existing entitlements, be used in Scotland? If Yes, why do you think Scotland should use this provision?

Yes. Livestock losses impact on important species and habitats in some key areas. Currently, the SRDP is under resourced to deal with this problem. This policy challenge should be met through redirecting elements of the Pillar 1 funding pot which is by far the largest pot of funding available to Scotland's farming community.

LINK would support an envelope targeted at maintaining environmentally important grazing systems. We would also support an envelope aimed at retaining some of the environmental benefits of set-aside.

Q5: Should a new Article 68(1)(c) scheme cover beef or sheep or both? What should be the main goals for any scheme? How might such a scheme be targeted to help production in vulnerable areas?

A new Article 68(1)(c) scheme should cover both beef and sheep sectors, and be targeted to ensure the delivery of environmental and other public benefits that are provided by appropriate levels of grazed management in more remote and vulnerable areas. The scheme should have clear aims and objectives from the start. It should be targeted at High Nature Value extensive grazing systems which are known to support particular species and habitats, maintain valued or historic landscapes or help manage peatlands or water resources. Alternatively, Article 68(1)(a)(v) could be used to fund a range of lower-level agri-environment options for example, an extended set of Land Managers' Options targeted specifically at upland livestock systems.

Q6: If a new scheme is developed under Article 68(1)(c) how should it be targeted to ensure it meets the conditions given in the article "to ensure against land being abandoned"? What "specific disadvantages" could a scheme of this kind address?

There is plenty of evidence available to show where livestock losses are occurring to a parish level and Scottish Government has already carried out some assessment of which parishes they consider to be low or high risk. We believe this method has potential and should be used as a first step in analysing the areas where livestock loss may be problematic. If payments are directed towards reducing the risk of abandonment, sufficient targeting is necessary to ensure that they really are reaching those areas. It is however, important that the payments enhanced through the article 68 mechanism are linked to management activities which have environmental benefits.

'Specific disadvantages' could include: low allocation of SFP due to farming type (extensive, low-input); low market returns for the similar reasons; lack of reward for public goods produced due to the "income forgone and additional cost" formula for agri-environment payments; or a disproportionately negative impact on subsidy income resulting from decoupling of SFP support in 2005 (for store cattle producers).

If Article 68(1)(a)(v) were used, these areas would not have to be defined to comply with the article, however, similar methods could be used to ensure the measures funded through such a scheme were targeted accurately at areas where loss of livestock could cause environmental problems.

Q7: How should any new scheme be funded? Should a top-slice be applied to all Scottish single farm payments or only to those within a certain sector(s)? If a sectoral top-slice is used should it be to enable the redirection of funds within a sector or the movement of funds between sectors?

A division between sectors does not make sense under the rationale for the SFP which is no longer based on the agricultural goods produced. We would therefore support top-slicing all SFPs and redirecting funds primarily through an article 68 mechanism to support livestock. However, if it were decided that sectoral envelopes should be used, we would also support a proportion of the available funding going towards an arable envelope through article 68(1)(a)(v) to mitigate for the loss of the environmental benefits of set-aside.

Q8: Are there any other uses of the national envelope that Scotland should consider and if so, why?

Yes. As stated above, national envelope should be considered as a mechanism for replacing the environmental benefits of set-aside. Although introduced as a production control measure, set-aside delivered significant environmental benefits for example as a habitat for various species, protection of water resources and reduction of greenhouse gas emissions. Since these were delivered through pillar 1 of the CAP, article 68 is an appropriate means to retain these benefits.

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