



## **Evidence from Scottish Environment LINK to Europe and External Relations Committee on Inquiry into the EU Budget Review (15/12/2008)**

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Scottish Environment LINK welcomes the opportunity to comment on this Inquiry. Established in 1987, LINK is the forum for Scotland's voluntary environment organisations - 33 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. LINK provides a forum and network for its member organisations, enabling informed debate, and assisting co-operation within the voluntary environmental sector. 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.

LINK member bodies are beneficiaries of EU funds both directly from the EU (e.g. LIFE) and indirectly through the Scottish Government (e.g. Scottish Rural Development Programme).

### **What are the key issues for Scotland raised by the EU Budget Review?**

As a general principle, LINK believes the majority of the EU budget should be targeted at protecting and improving public goods. This will require investment in 'environmental and social capital' including initiatives which encourage a shift towards truly sustainable consumption and production. Substantial efforts are required to align the EU budget to better deliver public goods and to tackle the twin threats of climate change and biodiversity loss in Europe and Scotland. Climate change and biodiversity loss are key policy priorities for the EU yet spending in these crucial areas has not yet reflected the rhetoric.

We also support the findings of a recent report by the European Policy Centre<sup>1</sup> that there are five key priorities for the current review:

- Ensuring the budget is driven by policy priorities;
- Using the best available tools to achieve EU wide results;
- Focussing in on delivery;
- Being more transparent and open;
- Aligning budgeting and political cycles.

Furthermore, we support *some* of the Scottish Government's key principles as outlined in their consultation response to the European Commission's communication (SEC(2007)1188), particularly their calls for focussing the budget on certain *new* policy challenges and more flexibility to enable the budget to adapt to changing priorities.

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<sup>1</sup> Zuleeg, F and Hagemann, S (2008) A bigger bang for our euros: how to reform the EU budget. Brussels: European Policy Centre. <http://www.epc.eu/en/iwp.asp?TYP=TEWN&LV=187&see=y&t=30&PG=TEWN/EN/detail&l=14&AI=918>



We have some concerns that the Scottish Government believes the EU budget should be “in line with its own economic strategy”. The EU budget is designed to deliver environmental and social objectives as well as economic ones and parts of it may or may not be consistent with the Government’s Economic Strategy. This cross reference to this single strategy in the Government’s response implies that all EU priorities should be aligned to deliver GDP growth in Scotland. Not only is this unrealistic, but it seriously underplays the key role that the EU budget has in delivering social and environmental outcomes (as well as economic ones).

## **What are the key policy areas of relevance to Scotland on which the EU Budget should focus?**

The European Commission’s consultation lists eleven “new policy challenges which could have significant impact on where the EU directs its spend in the future”. Of those listed by the Commission, LINK believes climate change - including the need to realign rural and maritime policy and budgets to take account of climate change – is the most pressing and urgent. Investment in scientific and technological progress and sustainably delivered renewable energy are related important priorities also identified by the Commission which LINK supports. Not mentioned in the eleven new challenges, but of significant importance to Scotland, is the need to reform the Common Agricultural Policy to deliver sustainable land management and the ecosystem goods and services which flow would flow from such ‘wise use’ of rural resources. As the largest part of the EU budget (42.6% of total spend) CAP reform is of huge importance as a mechanism to redirect funding to provide environmental public goods.

In summary, the key policy areas of most relevance to Scotland on which the EU Budget should deliver are climate change (mitigation and adaptation), Common Agricultural Policy reform, biodiversity and the marine environment.

### **Common Agricultural Policy**

LINK believes the Common Agricultural Policy requires fundamental reform and eventual replacement by a ‘Sustainable Land Management Policy’.<sup>2</sup> LINK agrees with the Scottish Government’s view that continued funding is needed to maintain the public goods produced by agriculture. We believe that although there should be no reduction in overall spend on land management, such support must be redirected to better target those agricultural systems which produce non-market public goods such as biodiversity, water quality, sustainable flood management, soil protection (and related carbon storage), landscape, cultural heritage and public access.

Currently, 286 billion EUR (c69% of the total EU agricultural expenditure) has been allocated to market and income support measures (Pillar 1) for 2007-2013. These are funds without any definable policy purpose and which instead should be used to secure vital and increasingly threatened public goods in the form of enhanced ecosystem services (Pillar 2).

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<sup>2</sup> See LINK’s publication on CAP reform at <http://www.scotlink.org/pdf/LINKBeyond-the-CAPReportSept08.pdf>



In Scotland, almost three quarters of agricultural funds are distributed through the Single Farm Payment (SFP) (see Table 1, Annex 1). The SFP is a subsidy without a clear policy objective. It is also outdated, given it is based on what farmers and crofters produced between 2000 and 2002. Scotland receives the lowest rural development payment per hectare of farmed land out of all EU member states (see Table 2, Annex 1). Scotland also receives the lowest level of direct funding out of the EU-15 (see Table 3, Annex 1). LINK therefore considers that Scotland should be pushing hard for a rationalisation of the way funds are distributed across member states in line with what the new member states are asking for. It has been calculated that a flat-rate for Pillar 1 funds could result in a payment of 229 EUR per hectare across Europe<sup>3</sup> (compared to a current average of £100 per hectare in Scotland). Scotland should be strongly advocating moves to redirect funds from Pillar 1 to Pillar 2 and supporting the idea that longer term, all land management funds must pay for the provision of public goods. It makes good economic sense for Scotland to support these reforms as land management payments under a revised future CAP type mechanism are likely to be based on purchasing public goods as opposed to generic support subsidies.

While the SFP exists, we should move towards paying it on an area basis and the Less Favoured Area Support Scheme should be better connected to 'High Nature Value' farming systems<sup>4</sup>. This would demonstrate that Scotland has a long-term vision for land management. It makes good ecological *and* economic sense for Scotland to promote this approach as it means long term funding streams for Scotland's rural communities.

### **Climate change mitigation and adaptation**

Increased funding is required to combat greenhouse gas emissions to mitigate against dangerous climate change. The EU also needs to lead on implementing adaptation measures to help fragile ecosystems adapt to the changing climate. Many of member state responses to the Commission consultation recognise funding for climate change action as a top priority. For example, LINK concurs with the German Government priority of "improving energy efficiency and developing sustainable energy technologies".

### **Biodiversity and landscape**

Despite being a key policy priority, specific funding for biodiversity conservation continues to make up a fraction of the overall spend on natural resources. Currently, only LIFE+ provides specific funding for biodiversity. The allocation for LIFE+ is a mere 1.2 billion EUR or around 0.5% of the total funding for natural resources (total 416.5 billion), with only around 40% of this 1.2 billion actually going directly towards nature and biodiversity<sup>5</sup>. This is wholly inadequate if we are to achieve our policy commitment of 'halting the loss of biodiversity by 2010'.

Funding should also be made available under the natural resources budget line for the implementation of the principles of the European Landscape Convention<sup>6</sup> for those member states (including the UK) which have ratified the Convention. This will lead to

<sup>3</sup> [www.farmsubsidy.org](http://www.farmsubsidy.org)

<sup>4</sup> See [http://www.birdlife.org/eu/EU\\_policy/Agriculture/eu\\_agriculture6.html](http://www.birdlife.org/eu/EU_policy/Agriculture/eu_agriculture6.html) for more information of High Nature Value farming systems

<sup>5</sup> Brussels in Brief: the EU budget and biodiversity. IUCN/IEEP 2008

<sup>6</sup> See Council of Europe website at [http://www.coe.int/t/dg4/cultureheritage/Conventions/Landscape/default\\_en.asp](http://www.coe.int/t/dg4/cultureheritage/Conventions/Landscape/default_en.asp) for more information on ELC



better integration of environmental & economic policies at a landscape-scale, not only to protect traditional cultural & natural landscapes, but also to create better places and environments for the people of Scotland.

## **Marine ecosystems**

In the next few years a raft of policy and legislation relating to Scotland's seas will need to be implemented, including the Scottish Marine Bill, the UK Marine Bill, the Marine Strategy Framework Directive (MSFD) and the EU Maritime Policy. This will require redirection of some of the 4.3 billion EUR budget for the fisheries sector in order to deliver healthy marine ecosystems, for example through financing measures to protect biodiversity in marine Natura 2000 sites. This is particularly important now that marine nature conservation out to 200 nautical miles from Scotland's coast, an area representing 60% of UK seas, has been executive devolved to Scotland. It will also need a 'topping up' of the budget in order to drive implementation of MSFD.

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The following organisations contributed and gave support to this submission: Archeology Scotland, Bumblebee Conservation Trust, John Muir Trust, Marine Conservation Society, National Trust for Scotland, RSPB Scotland, Scottish Wildlife Trust.



### Annex 1

Table 1

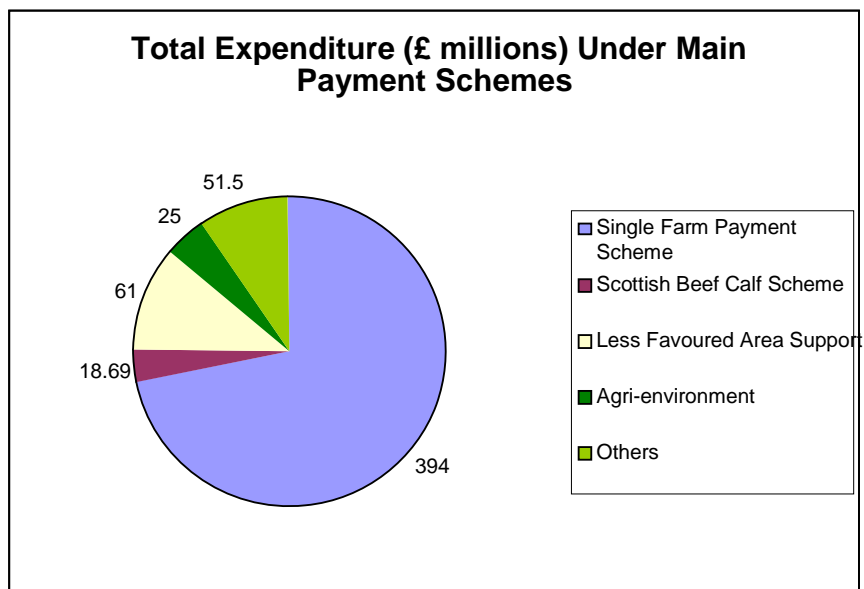


Table 2

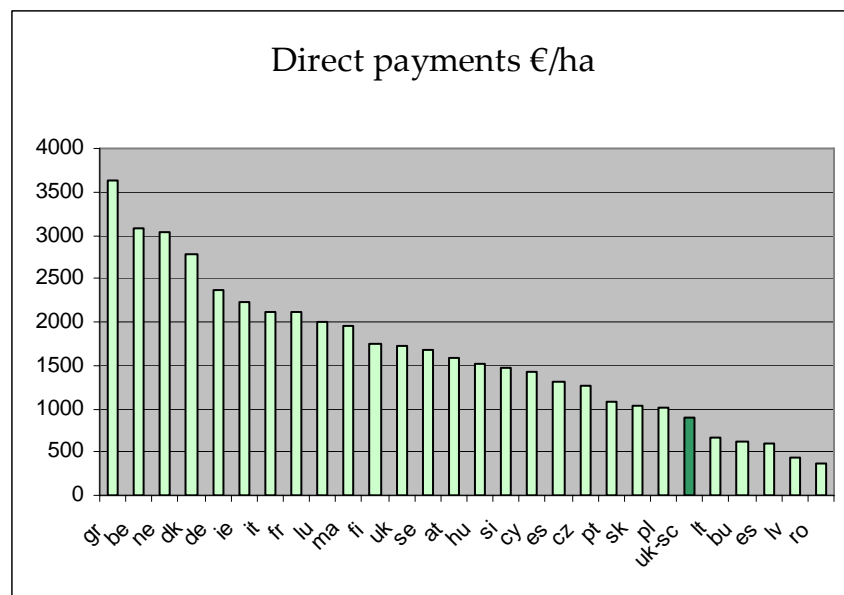




Table 3

