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Peter Russell
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25th July 2008

Dear Peter,

Cc. David Henderson-Howat and Rosi Waterhouse

Re. Consultation on the Future Implementation of the Common Agriculture Policy in Scotland

This letter lays out Scottish Environment LINK's views on the CAP 'Health Check' and its potential environmental impacts. LINK intends to submit a full response to the consultation before the deadline in September. Scottish Environment LINK is the forum for Scotland's voluntary environment organisations - over 30 member bodies representing a spectrum of environmental and associated cultural heritage interests with the common goal of contributing to a more environmentally sustainable society. LINK provides a forum and network for its members; and assists communication between members, government and civic society. This submission is from Scottish Environment LINK's Agriculture Taskforce.

The CAP distributes some £600 million of public money per year in Scotland, the vast majority through Pillar 1 (direct support), but also through Pillar 2 (rural development) to our 20,000 farmers. Its future is therefore hugely important in determining what happens on the 75% of Scotland's land area that is under agricultural management, and the unique countryside and wildlife associated with it. LINK firmly believes that funding to land management should be paid for the provision of public goods such as a good quality environment and access to that environment. The Commission's proposals do not go far enough to reform an antiquated system of agricultural support to reach these aims, although they do present some opportunities, and indeed some threats, for our farmed environment. As part of the EU budget review, LINK supports a more radical redistribution of funding including the phasing out of pillar 1 payments and their transfer into pillar 2. Rural development funds are currently relied upon to meet many of our European and international environmental commitments, particularly those on biodiversity. It is unlikely that the 2010 target to halt the loss of biodiversity will be met and significantly increased funding will be necessary if we wish to reach this aim in the future.

Key 'Health Check' issues

Set-aside

The environmental benefits that set-aside delivered within Scotland and across Europe, for farmland biodiversity, water quality and public access to farmland are widely recognised, and the need to retain these benefits accepted. Initial research by Scottish Government has shown that 75% of all set-aside has already been lost as a result of 0% set-aside rate for 2007/8. Commission proposals include measures within cross-compliance in the form of buffer strips, which are to be welcomed but will go only a small way towards making up for the loss of set-aside, particularly the 80% of whole-field set-aside that has been ploughed up this year. Some of these benefits could be delivered through voluntary rural development mechanisms, but Scotland's rural development funding pot is comparatively small. In the past, £11 million per year of public funding has been paid out, through Pillar 1, in set-aside entitlements in Scotland. If these benefits are to be preserved, this should be redirected to rural development. LINK believes that additional measures must be found and if necessary funded to ensure that the valuable environmental functions of set-aside are not lost.

Cross compliance

The health check proposals include new measures added to GAEC to mitigate for set-aside loss and the removal of particular SMR articles which are not thought to relate directly to farming activities. LINK welcomes the addition of standards to GAEC but as stated above, believes what is currently proposed will not be enough to mitigate for set-aside loss, either in extent or in replacing the functions of whole field set-aside. On an EU level, we would suggest that GAEC should include a requirement not to cultivate field margins and to manage them for environmental purposes; a requirement to manage a certain percentage of farmed land as "environmental compensation areas" to make up for the loss of set-aside and a requirement to protect historical, archaeological and landscape features.

LINK is concerned by the idea of removing certain articles of the birds and habitats directive from SMRs 1 and 5. These include articles related to hunting, egg collecting and the establishment and protection of Natura sites. We believe that land managers should have to comply with legislation affecting the environment and wildlife in the area they manage, including activities not directly related to farming.

Compulsory modulation

LINK supports the Commission proposal to increase compulsory modulation to 13% across Europe, which will result in increased rural development funding in other Member States. Given that Scotland's rural development programme is one of the worst funded in the EU, any reduction in funding would be unacceptable, and it is vital that the SRDP is not compromised as a result of any changes to funding arrangements. As the various formerly separate schemes such as Natural Care and the Scottish Forestry Grant Scheme are combined in the SRDP, we are increasingly reliant on it for meeting our environmental commitments such as halting the loss of biodiversity.

A move towards a flat rate for Single Farm Payment (SFP)

The historic basis for SFP becomes increasingly irrelevant the further we move from the reference period (2000-2002). The Commission recommends countries now move away from distribution systems based on historical production towards flat rate area-based payments, which are simpler, more justifiable and transparent. In Scotland, this would have the effect of re-distributing SFP funding to the less commodity-productive north and west, areas typified by less intensive, lower input systems, but which have the potential for delivery of environmental public goods. LINK therefore supports this suggestion, for as long as Pillar 1 payments remain in place, although they must be underpinned by a system of cross-compliance that ensures some level of public benefits delivery. LINK advocates movement towards a flatter basis for SFP before 2013, to enable a transition period towards more radical changes to CAP payments that are anticipated from 2014 onwards.

Introduce lower limits to support levels

The Commission proposes introducing lower limits on CAP support. This limit must be examined to ensure it would not negatively impact crofters and small producers, already likely to be most economically marginal.

National envelopes

The Commission proposes to make the national envelope provision (now under Article 68) more flexible and useful. Currently, the conditions attached to use of national envelopes are too restrictive, and as a result, the Scottish beef national envelope (operated through the Scottish Beef Calf Scheme) has met with limited success in terms of its environmental objectives. Loss of livestock is a hugely significant issue in many parts of Scotland. While in some areas, this may have environmentally beneficial effects, in others it is of huge concern. LINK is worried by the rapid unplanned loss of livestock from Scotland's hill and island areas. A revised beef national envelope targeted at the preservation of grazing systems in areas of High Nature Value could help to address this. The use of national envelopes in other sectors could also be considered, and in the absence of additional funding, national envelopes may become a key mechanism to address challenges such as biodiversity loss and climate change.

Although far from radical, the Commission's 'Health Check' proposals present some opportunities for farming and crofting in Scotland to develop to face 21st century environmental challenges and to prepare for the much more substantial and far reaching reforms which are still needed. These opportunities should be maximised, and clear policy objectives set, including re-focusing agricultural support towards the provision of 'public goods' (as advocated by the recent Shucksmith report on the future of crofting). In this way, Scotland's farming sector will be able to justify continued public support in the long term, and in the face of inevitable further reforms of the CAP.

Yours sincerely,

Katrina Marsden
LINK Agricultural Task Force Convenor

LINK ATF includes the following organisations:

Archaeology Scotland
Buglife Scotland
Butterfly Conservation Scotland
Plantlife Scotland
Ramblers Scotland
RSPB Scotland
Scottish Wildlife Trust
The Bumblebee Conservation Trust
The National Trust for Scotland
Woodland Trust Scotland
WWF Scotland