



NFU Scotland

THE CAP POST 2013



NESAAG - Wednesday 5 October 2011
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- There are those that know...
- There are those that don't know...
- And there are those that don't know they don't know...

- November 2010 - Brian Pack's final report
- November 2010 - EU Communication
- June 2011 - EU budget proposals
- July - September 2011 - leaked EU proposals for future Pillar 1, Pillar 2, etc
- 12 October 2011 - official publication

Budget Context

- Uniform CAP spending from 2013 onwards
- EC seeking budget convergence
 - MS budgets towards EU average
- UK Pillar 1 budget unlikely to change significantly
 - UK average payment almost at EU average
- Probable increase in UK share of EAFRD (Pillar 2)
- Offset by reduction in co-financing from Scot Gov?
- Turmoil across Euro zone could yet have impact



Transitional Issues

- Historic to area-based payments - complex/political
- Slow process - 2014 an uncertain start date
- 2015 start, phased in over a number of years?
- Uniform base payments per Ha in MS/region by 2019
- Uniform payments per Ha across the EU by 2028
- Inclusion of 1.5 million 'unfarmed' hectares in Scotland
- Definition of 'agricultural activity'
- Minimum activity (stocking densities)?

Direct Payments

- Future direct (Pillar 1) payments made up of basic payment plus targeted payments
 - Basic Payment Scheme (mandatory)
 - Greening (mandatory)
 - Coupled Production Support (voluntary)
 - Areas of Natural Constraint payment (voluntary)
 - Young Farmers Payment (mandatory)
 - Small Farmer Scheme (mandatory)
- All direct payments will replace SFP



Basic Payment Scheme

- A regional flat rate payment
- Scotland could be divided into regions
- Each region would have its own budget
 - own payment rate per hectare
 - ring-fenced, so no entitlement trading?
- Defining Scotland's regions?
 - objective agronomic/economic criteria?
 - agricultural potential?
 - administrative boundaries?

- Mandatory element - 30% of direct payments
- Super cross-compliance?
- Organic farmers, N2K sites - waived
- Crop Diversification
 - a three-crop rule on arable land
 - all >5%, main one <70%, to avoid monocultures
 - definition of 'crop'?
 - impact on livestock units?
 - physical limits on cropping potential?

- Maintaining 'permanent grassland'
- Aimed at locking up carbon
 - areas declared at start of Basic Payment Scheme
 - >5-years would 'lock down' land
 - 'permanent grassland' defined as grasses etc not in crop rotation
 - implementing rules on renewal of permanent grassland (12-years, 15 years?)

Greening

- Ecological Focus Areas - aka set-aside
- Aimed at bio-diversity, water quality etc
 - 7% of area to be fallow, woodlands, buffer strips
 - excludes areas under permanent grassland
 - eligible for Pillar 2 agri-environment support
 - do existing agri-env, woodland etc areas count?
 - 7% requirement at field or farm scale?



Coupled Production Support

- Option to grant coupled support to regions
- Specific types of farming or sectors vital to region
- An incentive to maintain current production
- Limited % of direct support - 5 to 10%
- Annual payment within limits based on areas/yields or a fixed number of animals



Areas of Natural Constraint

- Additional (voluntary) payments to ANCs
- Scotland could use up to 5% of P1 budget
- To all within new LFA designation
- Or target within new LFA on objective grounds
- Any ANC payments through direct support would be in addition to, rather than instead of, continuing LFA support paid through Pillar 2



Young Farmers Payment

- MSs and regions must support 'young farmers'
- In Basic Payment Scheme and under 40
- Setting up for first time or within the 5 years preceding BPS (from 2009?)
- Additional support paid annually for 5 years
- Complex and limited funds - no more than 2%



Small Farmer Scheme

- Farmers and crofters holding entitlement from BPS
- Are above the minimum €100 or 1 hectare
- An annual payment (between €500 and €1,000) that would replace all direct payments
- exempt from the greening requirements and sanctions under cross-compliance
- Up to 10% of the direct support budget

Capping

- Payments above €150,000 gradually reduced
- €150,000 to €200,000 reduced by 20%
- €200,000 to €250,000 reduced by 40%
- €250,000 to €300,000 reduced by 70%
- No payments over €300,000
- Employees' salaries to be deducted?
- Greening payments excluded?

- Lots to think about, lots to do
- Significant unknowns, but...
- ...implementation is key
- Certain redistribution, but...
- ...redistribution certainly must be justified



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