

## **RURAL AFFAIRS AND ENVIRONMENT COMMITTEE**

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European Commission

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PP Mr Lochhead MSP  
Professor De Castro MEP

24 June 2010

### **Scottish Parliament's Rural Affairs and Environment Committee's work on the future of Scotland's Hills and Islands**

In our first formal communication with you since you took office, may I begin by congratulating you on your appointment and offering the good wishes of all Members of the cross-party Rural Affairs and Environment Committee in the difficult, challenging, but exciting role of devising a reformed Common Agricultural Policy.

The key challenge will be to devise a policy that delivers all the public benefits provided by agriculture in an equitable manner across the entire European Union. As I am sure you appreciate, the diversity of nations and regions within EU member states have their own priorities and concerns in relation to CAP reform, and it is important that these are made known to you.

In that spirit, I am writing to bring to your attention issues that arose during our recent consideration of the Royal Society of Edinburgh's (RSE) Committee of Inquiry 2008 report into the Future of Scotland's Hills and Islands<sup>1</sup>. (We hope to contribute to the overall debate on the future of the CAP before the next Scottish Parliament election in May 2011, and would therefore ask you to bear in mind that this letter focusses mainly on only one sector within Scottish agriculture, albeit an important one – hill farming – rather than setting out the entirety of our views on the reform of the CAP.)

It is important to begin by stressing that many parts of rural Scotland are in a good state of economic health. However, the concerns raised in the RSE's report about agriculture, and about hill farming in particular remain timely and relevant. In

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<sup>1</sup> The Royal Society of Edinburgh (2008). *Report into the Future of Scotland's Hills and Islands*. Available at: [http://www.royalsoced.org.uk/enquiries/hill\\_and\\_island\\_areas/index.htm](http://www.royalsoced.org.uk/enquiries/hill_and_island_areas/index.htm) [accessed 2 June 2010]

particular, despite some improvements in the sale of Scottish beef and lamb since 2008 (thanks mainly to a favourable exchange rate) the long-term trend identified in the report of the depopulation, de-stocking and abandonment, or partial abandonment, of land in upland and island areas of Scotland is apparently continuing to unfold. As you will appreciate, this is a matter of serious concern to the Scottish farming industry and to this Committee, especially since opportunities to find alternative agricultural purposes to rough grazing for this land are extremely limited.

The Committee focussed on several areas in its evidence taking, such as land use (including forestry and the consequences of abandonment), the long-term decline in livestock numbers, the future of EU policies and funding under Pillars 1 and 2, and the future of the Single Farm Payment (SFP) scheme and the Less Favoured Area Support Scheme (LFASS). As you will be aware, 85% of Scotland is currently designated as LFA, and the underlying theme of our investigation was how to make the most economic and sustainable use of Scotland's upland and agriculturally marginal land, so as to ensure that some of our most remote communities have a secure and thriving future. The three main areas I propose to highlight in this letter are rural development funding, the proposed Area of Natural Handicap scheme, and the meaning of "public goods" in an agricultural context.

#### *Rural development funding*

The Committee recognises the stark reality that there is unlikely to be more funding available in the CAP post 2013, in either Pillar 1 or Pillar 2, and that there may well be cuts. The issue for consideration is not, therefore, whether more funding may be available for relatively disadvantaged areas in future, but whether there are inequities in current funding schemes that could be addressed in a reformed CAP.

During our evidence taking, some witnesses expressed the view that the allocation of funding under both pillars of the CAP generally disadvantaged hill and island areas in Scotland or did not advantage these areas as much as comparably disadvantaged areas of the EU. The Committee was particularly dismayed to note that Scotland has the lowest rate of EU rural development funding by land area within the EU. The reasons for this are complex and historical. The question for this Committee, and, we would respectfully suggest for the Commission, is how we move forward from this situation.

Rural Scotland includes some of the remotest rural communities in the EU, in many of which economic activity is low. In agricultural terms, the growing season is short and, as noted, the majority of the land is of marginal value. Clearly, it cannot therefore be argued that Scotland needs the least public support for rural development of any part of the EU. The current set-up, however, seriously inhibits the ability of the Scotland Rural Development Programme to support the provision of public goods by farmers and land managers, and means that the Scottish Government must make a sizeable contribution to the Scottish Rural Development Programme from its own funds.

**Accordingly, the Committee supports a move away from historical share out of Pillar 2 funding to funding based on need and on the production of public benefits. We recognise that in making proposals for reform of the CAP, you must act in the best interests of the whole of the EU, but ask you to take note of**

**inequitable manner in which rural development funding is currently allocated to Scotland.**

*Less Favoured Area Support Scheme / Areas of Natural Handicap*

The Committee heard about the eight biophysical criteria that the European Commission has developed and is trialling with national governments as part of its proposals to introduce more consistent criteria for the Less Favoured Area designation.

We noted that socioeconomic factors were not included in these criteria. We can appreciate the argument for excluding such factors from the proposed ANH scheme, but consider it absolutely crucial that the Commission recognise the extent to which physical remoteness inhibits access to the European single market. This is a “natural handicap” with which many Scottish farmers (particularly those in island communities) have to contend.

**The Committee recognises arguments that the revised LFA/ANH designation should be based on purely biophysical criteria, but considers it crucial that socio-economic factors – in particular the physical remoteness of some communities from the European market – are adequately taken account of in any revised package of agricultural support measures available following reforming both of the CAP and of the LFA designation.**

Turning to the eight proposed criteria, we note that trials are continuing across member states and that the Scottish Government is playing a part in those at UK level. The detailed implementation of the ANH proposals will be of key importance for Scottish farmers. We therefore request that you and the policy experts in the Commission working with you take into account the following three specific issues raised in evidence:

**First, the Committee supports the call from the National Farmers’ Union Scotland and others to consider including field capacity days (a measure of soil wetness) as an additional criterion.**

**Secondly, we ask you to note concerns raised with us by an academic expert that the proposed low temperature criterion may not operate effectively in a Scottish context<sup>2</sup>.**

**Thirdly, we suggest that wind chill be given consideration as a further additional criterion, or a factor in the low temperature criterion.** Wind chill has the potential to make both the rearing of animals and the raising of crops far more challenging for farmers, and it seems appropriate to us that it be taken into account.

*The public goods of agriculture*

A fundamental question to be considered in considering reform of the CAP is whether it is possible to devise a system which rewards farmers appropriately for the diversity

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<sup>2</sup> [Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010, Cols 2706-2708.](#) The clerk of the Rural Affairs and Environment Committee would be happy to provide Commission officials with further information on this point, if that were helpful.

of public goods they provide in every part of the EU. The Committee considers that Scotland has much to be proud of in terms of the quality of food it produces, which is widely enjoyed by consumers across Europe. This includes the beef and lamb produced in our hills and islands. However, we also strongly believe that the public goods delivered by Scottish farming, and by hill farming in particular, go far wider than agricultural production; they include environmental protection and carbon capture, the maintenance of traditional rural landscapes, biodiversity, public access to the countryside, and, above all, the retention of viable, thriving sustainable rural communities. **We ask you to take into account *all* the public goods of agriculture within Europe as you work to produce a reformed and improved Common Agricultural Policy.**

I look forward to hearing the response of you or your officials to these remarks. On behalf of the Committee, I look forward to continuing a constructive and positive dialogue with you on the future of the CAP.

This letter is copied to Richard Lochhead MSP, Cabinet Secretary for Rural Affairs and the Environment, and Paolo De Castro, Chair of the EP AGRI Committee, for their information.

Yours sincerely

Maureen Watt MSP  
Convener