

CAP REFORM CONSULTATION ON MID-TERM REVIEW OF AGENDA 2000

SUMMARY OF RESPONSES TO FIRST CONSULTATION ROUND

This document provides a short summary of the views expressed by respondents to the public consultation exercise on the CAP Mid-term Review which was launched by SEERAD on 30 August 2002 and closed on 31 January 2003.

Background

1. SEERAD launched a consultation exercise by letter on 30 August 2002 inviting comments on a discussion document issued by the European Commission in July 2002. This document set out the Commission's initial thinking on options for reform of the Common Agricultural Policy. A copy of the consultation documentation was also posted on the Scottish Executive's website.
2. A total of 19 responses were received and have been acknowledged by SEERAD. Copies of these responses are held in the Scottish Executive Library and are publicly available unless respondents have asked that their response should not be made public.

Summary of responses

General

3. Almost all responses acknowledged that changes to the CAP were needed and welcomed the general policy direction of the Commission's proposals. Most respondents saw opportunities for improvements in the proposals though some were cautious about the possible consequences for some sectors of the farming industry.

Market reform proposals

4. Opinions on the proposed changes to **intervention prices** were well split. Some welcomed the changes and advocated greater reform such as the removal of all price support measures, more extensive reductions and changes to be brought in more quickly. Others took the opposite view, arguing for the retention of all intervention measures at their current level.
5. Little comment on the **dairy** options set out in the Commission paper. Similarly little comment on the **beef** market proposals which, overall, were fairly neutral.

Modulation

6. This topic attracted a wide range of views most of which were in favour of compulsory modulation.
7. The main attractions identified were the transfer of funding from direct subsidies to aid wider rural development and environmental measures and an even-handed approach throughout all Member States, which was not the case at present under the optional modulation system.

8. Many respondents were, however, cautious about the prospects of modulated funds being re-allocated amongst Member States on the basis of a formula which would disadvantage Scottish interests. There was also some concern about the lack of detail made available by the Commission which inhibited any full evaluation of the proposal.

Decoupling

9. The concept of decoupling received a broad welcome from respondents but with numerous caveats.

10. Those most strongly in favour pointed to expected environmental benefits as the incentive to produce for subsidy was removed. Others welcomed the move as a way of freeing up farmers to farm to meet market trends.

11. A number of respondents questioned how a fair historic reference period on which to base decoupled payments could be established, particularly given the distortions caused by the Foot and Mouth outbreak in 2001. Others pointed to a potentially damaging fall in production in certain key sectors, particularly suckler beef, which would have consequential effects for suppliers, farm employment and local processors.

12. Various concerns were also expressed about practical issues such as transfer of land, landlord/tenant relationships and the potential for inflating land values. Some respondents anticipated problems with the public perception of farmers being subsidised “for doing nothing”.

13. Alternative suggestions were offered by a number of respondents. These included:

- retaining a decoupled system of payments but with a link to quality rather than quantity;
- establishing a balance between individual payment entitlement and regional/national averages;
- introducing a baseline payment for new entrants;
- decoupling payments and replacing with a system of funding based on multiple objectives such as social and environmental goods and services.

Farm Audits

14. Wide support for the introduction of whole farm audits but with no exemption for smaller farms. System should be easy to administer but must be operated professionally and fairly throughout the EU. Opinions divided as to whether such audits should be purely advisory or part of the enforcement regime leading to loss of subsidy entitlement if compliance conditions are not met.

Cross-compliance

15. Strong support from most respondents at least to the concept of payments being made conditional upon cross-compliance criteria. Reasons for support varied from benefiting the environment, demonstrating that farmers still had to deliver at least public goods to retain subsidy entitlement and encouraging quality food production.

16. A number of respondents thought that cross-compliance should apply to all farms regardless of size while others felt that the cross-compliance conditions should have regard to the size of the farm.

Longterm Set-a-side

17. A fairly even split of views were raised on this issue. Responses supporting long-term set-a-side were based on landscape assets, biodiversity and environmental needs. While just as many respondents thought that this proposal was over prescriptive and at odds with the principal of decoupling.

Milk Quotas

18. Some support for the abolition of milk quotas and replacing them with a targeted support system for the dairy industry. Support was also offered for the maintenance of Agenda 2000 measures until 2015.

Energy Crops

19. Widespread support was expressed for this area of reform. Suggestion made that there is not enough flexibility in a single level of aid to meet the needs and opportunities for the wide-ranging climatic conditions and remote areas across Europe.

State Aid

20. Simplification of state aid rules were welcomed.