

UK debate on the Commission's proposals for reform of the Common Agricultural Policy, 2014-2020.

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The resulting report reflects the authors' own analysis of the situation, based upon over 25 years' experience of following the CAP reform process through analysis and evaluation, in the UK and Europe.

List of Abbreviations

AEM	Agri-Environment Measures
CAFOD	Catholic Overseas Development Agency
CAP	Common Agricultural Policy
CLA	Country Land and Business Association
CNP	Council for National Parks
CPRE	Campaign for the Protection of Rural England
DARDNI	Department of Agriculture and Rural Development, Northern Ireland
EC	European Commission
EEC	European Economic Community
EFF	European Fisheries Fund
ELS	Entry-Level Stewardship agri-environment scheme
EU	European Union
FoE	Friends of the Earth
FUW	Farmers Union of Wales
GAEC	Good Agricultural and Environmental Condition
GDP	Gross Domestic Product
HNV	High Nature Value land
IACS	Integrated Administration and Control System (for CAP direct aids)
LAG	Local Action Group (for LEADER)
LFA	Less-Favoured Area
LUPG	Land Use Policy Group of UK countryside agencies
NFU	National Farmers' Union
NGO	Non-Governmental Organisation
RD	Rural Development
RDP	Rural Development Programme
RSPB	Royal Society for the Protection of Birds
SPS	Single Payment Scheme
TFA	Tenant Farmers Association
WWF	World-Wide Fund for nature

1. Context for the UK debate

When considering how UK stakeholders have participated in the EU discussions and deliberations concerning the future CAP beyond 2013, it is important to be aware of a number of key contextual factors that shape this participation.

Agriculture in the UK is a minor employer (less than 2 per cent of the labour force) and contributes relatively little to overall GDP (again, less than 2 per cent), and this has been the case for many decades now. By contrast, agriculture manages around 75% of the land surface. This is one of the reasons why the sector is now commonly targeted for policy attention not because of its economic importance, but because of its environmental importance. Nevertheless, the food industry is significant as both an employer and a generator of GDP in the UK, which is home to several of the largest multinational food processing and retailing companies in the world today.

The UK is a federal Member State in the sense that it has four distinct regions – England, Scotland, Wales and Northern Ireland – which have been governed in a devolved manner since the mid 1990s. Although the UK only has one seat in the Council of Ministers, and therefore the lead Ministry in England (Defra) acts as the mouthpiece for a ‘common UK position’ on CAP, it has become increasingly clear since devolution that the 3 ‘devolved regions’ take a different stance in respect of the CAP discussions and what is best for their interests. These differences of view have come to the fore especially in the current round of CAP reform discussions, to the extent that the England view, itself heavily influenced by the dominant Ministerial position of the UK Treasury (Ministry of Finance), has been openly criticized by the administrations in Wales, Scotland and Northern Ireland.

Devolution also means that the four regions are coming to this round of CAP reform with different existing modes of application of the current CAP.

- Decoupled farm payments are now made on a flat-rate area basis (with 3 ‘regional’ rates) in England, a purely historic basis in Scotland and Wales, and a ‘hybrid’ model in Northern Ireland.
- Scotland alone uses an element of coupled aid which is targeted to the suckler cow sector.
- Whilst all UK regions apply voluntary modulation in order to increase the scale of resources available to Pillar 2 schemes, the effective rate of this modulation varies considerably between them. It is highest in England – meaning that SPS payments are top-sliced by 20 per cent when both compulsory and voluntary modulation are taken together; while in Wales, Scotland and Northern Ireland the effective combined modulation rates are much lower.
- There are some more subtle differences in the focus and balance of pillar 2 RDPs, between the four regions. Although axis 2 is the dominant focus of spending in all of the UK regions, England and Wales’ spend is mainly on agri-environment aids and there is no spend on LFA aid now; LFA aid is more significant in the other two regions. Also, Northern Ireland spends a greater share of the total pillar 2 programme on axes 3 and 4, while Wales and Scotland spend more on axis 1, than is the case in England.

2. Key Players in the discussions

The *Ministries* with responsibility for CAP are Defra – the Department for Environment, Food and Rural Affairs - in England, which speaks also for the UK position in Agriculture Council meetings; the agriculture and rural departments of the Welsh Assembly Government and the Scottish Government; and the Department for Agriculture and Rural Development Northern Ireland (DARDNI). However it should also be noted that the UK Treasury has a strong influence over the UK view on CAP which tends to dominate, at the EU level. The Treasury has held the view since UK accession to the EEC in 1973, that the CAP is an anachronism which should have ended long ago.

There are specialist *environmental agencies of government* in the four UK countries which also take an active part in seeking to influence the CAP debate. In former years their umbrella organisation on CAP and rural policy – the Land Use Policy Group – has been very influential in EU CAP reform processes. However after May 2010 elections in the UK, the new government removed the policy advisory role of the English members of the group (English Nature and Environment Agency), which has curtailed its ability to speak with one voice about preferred CAP reform models. Thus, collective LUPG views on CAP date from publications prior to May 2010 and since then, the agencies have made separate statements.

Among the *farming and landowning* lobby groups, the England-centred NFU (national farmers union) aligns itself most closely with COPA-COGECA, while the Country Land and Business Association has close affiliation with the European Landowners Organisation. In view of the sizeable tenanted farmland share in Britain, the Tenant Farmers Association is also an important player, and there are strong independent farming unions in Scotland and Wales, in particular.

The *environmental NGOs* in the UK have been particularly important influences upon the CAP debate. RSPB in particular, which is the UK partner (in many ways, a leader) of Birdlife International, has a key position of influence with government, and others including the Campaign for the Protection of Rural England, National Trust and the Wildlife Trusts are also prominent commentators and influencers, although among these, the National Trust does less explicit policy campaigning work than the others. Most of the environmental NGOs also work through the 'Wildlife and Countryside Link' groups for each country in the UK; umbrella organisations which aim to provide a unified voice on key policy issues such as this. In respect of the CAP reform, the Links for all the UK regions have come together to issue a number of statements in the name of 'The Joint Links', which thereby represent the majority of the UK's environmental NGOs.

Others which have been active in previous CAP debates within the UK include overseas development charities such as Oxfam, CAFOD and Save the Children, as well as some groups representing local community interests, including local government, national parks and similar designated area bodies, and rural community councils and their national representative organisations (e.g. ACRE in England). In Northern Ireland, groups such as LEADER LAGs and other community groups have had a particularly strong influence over the discussions, whilst these voices are almost unheard at the national level in England.

What these considerations mean is that the UK discussions on CAP reform are heavily dominated by a combination of government interests which seek primarily to reduce the scope and scale of CAP funding, and environmental interests seeking to redirect CAP aid increasingly towards more targeted environmental benefits. It is notable, for instance, that many stakeholder commentators on the current reform proposals start from a position of anticipating long-term decline in CAP support as an almost inevitable process, even though the EU view is rather different to this. It is as though the official UK line of 'scrap the CAP' has been stressed so publicly and for so long that the debate is now strongly coloured by this anticipation, despite there being little strong evidence for this trend, beyond the UK.

3. Main stakeholder positions on the reform proposals

This section provides extracts from recent published statements and other documents, from a range of stakeholder organisations. It is not yet exhaustive and draws upon publications which pre-date, as well as some which follow, the release of the draft Regulations on reform, published by the Commission on 12 October 2011. All direct quotations from written documents are printed in *italics*, whereas text in normal case is the authors'.

It should be noted that, following the issuing of the EC's consultation on CAP reform in November 2010, Defra issued an invitation on its website for any interested parties to offer their opinions on the consultation direct to the EC, but with Defra in copy, rather than co-ordinating any kind of response with other stakeholders in order to present a unified voice to the Commission. Our suspicion is that this tactic was used in order to avoid Defra having to engage directly with those elements of the proposals which clearly started from the position that Pillar 1 of the CAP would be maintained and that its role therefore required some closer targeting towards future needs. For as long as this view remained potentially influential, Defra, and the UK administration as a whole remained publicly committed to its stated proposal to phase out pillar 1 aid, which effectively prevented it from working on other potential policy outcomes such as those which have now emerged in the draft regulations. One short joint statement with the Polish government in the summer of 2011 was used to emphasise both countries' support for strengthening Pillar 2 rather than trying to do a lot with Pillar 1, but this did not engage in discussion of the Pillar 1 options. Only now that the detailed draft regulations are in the public domain has Defra felt able to engage directly with the debate about how best to change pillar 1 targeting, as it is now evident that the Commission, Parliament and majority of Member States are not ready to consider the option of pillar 1 removal altogether.

Government Ministries – the UK view

A **UK position on CAP reform** was presented in a document published jointly by Defra and the UK Treasury in January 2011. This document called for the phasing out of direct payments under Pillar 1 of the CAP over the next programme period, and a strengthening of RD funding and policies specifically for the provision of public goods. The official position of the UK government has long been explicit in respect of **calling for the abolition of policy support to agriculture as a sector, in favour of targeted public support for the provision of public goods**, to all those who are able to produce them. The implication of this position is also that the overall EU budget for the CAP should be significantly reduced.

During the discussions on the current reform proposals, it has become increasingly clear that the UK devolved administrations no longer support this declared 'UK position'. Hence, the degree to which CAP reform positions are now specific to the four UK countries – England, Wales, Scotland and Northern Ireland – has increased over the period of survey. The next few sections underline this point.

The Department of Environment, Food and Rural Affairs, speaking on behalf of the UK as a whole, said the following in a statement published in January 2011.

Overall

the UK sees the top priorities for CAP reform as follows:

- *A very substantially reduced and refocused CAP budget improving value for money*
- *Pillar 2 measures should be enhanced, particularly for the delivery of agri-environment schemes*
- *Measures that enhance competitiveness and reduce reliance on subsidies should be enhanced, without interfering with the EU level playing field*

- *Increased market orientation, including a reduction in trade-distorting subsidies and measures*
- *Continued simplification of the CAP, ensuring a reduction in costs and complexity for both farmers and administrations unless benefits outweigh costs.*

CAP architecture

'Pillar 1 needs to become a transitional measure, as tools to encourage competitiveness and reduce farmers' reliance on subsidies are introduced and take effect.'

Greening

The statement did not support actions to green Pillar 1, *'given that it is unlikely to deliver significantly greater or more ambitious environmental benefits than those that are currently delivered'* and it sought more clarity on the Commission's proposals for 'greening Pillar 1'.

Active farmers

The statement suggested that *'it is practically impossible to define 'active farmers' at EU level'* and suggested *'if the Commission is seeking to target funding only to active farmers, Member States will have to define what this means in their own particular contexts.'*

Small farms

It also suggested that *'the needs of small farms are best met through policies to improve their underlying competitiveness and hence their ability to take advantage of market opportunities, rather than special additional and ongoing CAP support.'*

Capping of aid

The UK is opposed to the Commission's suggestion that direct payments to large farms should be capped, because *'this has a negative effect upon efficiency'*.

Simplification

The UK supported the Commission's objective of streamlining and simplifying the system of market measures, *'which requires fewer measures used less frequently, so that they are truly used only in situations of crisis. Export subsidies should be removed and quotas eliminated for sugar'*.

Pillar 2

The UK said that Member States should continue to be given the flexibility to allocate CAP funding in a way that best suits the requirements of their own regions and farming structures, providing it is consistent with the wider objectives of CAP. This implies *'a future CAP that focuses on enhanced Pillar 2 measures, delivering environmental public goods.'*

The UK wants to see the *'important principle'* of co-financing maintained. Otherwise it was generally supportive of the EC's pillar 2 suggestions.

'A more flexible approach to Pillar 2 funding, particularly in terms of delivering against multiple outcomes, could deliver more for EU priorities such as sustainable woodland management and climate change mitigation, as well as helping the EU to deliver on the biodiversity agreement reached at Nagoya, to take effective and urgent action to halt the loss of habitats and species. Whilst some proposals – such as producer organisations and improvements to the supply chain - will start to address these issues, the UK believes much more needs to be done, looking to the aims set out in other EU2020 Flagship initiatives like 'Innovation Union' and an 'Agenda for New Skills and Jobs'. Improvements in farmers' knowledge and facilitation of the development of private sector risk management instruments (like futures markets or insurance) may be required. Support of this kind should be time-limited, encouraging the development of new forms of insurance (or futures contracts) where necessary but not subsidising their ongoing operation. '

The statement also criticised some aspects of monitoring and evaluation, despite its support for the principle of this task.

... the current system, the Common Monitoring and Evaluation Framework (CMEF), does not always produce meaningful and useful data whilst imposing significant costs on the EU,

programme authorities and beneficiaries, whilst final results may be too late to feed into the next programming period. The monitoring and evaluation system should ensure that there is a clear focus on the key objectives such as increasing competitiveness and managing the environment and that their contribution to EU strategic outcomes can be assessed. An opportunity exists to simplify the current system. Indicators and reporting requirements.

On greater co-ordination between RDPs and structural funds, the statement said *At the implementation level, there are potentially significant opportunities for greater rationalisation and efficiencies in the delivery of some or all of the Structural and Cohesion Funds; the EFF; and the CAP, through an, integrated system of administration, control and audit. If designed correctly it could deliver major savings to the administration budgets of both the European Commission and Member States. However, there are significant risks associated with such a large structural change in terms of the ability to deliver EU funding to recipients in a cost-effective and efficient way and with minimal disallowance. The UK would only support a change providing the controls for all the funds were more risk-based and proportionate, with reduced administrative burdens for governments and recipients.*

In the summer of 2011, Defra's junior farm minister made a joint statement with the Polish farm minister, as follows:

*'Central to our approach is a **reduced emphasis on Pillar 1, and a convergence of direct payment rates**, so that all Europe's farmers are incentivised to produce for the market. This should be accompanied by a step change in measures to increase farm competitiveness, including support under Pillar 2. **Increasing the proportion of CAP funding spent under Pillar 2 would be an effective way** of ensuring that CAP spending was well targeted.*

*...Therefore we believe that **Pillar 2 is a good base** on which to build. We need modernisation and innovative solutions to improve competitiveness and environmental outcomes, such as climate mitigation and biodiversity. Agri-environment schemes are well placed to deliver targeted and flexible actions which can contribute to both outcomes.*

*In relation to financing, we call on the Commission to propose a **fair distribution under both pillars, which moves away from current historic allocations to objective criteria.***

The statement also said the EC must avoid giving too much freedom for Member States to top up their pillar 1 payments.

On 11 Nov 2011: Defra Ministers issued a statement saying *'the Commissioner's draft proposals to reform the CAP fall short of meeting the key challenges he correctly identified some months ago – to make farming more productive and protect the environment.'*

"The Commission was right to identify the challenge of food security and climate change but has failed to respond adequately to the huge opportunities presented by rising prices.

The statement was released after the Minister held joint meetings with Commissioner Ciolos and all the Ministers of the devolved UK administrations, to enable each to explain their own concerns about the reform package to the Commissioner.

The Defra Minister also said: *'We remain convinced that the best way to help the environment is through the current system of specific environmental payments to farmers, in return for the public goods they provide, such as encouraging wildlife on their farms. The proposals for the 'greening' of direct support payments, which aren't currently linked to environmental protection, need far more work before they can be effective – and before we could accept them. At best they would simply reward farmers for what they already do and at*

worst prevent them from becoming more sustainable. Simply taking seven per cent of land out of production at a time of increasing demand for food is not sensible, and the proposals on crop rotation are far too bureaucratic and inflexible for a continent as diverse as Europe.'

The European Commission's proposals to reform the Common Agricultural Policy (CAP) need to go further in order to deal with the twin challenges of international food security and protecting our wildlife and biodiversity, Environment Secretary Caroline Spelman said in early October 2011. The UK wants farm subsidies to steadily reduce in order to improve value for the taxpayer and help farming become more competitive to meet future demand for food as the global population increases. We're pleased that the European Commission has at least listened to the message from the UK that the CAP has to do more to help the environment, and that its budget cannot keep increasing in the midst of an economic crisis. But while some of the Commission's rhetoric is right, overall we're disappointed and the proposals as they stand could actually take us backwards. The UK also wants farmers' protection of the countryside to be better rewarded through targeted payments. Payment only for basic measures, would achieve far less and could impose pointless bureaucracy.

Government Ministries – Wales, Scotland and Northern Ireland

The Devolved Administrations' Joint Position on the Future of CAP, expressed to Defra and copied to the EC in Spring 2011.

Support for an adequate CAP budget

The UK negotiating position on the future of the CAP must be determined through detailed discussion and agreement with the Devolved Administrations (DAs). Adequate funding is critically important for the DAs to ensure that the objectives of the CAP can be delivered. Therefore, within the CAP negotiations, the UK must set as a primary goal the securing of a fair and proportionate share of the overall CAP budget. In particular, the UK must secure a significantly improved share of the rural development (Pillar II) budget, by comparison with the unfairly low allocation for 2007-13. In the absence of modulation, an adequate allocation for the next programming period is the only means by which the UK regions will be able to deliver balanced and meaningful Pillar II programmes, particularly to enhance environmental outcomes and to meet climate change challenges.

Support for Pillar 1 aids

*There is an ongoing justification for Pillar I Direct Payments, which includes the fact that they underpin the delivery of valuable public goods through active land management on a territory-wide basis. They also help sustain rural economies and enable producers to meet the cost of complying with the higher production standards required by European society. **Direct Payments must, therefore, remain in place and the UK should not adopt a negotiating position seeking to phase them out.** However, we accept that Direct Payments should be reformed so as to phase out the historic basis for payments and to define more clearly the links with the delivery of public benefits and with farming activity.*

Regional flexibility should be a second key priority for the UK. *Direct Payments and Market Support (Pillar I) regimes within the CAP must be designed so that farmers' production decisions are increasingly guided by market signals and consumer demand. The EU should examine all possible ways of improving the balance and distribution of added value along supply chains, with a view to boosting the economic sustainability of primary production. The future Rural Development regime must continue to support sustainable economic growth, competitiveness and diversification as well as agri-environment and community projects. The balance between these objectives should be at regional discretion and reflect regional priorities.*

*The CAP must be simplified in order to keep administrative costs for farmers and Governments to the minimum necessary to deliver the policy objectives. ...the current EU audit system needs to be reformed with the aim of achieving controls on CAP payments which are proportionate and which represent value for money. The imposition of flat rate percentage corrections on EU receipts is a crude and punitive mechanism which needs to be replaced with a system whereby disallowance is proportionate and targeted. **Simplification** should be a third key priority for the UK.*

Welsh Assembly Government

The Minister within the Welsh Assembly Government said the following in early 2011.

CAP architecture

'a strong CAP is essential towards ensuring food production within EU 27, providing a stable income base for the farming industry and ensuring environmental outcomes... it is important to retain the two Pillar structure for the CAP as this offers the basis for maintaining the competitive edge of Welsh farming more widely as well as making a key contribution to the socio-economic and environmental cohesion of rural Wales.

Pillar 1 redistribution and aid capping

*'it will be critical for the Commission to **spell out in detail how this might work** in practice. Agriculture and farming systems across EU 27 are very diverse as are costs of production at farm level and, within very different national economies, there are substantial variations in relative costs of day-to-day living. Capping of payments to larger farms is not a major issue for Wales but I support the general principle. A labour adjustment to capping could be unworkable in Wales where contract and self-employed labour is a regular feature of the farming sector.*

Greening

*Further 'greening' of Pillar 1 payments is also a difficult area as approaches such as compliance in relation to permanent pasture, green cover, crop rotation and ecological set-aside would inevitably require more administration or 'green tape' which **seems counter to the agenda to reduce the bureaucratic impact of the CAP** – at farm level and for the Welsh Assembly Government. I believe that the cross compliance regime should continue to set a minimum baseline... where farmers are asked to provide environmental enhancements, **these more properly belong to actions under pillar 2 and axis 2 of the Rural Development Plan.** The Commission, through its "greening" proposal, is attempting a one-size-fits-all approach that fails to recognise the progress made by certain individual countries such as Wales. I would not want that progress restricted and will be looking to the Commission to recognise past performance and initiatives already in place to support environmental action by farmers.*

Coupled support

I remain **opposed to continuing any form of voluntary coupled support** that does little to encourage farmers to make market based production decisions and also leads to competitive advantages and disadvantages between Member States.

Active farmer

This has 2 intertwined aspects: whether the land is being actively farmed and how we identify who the payment for that land should go to. There is a strong argument that payment should be provided where it can be demonstrated that the farmed land is the principal source of economic livelihood.

Pillar 2 and rural development

The Minister broadly supported the EC proposals. *'These will enable us to further our advances in improving competitiveness of agriculture and forestry, managing land sustainably, local empowerment and capacity building in rural areas.'*

To summarise, there are ***'a number of points in the Commission's documents that fit well with the needs of Wales and our overall position on CAP Reform.'***

Scottish Government

We did not identify individual statements from Scotland prior to October 2011. At this point, following publication of the draft regulations, Mr. Lochhead (the Minister for agriculture in the Scottish government) said: *'These proposals are a fair starting point for what will be a very tough and protracted negotiations and it is good to see that some features of the existing CAP should be retained.'*

Support to maintain pillar 1 and coupled support

'We are pleased with the retention of direct payments in a strong Pillar 1, continued ability to use coupled support for our vulnerable livestock sector and more robust definition of agricultural activity... Without direct support, our farmers and crofters will simply not be able to afford to produce our food in competition with other non-EU countries that do not have to meet our high standards, and at the same time deliver other public benefits society expects such as biodiversity and reduced carbon emissions.'

'We can't underestimate the challenge of moving from historical payments to area based payments. If not handled properly, the transition could end up being a bureaucratic nightmare and painful for all concerned. However, it is widely accepted that we need to change a regime that excludes new entrants and calculates payments based on what farmers were doing a decade ago.'

'The key is to ensure the new CAP delivers fairness, flexibility and simplification. That means fairness in the allocation of both Pillar 1 and Pillar 2 budgets, flexibility to develop a CAP that meets Scotland's diverse farming needs and simplification to ensure farmers are not burdened with a disproportionate monitoring regime. Importantly, we also need a policy that encourages new entrants into agriculture and rewards genuine activity.'

'The proposals seem to offer greater flexibility in the Pillar 2 Rural Development Regulation and the prospect of a fairer allocation of the Pillar 2 budget.'

On Pillar 1 greening

'We have real concerns over the crop diversification measures which could be difficult, for example, for small farms and crofts with one field of barley. When the world is facing food shortages, we should also avoid needlessly putting aside good quality land, and I am therefore pleased that farmers will get credit for the areas already being managed for environmental benefit.'

On Capping and the active farmer

The capping of direct payments may look good on paper to some people but will be difficult to deliver. The definition of active farmer also needs to be carefully crafted to avoid creating problems for some crofters and small farmers.'

DARDNI – Department for Agriculture and Rural Development Northern Ireland

A lengthy DARDNI review of, and response to, the first Commission publication in November 2010 contained the following views.

We believe that the best way of pursuing the strategic CAP priorities identified will be via: (i) a well funded CAP; (ii) a flexible CAP, and; (iii) a simplified CAP. Within this context, we believe that Option 2 identified by the Commission in its Communication (i.e. more balanced, targeted and sustainable support) is the best option to pursue

The allocation of the CAP budget to Member States will be a key and challenging issue in the forthcoming reform. Any move towards a budget allocation based on a more objective set of criteria (particularly in the case of Pillar II) would be welcome. However, the subsequent distribution of budgets among regions within Member States should be a matter for Member States themselves to decide.

Pillar 1 redistribution

The current distribution of Pillar I funding reflects in large measure the intrinsic characteristics and needs of agriculture across a diverse EU and is not necessarily a reflection of an inequitable distribution of the Pillar I budget. An analysis of Pillar I receipts by Member State based simply on the average payment per hectare is misleading and unhelpful, and a redistribution driven by such a superficial analysis would be inequitable. Balanced territorial development cannot be achieved if there is a significant redistribution of Pillar I monies between regions and territories.

Pillar 2 budget

In contrast with Pillar I, the current Pillar II allocation is entirely arbitrary. Therefore, the allocation of Pillar II to Member States is in more urgent need of reform, based on relevant objective criteria linked to policy objectives.

Pillar 1 changes

Pillar I already delivers very significantly on the green agenda. Farming and active land management underpin our current landscapes and habitats. Pillar I support is key to the continued delivery of a healthy and managed rural environment. This message needs to be better articulated and recognised.

We are strongly in favour of decoupling support to the maximum extent possible. Within an open EU trading environment, coupled support is an unfair and distortive mechanism and all remaining coupled support should be phased out as soon as possible.

A Pillar I income support regime based on historic coupled receipts becomes ever more difficult to justify. An EU-wide flat rate payment would not represent an equitable basis of allocating Pillar I support to individual farmers.... a flat rate payment model within regions or sub regions which are relatively homogeneous in character is a much better way forward.

Capping of aid and active farmer definition

An income support payment should be capped at €100,000 per recipient. It is difficult to justify an income support payment that is higher than this and to attempt such simply undermines the credibility of the CAP.

We are highly sceptical as to whether a robust and workable definition of an “active” farmer can be formulated. In line with the current definition of a farmer, simply maintaining land in Good Agricultural and Environmental Condition (GAEC) must qualify an applicant for support as an “active” farmer. That aside, setting a threshold of total income that must come from an agricultural source will undoubtedly exclude some part-time, active, farmers from support. It will also risk excluding farmers who may dip below the agricultural income threshold because of poor agricultural returns in any given year. In addition, it risks distorting the land rent market if landowners perceive a need to be regarded as producers in their own right and amend their activities accordingly. This could be a particular problem for our conacre system (a traditional method of short term land lets – typically less than a year), which accounts for

almost a third of our total farmed area. Some landlords could quickly and easily bring their land back within their sole control and undertake low level production activities, thus depriving existing production units of land and creating a more general upward pressure on land rents... we strongly urge that the imposition of **an active farmer requirement be left as an option for Member States and regions** to apply if they feel appropriate and feasible, with the Commission respecting the decision made by these Member States and regions. At all costs, we must avoid a mandatory approach that lacks clarity, is difficult and costly to implement and which creates an exposure to audit criticism and sanction

Greening and targeting Pillar 1

*Within vulnerable regions, environmental risks (such as those arising from land abandonment or extremely extensive forms of agriculture) should be addressed via Pillar II mechanisms (including LFA support) and **income concerns should be addressed via the proposed ability to enhance Pillar I support** within areas with specific natural handicaps. In respect of the latter, this additional optional income support must be decoupled and entitlement based (and come from within the Member State Pillar I budget allocation).*

Creating a robust definition of a small farmer will be very difficult. However, provided this proposal remains optional for Member States and regions to deploy as they decide, the support is fully decoupled, and the cost comes from within the Member State Pillar I allocation, then we have no objection.

Market mechanisms

We strongly support the retention of the current suite of market support mechanisms as a safety net to deal with market circumstances which are beyond to capacity of individual producers to address. We support the flexible and, as necessary, rapid deployment of such mechanisms. We also ask the Commission to give some additional thought as to the circumstances under which market support measures would be triggered, given that income volatility going forward may be as much driven by input cost variations as output price issues.

Pillar 2

DARDNI favours an approach which removes the 4 axes and provides more flexibility, and support the Commission's goals for rural development. Also, 'we ask that the current maximum EU contribution to Pillar II expenditures (i.e. 50/55%) be increased, thereby avoiding the risk that EU monies cannot be deployed, and strategic objectives not achieved, due to lack of national co-financing. We also ask that greater flexibility be created in co-financing arrangements.

We welcome the retention of LFA support within Pillar II and see a strong need for such... the Commission should bring forward firm proposals for the re-designation of areas with natural handicap as quickly as possible. The achievement of policy objectives should be the primary concern in the design of Pillar II implementation arrangements. Therefore, we strongly urge the Commission to accept that if landowners can deliver these objectives (e.g. for first afforestation of agricultural land), then there is no valid reason to insist that they also be active farmers.

Given the substantial delivery and control costs for Pillar 2, we ask that there be a contribution from EU funds. This will help ensure that the need for proportionate delivery and control costs are properly factored into audit requirements and recommendations.

Government Agencies – UK

Natural England, the Countryside Council for Wales, Scottish Natural Heritage, the Environment Agency for England and Wales and the Scottish Environment Protection Agency have formed a policy group called the Land Use Policy Group in order to co-ordinate research and policy development work in this field of their activity. Whilst the LUPG has not produced a policy statement on the Commission's current proposals (largely for political reasons arising from changes in status of the English members of the group, whose policy role has been removed by the current government), they did produce a 'vision for the future CAP' a few years ago, which remains pertinent.

In addition, some of the agencies have commented on the recent proposals, in their individual capacities.

Natural England

CAP architecture

*Natural England fully endorses the principle of **moving CAP from the principle of entitlement to payment to that of payment for contracts to deliver public goods**. This will be a major cultural shift for the farming industry and will take time to accomplish. The architecture proposed in the consultation document is not incompatible with the LUPG Vision.*

Targeting pillar 1 aids

In an English context at least, there are few if any farming systems that can be relied on, left to themselves, to deliver the desired environmental outcomes. We suspect that, even where such systems do exist, support payments could have the perverse effect of catalysing change and modernisation and putting the environmental benefits at risk. To counter this, it is important that any support payments targeted at areas of High Nature Value Farming must be conditional on the conservation of high nature value.

There is evidence that organic farming, at least when practised according to UK certification standards, does result in net biodiversity benefits compared to equivalent conventional farming systems. This means there is a case for supporting organic farming per se on environmental grounds.

Natural England would not wish to be obliged to make compensatory payments to farmers whose land formed part of a Natura 2000 site. Nature conservation legislation in England has moved beyond the principle of compensation.

Countryside Council for Wales

Pillar 1 greening

The mandatory greening of Direct Payments under option 2 is a significant move towards ensuring that Pillar 1 provides more tangible environmental benefits. Measures such as ecological set aside could be made relevant to all farm types by incorporating include unsprayed crops; retention of stubbles; field margins, extensively managed semi-natural habitats; streamside corridors and farm woodlands. The term "Ecological Management Area" (EMA) more accurately reflects the role of this mechanism.

Environmentally targeted payments under Pillar 1 have the potential to provide a more diverse agricultural landscape, providing the essential foundation for Pillar 2 agri-environment schemes. These can supply the more focused management required by many species and habitats as well as water and carbon resources.

Pillar 2

An expanded RD programme which meets existing environmental needs alongside dealing with risk management, innovation & energy efficiency could well be of a similar scale to the existing CAP. The current economic crisis may mean some Member States & Regions experience difficulties in identifying the necessary match funding. This could be addressed

by providing higher rates of European co-financing in those situations where EU targets are clearly being met.

In order to generate maximum synergy, support for innovation and competitiveness should also contribute to environmental objectives. All capital investments should be screened to reduce the risk of unintended environmental damage.

A well resourced P2 will be essential to complement a greener P1. More sophisticated P2 measures (accompanied by on-farm advice) remain vital to enable more precise Recent work within the UK, Germany and the Netherlands (ENCA, 2010) demonstrates that the existing biodiversity challenge is sufficient to absorb some 20-33% of existing CAP spending.

In CCW's view, risk management measures are not suited to inclusion in pillar 2 – their logic suggests they should be in pillar 1.

The more sophisticated nature of many P2 measures can mean that administrative costs are higher than in P1, especially when ensuring compliance with EU audit requirements. Such schemes may incur greater costs, but are more likely to provide measurable benefits. Simplification of reporting requirements would help to reduce costs.

Scottish Natural Heritage

CAP architecture

We believe that the primary focus for the CAP should be on achieving food and environmental security by supporting the provision of environmental services by land managers. There is a risk that public support for the CAP will shrink unless it is clear that payments are conditional not only on the prevention of environmental damage, but on the delivery of clearly recognisable public benefits. A principal purpose of CAP support should be the continuing supply of existing and additional environmental benefits where, in the absence of a market, these are most effectively secured as a product of farming. In present terms this implies a significant shift of funds from Pillar 1 to Pillar 2.

Pillar 1

Pillar 1 should become a basic payment for sustainable land management, going beyond the requirements of cross-compliance and ideally including the management of a proportion of land for specific environmental purposes. Public support will need to provide a reasonable level of income for farms that provide critical environmental goods and services but are inherently unprofitable because of their harsh environment or remoteness. We recognise the desirability of some form of safety-net to protect EU agriculture from the effects of drastic market fluctuations that might put the environment at risk. This is not a sufficient justification for perpetuating a system of universal income support.

Farming and Land Owning Organisations

National Farmers Union (England)

The NFU produced a lengthy commentary on the communication of November 2010, including a lot of description which was intended to inform its members, as well as some opinions. In the extracts that follow, most of the descriptive material has been removed but some is retained where it is necessary to contextualise the opinion that follows.

CAP architecture

The Commission's views on the challenges and objectives of the reform are broadly welcome.

The Commission offers no thoughts as to what the minimum share of an EU-average payment would be. If this were high, then it could lead to significant redistribution of support from old to new member states and within member states like the UK (where there are big differences in payment per hectare between the English lowland, and the Scottish highlands). If it were low, then it would not satisfy the new member states.

Payments should be targeted towards ‘active’ farmers only. This requires a better definition. The fact that in some member states (like England) payments can be claimed by inactive landowners has attracted criticism.

*Farmers should receive a **basic income support payment**, decoupled from production and activated by matching entitlements with eligible agricultural land and fulfilling cross-compliance obligations. An additional, **mandatory greening component** would be paid for farmers performing additional non-contractualised and annual agri-environmental actions. (note: the NFU is not here expressing support for this component, merely describing it)*

In the NFU's view, the proposed measures fail to address the challenges set out. The language on capping has been slightly softened to a more conditional tone, yet there is some strengthening to the greening aspects, including an explicit reference to the possible inclusion of the Water Framework Directive under cross-compliance. The NFU has consistently and emphatically argued against this.

Market mechanisms

The current intervention instruments (essentially in the dairy and cereals sectors) should be maintained as safety nets in the event of price crises but could be developed by extending the intervention period, using so-called disturbance clauses or extending the possibility to enter products into private storage for other commodities. The paper refers to the need to consider the ending of the current sugar regime in 2014/5 including bringing sugar quotas to an end. The Commission may propose to extend measures that currently apply in the fruit and vegetables sector with regard to the recognition of Producer Organisations to other sectors to increase bargaining power. Also, there may be measures to regulate contractual terms in the food sector. The NFU is encouraging the EU Commission to be ambitious since it believes that addressing the deficiencies in the food chain is a key part of a strategy to help farming become more market orientated and less dependent on support.

Post-October views on the draft regulations

The following points are taken from an NFU press release describing their President's reaction to the CAP legislative proposals, in October 2011.

CAP architecture

“In a week which has seen the world's population reach seven billion, agricultural productivity has to be the number one priority for policy-makers. We need a policy framework which encourages a market focus, one that is geared to greater competitiveness and one that will help farmers generate the investment which is required, if we are to produce the food that Britain, Europe and the world is going to need. The Commission's current proposals meet none of those criteria. They are a dog's breakfast of sops to this or that lobby group, which threaten all sorts of unintended, but highly damaging consequences, both for farming and the environment. It is hard to say whether it is the requirement to grow three crops, the permanent pasture ploughing embargo, or the plan to force farmers to take seven per cent of their land out of production which is the biggest nonsense. Between them, they will narrow options, increase costs, reduce output and leave farmers tearing their hair in frustration at the absurdity of it all.”

Pillar 1 greening and implications for Pillar 2 AEM:

The NFU has called on the EU Commission to give a clear commitment that farmers in agri-environment schemes will be able to withdraw, without penalty, if reforms to the Common Agriculture Policy require changes to the terms of their five year contracts. Applications to the Entry Level Scheme and the Higher Level Scheme have been drying up in the face of uncertainty over the impact of CAP reform. Branding the Commission's proposals "a dog's breakfast", Mr Kendall warned of the potential unintended consequences, which included the very real threat that the 'greening' plans could actually damage the environment if they put farmers off joining the ELS or frightened them into ploughing up permanent pasture. "The greening of Pillar One has obvious implications for some measures in the ELS" said Mr Kendall. 'We are already seeing ELS applications drying up because of the uncertainty over the position of farmers' agreements in the context of greening proposals.' "Will they be able to count their ELS commitments towards their greening obligations? Or will they face a double whammy of greening on top of ELS when the CAP reforms kick in? And, if so, will they be able to leave the ELS without facing a demand for compensation? "Farmers need answers to those questions, and they need them now."

In November 2011, the NFU sought and said it had secured agreement with the largest EP party – the European People's Party – to 'kick these CAP proposals into the long grass'; effectively delaying agreement beyond January 2014 when the existing Regulations expire.

Joint NFU position with Country Land and Business Association (CLA), October 2011

CAP architecture

The Commission says it wants 'smart, sustainable and inclusive growth for European agriculture'...very few of the proposals will help meet those objectives and many of them will actually move farming in England and Wales in the opposite direction. In the last major reform of the CAP in 2003 we started with proposals that were generally helpful but unfortunately our own government implemented them in a way which was unequal for English farmers and hugely over-complicated. We, farmers, landowners and the Government, are still living with the consequences of those mistakes. This time we are starting with unhelpful proposals. Ministers have committed to ensuring that English farmers are not disadvantaged this time, to remove the excessive complexity in the current proposals and help farmers become more competitive. In terms of equity, we want to ensure that we have equivalent greening measures throughout the European Union. The purpose of this reform must be to bring the whole of Europe up to the standard of the better-performing countries.

Modulation of funds between pillars

Specifically, we don't support the attempt to allow up to ten percent modulation. We want to see a fair allocation of the budget to the UK, in both pillars, so there is no necessity subsequently to move money between the two pillars - in either direction.

Capping

We also need to see the capping proposals that would discriminate against the UK rejected.

Greening pillar 1

In terms of reducing complexity, we want to see greening measures which can be easily administered and monitored. We want the obligation to take up to seven percent of a farm's area out of production significantly reduced. We will also insist that any greening measures do not have perverse consequences from a market or agronomic point of view."

Active farmer

What we don't want to see are definitions of active farmers that would be a nightmare to enforce. The restrictive definition of an active farmer, and the proposed payment reduction and capping, are highly discriminatory - hitting farms of equal size and payment to a sharply different extent. They will also hinder structural changes that may be needed to improve efficiency.

Country Land and Business Association (CLA)

This organisation provided a detailed briefing note to its own members in response to the EC communication of November 2010. In it, some views on the proposals were expressed almost in passing. Among these, it is possible to identify the following main points:

- Support for the broad architecture in respect of further greening pillar 1, and strengthening pillar 2. Support in principle for the idea of achieving more equity in pillar 1 payments.
- No support for capping payments and concerns about the difficulty of finding a good definition of 'active farmer', meaning that they would prefer not to see this option.
- Interest in using more targeted instruments as part of the greening options for pillar 1, involving contracts rather than standardised clauses.
- Support for a larger pillar 2 budget overall.

For more detail on the pre-October 2012 position of the CLA we were referred to the European Landowners Organisation views, which were published earlier this year.

Tenant Farmers Association (UK)

As stated in their policy document released following the EC communication in November 2010, the TFA's seven principles for CAP reform are as follows:

1. Direct payments in Pillar one must form the principal basis of support through the CAP.
2. Payments should go only to active farmers and not be capitalised into land values.
3. Rates of modulation should be uniform across the European Union.
4. All Member States should be required to have the same level of decoupling.
5. Domestic producers should be protected from imports from non-EU countries using lower environmental and animal welfare standards.
6. Market management instruments should be introduced to assist in managing volatility.
7. Measures should protect the access of tenant farmers to Pillar 2 schemes.

The key principle must be to ensure that only active farmers are supported. The extent to which support payments are becoming capitalised into land values through rent must be of concern to policy makers. An even bigger concern is the degree to which land owners with tenants are increasingly able to access funding through both Pillar one and Pillar two by passing on scheme conditions through contracts of tenancy. We do not believe that this is in the spirit of the CAP nor is it in keeping with the the principle to provide support to working farmers.

Post-October 2012

Pillar 1 changes

According to a press release of November 2011, The TFA and FUW have agreed upon the necessity of finding another way to introduce area-based payments in Wales. *The current proposals will lead to 'land banking' with landlords throwing farmers off in order to register it for their own payment claims, in 2014.* The opportunity arises because the EC proposes that all land should be newly registered for the new pillar 1 payment system, in 2014. This will, in their view, create a *serious investment opportunity for landowners.* The TFA and FUW

propose a transition mechanism instead, so that existing farmers retain historic entitlements which fall in value over time, as new ones are introduced and increased.

Farmers Union of Wales

These points are from an official response to the November 2010 communication.

CAP architecture

In general, the Union agrees with the broad policy options as laid out in the consultation. There must not be any fundamental alteration or shift to the basic purpose of the CAP to provide income support for farmers, to sustain food production, and to continue to support sustainable land management. The Union believes that the post-2013 CAP must proactively support family farms by maintaining or increasing income support, in order to ensure that family labour is sufficiently remunerated and that family assets are able to provide adequate returns.

Pillar 1 redistribution

The Union is concerned about the significant redistribution of payments under a flat-rate single payment scheme. A flat-rate policy instrument may not be sufficiently targeted in terms of achieving policy objectives. It is therefore imperative to design targeted instruments that are considered as fair among Member States and farmers

The post-2013 CAP should work towards simplifying cross compliance regulations and ensuring that any flexibility within the system does not transfer significantly more costs to some European farmers due to domestic 'gold-plating' of regulations. CAP Regulations should be revised to ensure all penalties are proportionate, and administrative errors are properly recognised.

Active farmer

Given the importance of the first pillar for the viability of UK and Welsh farms, we stress the importance of providing income support payments solely to 'active farmers'. It is essential to define the terms by which an EU producer is an 'active farmer'. The Union would like to see this work being prioritised amidst discussions on policy reform and would welcome consultation on this issue.

Pillar 2

To date, Rural Development measures are by far the largest source of EU funding for incentives specifically targeting the environment in rural areas. Given the clear and necessary distinction between income support and 'green' goods and services, the Union believes that Pillar 2 remains the best EU-wide instrument for reducing climate change and meeting environmental targets. Thus, all but the basic environmental requirements should continue to be delivered via Pillar 2, and Axis 2 of the Rural Development Plan.

Pillar 1 greening

The Union is firmly opposed to the integration of 'environmental goods and services' into the first pillar. Areas of particular environmental interest struggle with the problem of being economically less viable. These areas are now particularly vulnerable to land marginalisation or abandonment, which is particularly a threat to biodiversity on farmland. The Union notes that 'green farming' will likely 'require changes in production methods, possibly adding costs to farming'. Given the current economic pressures outlined in this response, it is therefore imperative that EU producers be offered adequate recompense for applying farming methods which are less competitive and will artificially elevate the cost of production relative to non- EU producers.

Capping

In general, the Union is not opposed to the general principle of capping SPS payments to avoid large payments to single beneficiaries. However, the methodology by which such a system could operate, without a large degree of bureaucracy and administrative costs remains unclear at this stage. Should a capping policy be implemented, the Farmers' Union of Wales would prefer a tapered capping system rather than a single cut-off.

Market measures

One reason for the low market income of EU farmers is related to the functioning of the food chain. Moreover, the relatively weak position of farmers in the food chain means that they bear a disproportionate share of the risks within the chain and are unable to pass any costs imposed upon them further down the supply chain. The Farmers' Union of Wales agrees that it is essential for the post-2013 CAP to work towards improving the position of primary producers in the food chain in order to help increase market revenues.

Post-October views:

According to press reports, FUW is calling for the Welsh government to apply regional differentiation to the flat-rate area payment in order to minimise the negative impact of the reforms on the Welsh dairy sector. By differentiating payment rates between lowland and upland areas, more funding could be retained by the dairy sector. A flat rate for all Wales would shift significant resources up the hill and FUW believes this would spell the collapse of the Welsh dairy sector.

NFU Cymru (the Welsh branch of the National Farmers Union)

Written response to the November 2010 communication.

CAP architecture

Farmers in Wales want to reach a position where they can become less reliant on public support, this inevitably requires a progressive and pragmatic approach to reform. Unless productivity capacity can be maintained/increased whilst upholding good environmental practices then even EU food security, let alone our potential to contribute to global food security, may be compromised. NFU Cymru does not accept that production capacity could be maintained in significant areas of Wales in the absence of direct support and with reliance solely on rural development measures.

NFU Cymru does not share the EC's view that public spending on research does not appear to be a problem.

Redistribution of pillar 1

With regard to the adjustment scenarios, the EC is inclined to a harmonisation in the level of payments across the EU through a general flat-rate payment or one adjusted by social and economic criteria. In our view, any move to harmonisation must recognise that farming systems across the EU vary considerably and that costs of production associated with these systems are also diverse.

Greening pillar 1

NFU Cymru is concerned that the clarity of roles of pillar 1 and 2 becomes muddled for example the further greening of pillar 1 measures and we are concerned that the additional bureaucracy to which this would give rise runs contrary to the EC's commitment to simplicity. NFU Cymru would see Good Agricultural and Environmental Condition requirements continuing to underpin pillar 1 payments but to further 'green' pillar 1 payments when pillar 2 explicitly provides for agri-environment measures confuses the roles of the two pillars. We regard pillar 2 as being more appropriate for the delivery of environmental 'goods' because these schemes may be targeted, the prescriptions can be tailored to meet specific objectives in a geographical area, the agreements are multi annual and therefore provide for longer-

term benefits with results frequently taking a number of years to effect and thus allow for a more flexible approach across the EU and indeed within Member States.

NFU Cymru believes that a further greening of pillar 1 payments has the potential to undermine the productive capacity of some EU farmers and to compromise their global competitiveness. Potentially too, there are issues with regard to double funding which may inadvertently have a perverse effect on those farmers entered into agri-environment agreements and finally we are opposed to adding complexity to what we already regard as an overly bureaucratic regime. We believe that inspection regimes should be proportionate to the risks and we are not convinced that this is currently the case.

Market and supply chain measures

The strengthening of producer groups has the potential to strengthen the industry's hand in negotiating terms but further measures are needed to rebalance bargaining power and create fairer and more transparent conditions particularly in terms of supply contracts between farmers and processors/retailers. It is also important that producer organisations are enabled to achieve scale within their given markets.

Pillar 2

A fair and proportionate share of the Rural Development Budget will be essential if Member States are to deliver on this arm. Some Member States, and the UK falls within this group, received an unfairly low allocation in the last programming period with the result that voluntary modulation in addition to compulsory modulation was necessary to generate sufficient funds to deliver agri-environment measures within the Member States. This has placed domestic farmers at a competitive disadvantage vis a vis the majority of their European counterparts. In the absence of modulation it will be essential that there is a fair and equitable distribution of Rural Development resources so that balanced and meaningful pillar 2 programmes may be delivered.

In November 2011: Andrew Oliver, NFU Cymru Glamorgan County Chairman, said, "The current proposals as tabled do allow for Wales to be split up into various regions and the Union has strongly urged the Welsh Government to carry out detailed modelling work looking at various regional splits to establish how farms throughout Wales will be affected by this transition. Only when this modelling work is completed by the Welsh Government, who have access to accurate data and budgets, will we be able to fully establish how the proposals will affect our businesses. At this point in time, it is far too early to make any significant business decisions based on these proposals. The negotiating process is at the very beginning and there is a long way to go in terms of lobbying to ensure that Welsh farmers get a fair deal."

Environmental NGOs

Combined written UK response from Wildlife & Countryside Link (England), Scottish Environment Link and Wales Environment Link, to the Communication of November 2010.

These organisations represent the views of nearly 30 NGOs in the environment and amenity arena, including most of those whose individual responses are also given here (CPRE, RSPB, CNP etc).

CAP architecture

We believe the report should give greater emphasis to how agriculture can manage our soil and water resources more sustainably, give greater protection to our biodiversity and continue to maintain and enhance the character of our landscapes and historic environment features, as well as ensuring the highest standards of animal welfare. The report needs to identify solutions to the environmental challenges we face and we are not convinced by its justification for the continuation of direct payments.

Despite our understanding that this report would call for more funding for Pillar II, we were disappointed to read only a vague reference to this in the draft report (point 59). We believe that it would be very difficult to incentivise agri-environment schemes and encourage farmers to deliver the additional environmental benefits (point 27) without extra funding, particularly if the modulation mechanism is abolished. The level of funding to reward farmers for the delivery of additional ecosystem services will need to be substantial and a strong case should be made for retaining the financial resources that will be needed to meet existing and future environmental challenges.

The Joint Links welcome the report's focus on sustainability, although we feel it could be discussed in broader terms. Improving carbon efficiency could be a useful measure, but it should not supersede the urgent need to reduce overall emissions. Sustainable climate change adaptation and mitigation measures should be embedded throughout the CAP and a new approach to agriculture is required which combines enhanced productivity with improved resilience of the natural environment. Sustainability is also about much more than greenhouse gas emissions. Comprehensive measures are required to protect and enhance our soils, water and biodiversity, all of which have suffered from the effects of resource intensive farming in the past 40 years, despite underpinning the sector's long term ability to produce food and other ecosystem services.

Pillar 1

The Joint Links recognise the vital importance of food security and the CAP's contributions to achieving this, but we do not believe that direct payments can be justified on food security grounds. Pressure to reduce EU spending and growing public awareness of untargeted and inefficient direct payments has highlighted that value for money must be central to the policy after 2013. Research indicates that direct payments have a negligible impact on food production and if they were to be phased out entirely, EU food production would still increase. By reforming the CAP to reward the delivery of public goods, it would be possible to demonstrate both a sound use of public money as well as targeting financial support to farmers and land managers who deliver the most for the environment and yet are marginalised by the current payment framework. Such a transformation would also help European farming address the challenges of climate change and move towards a more sustainable system of farming which is critical to ensuring the sector's long term ability to produce a range of ecosystem services, not least food. We believe a key role for the CAP should be to help secure long-term EU food security through protecting the natural resource base upon which food production depends, including sustainable use of our soils and water and protecting our biodiversity.

8 November 2011, the Joint Links released a policy statement: 'Crunch time for CAP', which says the following.

Public support for farming must encompass UK and EU commitments on the environment, wildlife, landscape and climate change. Any payment, whether from the EU or national administrations, must be consistent with protecting our valued places and wildlife as part of viable productive farm businesses.

Environmental requirements in cross-compliance must be strengthened and new tools (coupled payments, payments for Natura 2000 areas) introduced where necessary so that the CAP can make further progress towards farming practices becoming more sustainable. Agri-environment schemes, underpinned by strong cross-compliance requirements, must continue to play a key role but need substantially more funding. More support needs to be targeted to High Nature Value farming, and tools to achieve this must be fully explored.

The Joint Links' vision for CAP reform, which directs public investment to farmers and land managers who provide society with environmental services, would be a clear step toward recognising the value of the natural environment and help to create vibrant rural communities and a farming sector that delivers greater environmental benefits far into the future.

Campaign for National Parks (an NGO)

Responses are based on a Policy Statement published in Aug 2011 and written comments on the EC Impact Assessment.

CAP architecture

The post-2013 CAP must ensure that the relationship between the 3 distinct objectives of the reform (long term agriculture production capacity; environmental public goods; vitality of rural areas) is a mutually supportive one, if it is to address the significant future challenges identified. The present structure of the CAP contains elements which, at best, are delivered in isolation from each other (e.g. income support without environmental improvements) and at worst conflict with each other (e.g. market/ income support leading to practices which damage the environment).

Maintaining the Pillar 1 income support measures (with few strings attached) will stifle innovation, which will prevent farmers thinking about what they can do to change to address the significant challenges outlined. For example, there will be a tendency to go for short term options which maximise market returns rather than consider how they can optimise the full value of farming for long-term well-being of society through delivering a broader range of ecosystem services in addition to food.

There is some merit in the proposal to squeeze more benefit from the Single Payment Scheme through 'entry-level' type environmental measures (non-contractual annual actions) and through payments that address disadvantage (e.g. from natural constraints). This approach could be useful for addressing certain types of environmental challenge, such as the impact of specialisation (by encouraging crop rotations), the importance of ecological set-aside land, some level of field boundary and soil management, and the critically low incomes of livestock farmers with High Nature Value systems. The main value in this approach would be if it resulted in a significant net increase in the total amount of funding available to support environmental land management.

The proposals contain a raft of potential measures (including market measures and production risk management measures etc) for Pillar 2 which are likely to compete for the limited funds available. It must be made clear that the environmental measures are not optional here.

The proposals need a clearer plan for phasing out income support through SPS – so that this does not cause further disadvantage to those most in need of the support or loss of environmental benefit. For example, livestock farmers with High Nature Value systems are often on very marginal incomes dependent on SPS to stay in business. Offering SPS as an up-front bond (which could be traded or sold or used as a retirement package) accompanied by the development of support measures that pay for the full range of public goods that such farmers can deliver, would offer options for farmers to re-focus on addressing the objectives of the reform.

CAP payments should better support farming in [agriculturally marginal] areas where the farming system can contribute to high environmental value and delivery of ecosystem services.

CPRE – Campaign for the Protection of Rural England

Policy statement issued during 2011, before the legislative proposals were published.

CPRE calls for an ambitious reform of the CAP post 2013 by creating a new European Sustainable Land Management Policy. This would remove the complexity of a two pillar structure and instead transfer the existing level of CAP funding into a single policy mechanism that supports the delivery of a wide range of environmental public goods. By properly rewarding farmers for their environmental management work, farmers are provided with a baseline of income that is clearly linked to the provision of environmental benefits.

It would improve the attractiveness and ecological functionality of the countryside and contribute to making food production more sustainable while helping to support businesses that are dependent on high quality landscapes.

For example, focusing agri-environment measures towards protecting peat soils in upland areas would not only ensure that carbon is retained within the soil but have multiple benefits for landscape character, biodiversity, and the management of the flow of water to lowland areas. It is also important that upland farming systems remain economically viable in order to maintain the economic and social cohesion of upland communities.

Direct payments need to be able to deliver integrated environmental, economic and social outcomes. This can only be achieved by recognising that the rationale for the calculation upon which farmers are rewarded for providing environmental public goods needs to be reconsidered. This will inevitably require the basis upon which direct payments are made to be reviewed. For example, in areas such as the uplands agri-environment payments made upon the basis of income foregone are unlikely to provide sufficient reward for the costs involved, in part, due to the low prices upland farmers receive for what they produce. It also risks undervaluing the environmental public goods they provide as they are perceived in purely economic terms instead of including their additional environmental and social value.

Pillar 2

If a two pillar policy structure remains post 2013 a significant increase in the rural development budget will be essential if we are to meet existing and future environmental challenges (climate change and environmentally sustainable food production) and to deliver the improvements to a wide range of environmental public goods (landscape character, biodiversity, the historic environment and to soil and water quality) that are needed across the European Union. CPRE believes that, as with previous rural development programmes, the greatest challenge will be to ensure rural development measures are properly integrated, environmentally, economically and socially, so that the necessary increase in rural development funding is used effectively and efficiently.

CPRE believes it is essential that an indicator is developed to monitor improvement or decline in the quality of Europe's landscapes. This is currently inadequately monitored at a European Union level and introducing such an indicator would show the public how payments from the CAP are contributing to the protection and enhancement of features (natural, semi-natural and historic) that improve landscape character and the distinctiveness of Europe's countryside. A useful starting point for creating an indicator of this type would be the Countryside Quality Counts methodology that has been developed by Natural England. (<http://countryside-qualitycounts.org.uk/publications/CQC-Assessment-Methodology.pdf>)

CPRE also believes that there must be increased monitoring of changes to biodiversity in all member states so that environmental policy instruments can be targeted and adjusted more effectively. Improvements in the monitoring of soil quality are also required to compensate for the lack of a Soils Directive. There is also a continuing need for comprehensive monitoring of water quality to show where resources and measures can be more effectively targeted to support the actions that are required.

Birdlife International

The UK's Royal Society for the Protection of Birds was a principal author of this published, EU-level response, and referred us to it, when we sought their views on the reform proposals, prior to publication of the draft regulations. The following text summarises views expressed in the Birdlife document.

Impact assessment

Option 1 (the 'adjustment scenario') is extremely limited in scope and will not tackle the environmental challenges outlined in the Impact Assessment. While a move towards a harmonised, flat rate direct payment under the first pillar may partially address issues of equity in the distribution of the CAP budget, it will not provide a justification for the payments themselves

Option 2 (the Integration scenario) is clearly the Commission's preferred reform option, and the option outlined in most detail, so we will spend more time providing feedback on this. Option 2 has potential to support farmers who are already managing their land in environmentally beneficial ways and to incentivise others to adopt more sustainable methods.

Option 3 (the re-focus scenario) has significant potential to use the CAP's considerable budget to address the environmental challenges facing European agriculture and to protect and enhance the natural resources required for continued commodity production and wider rural development. The progressive phasing out of the SPS system would provide the farming sector time to adjust and adapt their business models and increased rural development funding would facilitate the diversification of income generation in the wider countryside.

Direct payments

As the (EC) Impact Assessment document acknowledges, *direct payments "provoke strong criticisms and are difficult to justify to the general public".*

They also fail to adequately support systems of farming which produce high levels of environmental benefit, either due to their relatively low production levels (if the direct payments are linked to previous production levels) or because their farm size is deemed too small to justify public support. The problem is particularly acute in the case of Europe's smallest and most marginal farms, which are often precious HNV systems but are in many cases completely excluded from the CAP system. According to the WWF Danube-Carpathian Programme, around 70% of subsistence and semi-subsistence farmers in Bulgaria and Romania do not receive any support due to the minimum land size requirement in the Single Area Payment Scheme, the use of communal grazing lands, short term leases and other problems.

Pillar 2

BirdLife is a strong advocate of the approach taken under the CAP's Rural Development Pillar. It is based on solid principles (e.g. Partnership, programming and Commission approval of Rural Development Programmes) and has considerable potential to tackle the biodiversity challenge, support farmer incomes and contribute to wider rural development. However, as highlighted in our 2009 report, the potential of Rural Development to achieve its objectives for biodiversity is still severely undermined by poorly designed schemes and insufficient allocation of resources. Only a very small portion of current Rural development spending is targeted at biodiversity, while many potentially harmful investments are still funded without appropriate safeguards e.g. irrigation expansion, drainage and extension of road networks.

The rural development budget must be commensurate with the level of need – as highlighted above, the Land Use Policy Group (LUPG) has estimated that in the UK alone the Pillar 2 budget should be closer its current Pillar 1 allocation. A significant increase in the rural development budget would therefore present a clear potential to address key environmental objectives across the EU, if deployed to appropriately designed and targeted schemes. As

we have argued in 'Could do Better' (2009), the principles that Pillar 2 reflects represent the basis upon which all CAP support should be based: a contractual basis, targeting, programming, a strategic approach and the partnership principle. A significant expansion of the rural development budget, and by association, the amount of the CAP budget to which these principles apply, would take the Policy significantly closer to reflecting the public money for public goods principle.

Difficulties include:

- Channelling support to 'hard to reach' farmers, particularly in new Member States, who have a poor understanding and poor access to rural development measures. However, this is an issue under both Pillars of the CAP as evidenced by extremely high proportion of small farmers in new Member States failing to qualify for direct payments.
- The need to address issues around the 'income forgone' approach to rural development payments as these will not be adequate for farmers with negligible or negative incomes. Part of the solution would be to use Pillar 1 payments to support HNV systems but also include the need to identify the correct costs of labour within the "cost incurred" definition of commitments.
- The need to support public administrations who will face more complex management arrangements in order work towards measurable targets and objectives.
- Ensuring Rural Development Programmes are in line with strategic EU priorities.

Well designed and properly functioning IT systems are crucial to ensuring the unavoidable CAP bureaucracy functions smoothly. This is relevant both in terms of processing farmers' agreements (and subsequent payments) but also to targeting and monitoring. The IACS and LPIS systems are important to record land parcels properly and as a result have the potential to help direct payments appropriately i.e. higher rates to semi-natural grassland under the proposed permanent pasture protection requirement. Well designed systems can also reduce the amount of time and money spent on monitoring e.g. the use of satellite imagery to monitor landscape features.

Market measures

Farmers' weakness in the food supply chain must be addressed to ensure transparency and equity of payments from processors and food distributors. While farmer cooperatives have the potential to secure a healthier return, this is not always the case and again, transparency and equity must be ensured. Added value and high value produce are EU strengths and farmers should develop the potential to use enhanced environmental production methods as a unique selling point. This would secure a better return for individual farmers (and in turn act as an incentive to adopt more sustainable practices across the sector) and would also boost the sector's overall competitiveness on the global market.

English National Parks Authorities Association

These points summarise views put forward in a published opinion on the impact assessment.

It is considered that the best coverage of reform objectives would be achieved by a policy whereby Pillar 1 direct payments are refined and retained with cross compliance to provide a transparent process of return for widespread, non market, public goods but where the 2nd Pillar is increased to a greater extent so as to achieve more detailed local environmental and rural development objectives.

Dependent on the scale of the transfer of support from Pillar 1 to 2nd Pillar there is a risk that Pillar 1 no longer forms an effective policy tool. 'we consider that Pillar 1 takes up far too much of the available budget and that 2nd pillar objectives are not being achieved as a result. However, a balance needs to be maintained if all of the reform objectives are to be met. The other difficulty with a significantly increased rural development budget is the need to develop efficient delivery processes that do not obstruct positive actions.'

WWF – This statement also represents the views of Friends of the Earth, Pesticide Action Network, Butterfly Conservation Group and other Environmental NGOs

Environmental and farming NGOs welcome the European Commission's focus on the delivery of environmental public goods through greening the CAP and its intention to re-integrate diversity in the farm sector. However, a clearer and more balanced vision for a green CAP is necessary to set European farming on the road towards sustainability, ensure long term food security, promote eco-innovation and ensure a more efficient use of public funds. We are deeply concerned that the Commission's Communication is not based on a robust enough analysis of current challenges, especially concerning natural resources, and lacks both ambition and clarity.

CAP Architecture

The document, presented by the Commission on 18 November 2010, contains some clear improvements to the current direct payment system, linking basic income support to farmers with potentially good agronomic practices such as crop rotation, grassland protection and environmental set-aside. If properly implemented, this could deliver crucial environmental improvements and move European farming toward greater sustainability. The intention to support farmers, in both pillars, who help to conserve the Natura 2000 network is also encouraging.

Greening P1

We welcome the mandatory nature of the new greening component but there is no indication of what proportion of the direct payment budget it will take. This new payment should form a significant, and increasing, proportion of the pillar 1 budget in combination with the abandonment of all historic references, to signal the policy's transition towards a fully targeted public money for public goods approach.

Coupled supports

Of particular concern are the Communication's proposals for backward-looking schemes, for example allowing Member States to reintroduce production subsidies to certain sectors without any link to the delivery of public goods. This raises issues of negative impacts on developing countries, their ability to develop their own agricultural sectors and the EU's stand in the world. It would also erode the 'common' aspect of the policy, deemed so important by the Commission for tackling cross border issues like climate change, biodiversity loss and ensuring a level playing field for farmers across Europe.

Pillar 2

The proposal's emphasis on making rural development programmes more objective orientated is pleasing, especially in relation to the delivery of broader EU environmental goals. We value the specific references to High Nature Value and Organic farming in the proposal due to their proven delivery of environmental public goods. However, much more than a name-check is needed to support these systems of sustainable production. Both HNV and Organic farming systems should be targeted specifically and promoted through effective and sufficiently funded support tools. The Communication acknowledges the contribution of agriculture to the implementation of the EU's climate change policies. We welcome this attempt, but all measures (especially innovation and climate related) must undergo biodiversity, resource efficiency and climate-proofing procedures to protect against incoherence of policies and detrimental side effects on the environment.

Despite these green, if incomplete, steps the proposal completely fails to provide a reference or commitment to agri-environmental schemes. These schemes form the backbone of a more sustainable CAP and are a key tool for delivering for the environment if properly designed and (co)financed by Member States. Agri-environmental schemes must continue to form a central role in the next CAP, with improved financing and training and independent technical support for farmers to undertake schemes which tackle local environmental issues

Environmental and farming NGOs remain convinced that a coherent system of payments for public goods is the only way to justify the large amount of taxpayers' money which funds the CAP. This approach will help to maintain thriving rural communities, protect public health, ensure a fair treatment to all farmers as well as achieve the EU's environmental and climate objectives and ensure our long term food security.

Other bodies – individual responses

The UK Parliament's Environment, Food and Rural Affairs Committee

This Committee of elected members from all political parties conducted an inquiry into the CAP reform proposals at the end of 2010, gathering written and oral evidence from a wide range of UK stakeholders and also from the European Commissioner, Mr Ciolos. Its summary findings are given here.

The primary objective of the Common Agricultural Policy should be to deliver food security for the EU including a significant degree of self-sufficiency. At the same time, the CAP should help farming businesses become more competitive and profitable and should manage our natural resources sustainably, including maintaining agricultural activity in areas where it enhances our physical and cultural landscapes. Recognising the combined challenges of a growing world population, climate change, and environmental degradation, the future CAP must help farmers to produce more while having fewer adverse impacts on our natural environment.

CAP architecture

The European Commission has set out a range of options for the CAP after 2013. We are not convinced that any of the options as they currently stand represent a good deal for the UK. In this report, we have set out what changes Defra should seek to achieve on behalf of the UK as a whole. We have focussed on the key issues for UK agriculture: the future of direct payments and the balance between supporting farmers and protecting the environment.

We believe that direct payments have a place within the CAP, for as long as business conditions in agriculture fail to deliver a thriving and profitable industry. While we share Defra's ambition to reduce reliance on subsidies, we are not convinced that simply reducing direct payments is the way to achieve this. If Defra is to retain credibility, it must set out exactly how UK farmers will become self-supporting, against a backdrop of rising input prices and greater competition from third countries. In this context, we encourage Defra to clarify its own food security strategy, taking into account the recommendations of the Foresight report¹ and its own position on the CAP.

Our witnesses rejected the European Commission's proposals to 'green' Pillar 1 through compulsory additional agri-environmental measures as they risk creating additional complexity of implementation while not delivering tangible benefits. We agree that the future CAP should place greater emphasis on sustainable farming, but believe that this will be more successful if farmers are encouraged by incentives rather than stifled by regulation. Additional agri-environmental measures must be directed at 'win-wins' for competitiveness and sustainability if they are to gain traction in the long-term. In principle we agree that strengthening and expanding the agri-environment component of Pillar 2 would be more appropriate than establishing a new raft of measures in Pillar 1. However, if UK farmers are

¹ The UK government has supported the production of a number of so-called 'Foresight' reports, led by the Chief Scientist, over the past 3 years. In 2010, one such report was published on Food Security' – reference needed.

not to be disadvantaged, there must be a common approach and a common target for implementation across Europe. For this reason, we suggest Defra consider whether full EU-financing would be more appropriate for measures that are intended to be applied across Europe.

The Commission's proposals are lacking in both vision and detail as to how it intends to increase the competitiveness of EU agriculture. Elements of their proposals, such as payment ceilings and additional support for small farmers, risk making UK businesses less competitive. Defra should negotiate changes to these elements and ensure that the final legislative proposals represent a clear plan for growth in EU agriculture. In particular, the final proposals must give fuller consideration to rectifying imbalances in the food supply chain and strengthening farm extension services and knowledge transfer. Any new definition of eligible recipients of CAP payments must not disadvantage the UK's tenant farmers and commoners.

Defra's handling of the debate over the future CAP has not impressed us thus far. We are concerned that their stance on direct payments lacks clarity and may reduce their ability to negotiate constructively with other Member States, or with the devolved administrations. It is incumbent on Defra to ensure that the devolved administrations' views are fairly represented. We encourage Defra and the devolved administrations to produce a joint position statement on the CAP post-2013 swiftly.

Local Government Association (UK-wide)

This statement was published before the draft CAP legislative proposals, during 2011.

The agricultural industry should focus on providing society with food security and quality in a sustainable and fair way. Public intervention where there is market failure should continue when for wider public good, such as stimulating environmental improvements in food production and land management, and targeting help at smaller or disadvantaged farmers.

Assuming the current 2 Pillar system remains after 2013, we would advocate the following:

Pillar 2: Rural Development Programme could be reformed to:

- increase the proportion of funds supporting rural economic and social development and diversification (currently axis 3), particularly in green economy.*
- pursue a local approach driven by bottom-up priorities, led by local authorities and their partners, with an strengthened and broadened LEADER initiative*
- simplify procedures and reduce the number of centralised agencies*
- better coordinate with other EU initiatives seeking to achieve similar outputs in places, such as structural funds and thematic programmes (LIFE+, FP7, Natura 2000 etc)*

Pillar 1: Direct Payments could be reformed to:

- increasingly target payments towards providing public goods benefitting society as a whole, for instance rewarding farmers for environmental stewardship services.*
- increasingly target payments at smaller or disadvantaged farms.*
- reprioritise spending on blanket subsidies, which are not currently targeted at any specific output, by moving into pillar 2 for wider rural development and diversification.*

It would be appropriate to increase modulation so that Pillar 2 receives a far greater proportion of overall CAP spending. There is also need to reprioritise spending within Pillar 2, while environmental stewardship remains a priority (axes 1 and 2), it is appropriate that

wider rural economic development measures (axis 3) receive a greater proportion of spend in the next programme.

If adequately supported by simplified administrative processes, devolved delivery could remove layers of bureaucracy, bringing clarity of management function and significant efficiency savings. There are currently too many different organisations involved in managing the various elements of the rural development programme. This wastes a significant amount of time and money. For instance in England, government oversee the programme (DEFRA), the Forestry Commission, Natural England and Regional Development Agencies manage various axes, the Rural Payments Agency pay out funds.

Local authorities are place-focussed and have a good understanding of the needs of local communities and local economies, have a track record of successful partnership working and are best placed to formulate and implement delivery plans.

4. Dynamic of the debate, to date

Most of the published responses summarized here pre-date the emergence of the draft regulations in Autumn 2011. Where possible, the text also covers more recent views reported in the national and sectoral media since the content of the draft regulations became more public (dating from when inter-service drafts were leaked to the press, in early to mid-September 2011). However, to give a fuller picture of reactions to the draft legislative proposals, interviews were also conducted with selected individuals in relevant positions among NGOs and government.

The UK government realized since July 2011 that the UK's initially preferred option was effectively 'dead'. Therefore, the administration is apparently now seeking to preserve the importance of Pillar 2 within the new package, and for the UK to obtain a larger share of the total Pillar 2 budget than previously, as well as considering how best pillar 1 funding could be targeted to achieve more public benefit. However no specific preference in respect of the detailed options in the regulations has been signalled publicly by Defra: this is apparently the 'plan B, that dare not speak its name'. The UK Treasury regards all the options for greening pillar 1 aid as essentially representing 'too much deadweight'. Thus, UK ministers continue to call for a more radical reform ('Plan A').

The devolved administrations, by contrast, are robustly supporting the retention of Pillar 1 aids. The Scottish support targeting Pillar 1 to LFAs while the Welsh don't like this, and the Welsh are concerned about the negative impact upon their dairy sector of a flat-rate area payment, given that many Welsh dairy farms could be considered relatively marginal by comparison with larger holdings elsewhere in the UK and EU.

Among farming organizations, the NFU Scotland and Tenant Farmers Association strongly support the notion of targeting aid at only active farmers but are not happy with the EC's proposed definition for this. The Welsh farming unions have decried the likely decimation of the Welsh dairy sector if payments move to a uniform area basis, and say that the net effect of the reforms in Wales will be to take land out of agriculture and undermine farming communities.

The CLA supports the move to an area payment and the LFA top-up, would like stronger Pillar 1 greening but sees this as distinct from Pillar 2 measures. It would prefer more flexible co-financing, also.

The environmental lobby – RSPB, WWF, CPRE, FoE and others - mainly regard the legislative proposals as insufficiently green. They dislike the removal of the requirement to spend a minimum share of pillar 2 funding on axis 2-type measures, the lack of explicit reference to targeting aid towards High Nature Value areas, and the addition of measures for income stabilization and risk management into pillar 2 menus which will dilute its purpose, in their view. The proposals for greening pillar 1 are seen as weak and unlikely to deliver any tangible environmental benefits over and above cross compliance. An alliance of 25 UK NGOs has called for a substantial increase in the budget that is devoted to targeted environmental benefits or so-called public goods, under pillar 2 of the CAP.

The Scottish crofters association (semi-subsistence very small part-time farms) supports the option to enable retention of coupled aid in respect of grazing livestock, and the intention to limit aid to active farmers. They call for no lower size threshold on the receipt of CAP subsidies.

We have not yet been able to identify responses to this round of CAP reforms from the international aid agencies in the UK, nor from rural community and business interests. However, an analytical paper written by Professor Alan Matthews of Trinity college, Dublin for the ICTSD, an international trade and development think-tank, suggests that the impact of the reform proposals on developing countries will be relatively minor for all except major traders in rice and sugar, and probably they will reduce the EU's level of production of several key commodities. Nevertheless, the neglect of proposals to reform trade barriers in the package is highlighted as a 'missed opportunity'.

The anticipated process in the UK from here onwards appears likely to be rather fragmented and unclear, as it has been to date. Defra is asking organizations to offer their views on the proposals but has already stated its lack of enthusiasm for what is on offer. By contrast, the devolved administrations appear much happier with the draft legislation, and they seem likely to seek to identify collective views from their territories, drawing upon a range of local stakeholders to help them to form positions.

The timetable for agreeing the legislation is seen by all main groups as being fairly slow, running at least into the first half of 2013. This is explained as being a result of two factors: the next two presidencies being distracted by the problems of the Euro and wider economic pressures; and also both being too weak to be able to broker agreement.

This expected slow timetable for finalising the legislation may partly explain Defra's reluctance, still, to engage with the Commission's detailed proposals for pillar 1 in particular. If final agreement is still more than a year away, the UK Treasury is likely to continue to press for a more radical model of reform and this will constrain Defra's 'room for manoeuvre' in respect of influencing the details of the package, for as long as it persists.

5. Concluding remarks

The UK debate on the currently-proposed reforms of the CAP is strongly coloured by the dominant rhetoric of the official government view, which emphasises the need for CAP support to be significantly reduced and more closely focused upon public goods, in future, and for farming to be more internationally competitive without support. Despite this, a wide variety of alternative perspectives is also evident, most strongly in respect of the opinions of the devolved territories of Wales, Scotland and Northern Ireland, and their official and NGO representatives.

The dominance of the official view in England, coupled with strong criticisms from environmental NGOs that the reform proposals do not offer enough for their interests, appear to suggest that further debate here will be largely critical of the proposals and see them as too weak and conciliatory. However, a more positive view will be taken in other parts of the UK and some support for the Commission's 'middle ground' position is already emerging in Wales and Scotland.

Out of this mixture, it seems that the Commission will benefit, to the extent that this divergence of views within the Member State will serve to weaken the UK's already relatively weak voice in the EU-27 discussions about the reforms. Traditionally the UK has been seen as something of an extremist, marking one end of the spectrum of Member State opinions about the value and purpose of the CAP. To date, there is no clear evidence that this position has shifted. On the other hand, a number of UK-dominated or strongly UK-influenced EU-level NGOs, notably including Birdlife and the ELO, as well as the agencies' Land Use Policy Group (assuming its current domestic political challenges can be overcome), still have the potential to influence the progress of EU-level discussions and the nature of the eventual agreed regulations.

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