



CAP Reform: Opportunities for Scotland NWCPA Response to Consultation Paper

Decoupling

We support the principle of full decoupling with a view to simplifying the paperwork burden for all producers. Full decoupling would also make it possible for producers to concentrate more fully on appropriate production methods for the land they work and facilitate development of new markets.

Recoupling

NWCPA does **not** support recoupling in any sector since this would undermine the possibility of simplification and maintain the inequalities of the SCP quota system for the many north west producers without quota.

National Envelope

Beef Sector – We strongly support the use of a National Envelope amounting to the full 10%. NWCPA would like to see this support directed towards maintaining cattle in marginal areas for environmental reasons. We note that EU legislation states that national envelopes can be used *‘for specific types of farming which are important for the protection or enhancement of the environment’*. The importance of cattle to the biodiversity of the Highlands and Islands should not be underestimated – cattle grazing and production of winter keep is fundamental to local bird and plant life and to effective maintenance of Scotland’s valued crofting landscapes.

We would therefore encourage SEERAD to direct this national envelope on a headage basis to suckler cows in the LFA areas defined as ‘fragile’ and ‘very fragile’. Further reductions in cattle numbers in these areas would threaten the critical mass of the Scottish suckler herd – maintenance of this hardy, disease free herd is also crucial to the Scottish quality beef sector now and in the future.

Arable Sector – NWCPA would like to see a smaller national envelope of some 5% in this sector used to support cropping in the ‘severely disadvantaged’ areas. Again we request this on environmental grounds since the small cropped areas provide cover and

feeding for a significant range of birds. Support for this kind for cropping in the crofting areas would also serve to support cattle keeping in these same areas.

Flat-rate Area Based System

NWCPA favours introduction of a horizontal hybrid system over a 10 year period instead of purely historic payments because:

- In the future it will be very hard to justify the significant public funds involved if the spend is based purely on historic entitlement
- By starting with 10% area based and 90% historic entitlement and increasing the proportion of the SIP based on the flat-rate each year it is possible to ease transition while working towards a fair and defensible payment system
- An Area Based system would make it possible to manage the National Reserve in a logical way
- Very crucially an Area Based system would put future new entrants on a similar footing to existing producers and would avoid the SIP artificially inflating the value of a tenancy when it comes to assignments
- This type of system would reduce detrimental trading in SIP entitlements and make it easier to bring currently unclaimed croft and township ground back into production should the opportunity arise
- Regional GAEC could be used to cap high claims on large estates by scaling back the rates on very large units where the stocking density is below 0.12LU/ha and no jobs are retained through agricultural activity

Dairy Decoupling

This is not relevant to our members.

Set-aside

This is not relevant to our members

Modulation

It is clear that the north west and other similar crofting areas **ought** to gain relevant support for securing wider social, economic and environmental impacts via a new, future Rural Development Programme. NWCPA strongly encourages SEERAD to include appropriate funding levels and support for cattle keeping in the marginal and upland areas in Tier 2 LMCs when these are developed. Recent research carried out by NWCPA has quantified comparative regional disadvantage and shows that, when fixed costs are included, it costs £110 more per cow to keep a cow in the north west compared to central Scotland. If relevant and accessible support for cattle keeping and marketing by **both individuals and groups** in the marginal areas will genuinely be developed by this route in the 2006 review NWCPA would support continued national modulation at 4.5% from 2005 to 2007, assuming match funding by the Treasury. Again if Treasury match funding is secured and appropriate funds and schemes in support of cattle in the disadvantaged areas are developed NWCPA would support national modulation of 10% from 2007 onwards providing this and the Beef National Envelope do **genuinely** reach those most in need – **small and medium sized units keeping cattle in Scotland's most**

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marginal areas. NWCPA also recommends that in line with EU policy National Modulation should not be applied to the first €5000 of support.

GAEC

It is important to avoid the mistake made with LFASS whereby the minimum stocking density was in many cases higher than the township level souming would allow. Any regional GAEC measures must be simple and avoid hindering the ‘freedom to farm’.

LFASS

We note that this scheme is set to continue after 2005. In effect this will still hold participating producers to particular rules potentially incompatible with the SIP and the spirit of the MTR. In the future we would like to see LFASS **genuinely** used to off-set the structural disadvantage experienced in the most marginal areas rather than spread across 85% of Scotland and supporting areas whose claim to disadvantage is tenuous at the very least. While we appreciate the need to avoid large estates with very low stocking densities taking large payments the current system disadvantages those who should in fact be best served by this form of rural support – small and medium producers in fragile and very fragile areas. Surely it would be very simple to only apply the scale back (total ha x one sixth etc) to producers below the minimum stocking density with more than 200 ha of ground and where no jobs are being retained through agricultural activity? That type of approach would rectify the current problem whereby this form of Pillar 2 support is being actively directed away from those who are best qualified to receive it.

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