



**Common Agricultural Policy (CAP) Health Check:
Consultation on EU Commission legislative
proposals.**

Comments by

Northern Ireland Environment Link

5 September 2008

Northern Ireland Environment Link is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 51 Full Members represent over 85,000 individuals, 262 subsidiary groups, have an annual turnover of £100 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment.

These comments are agreed by Members, but some members may be providing independent comments as well. If you would like to discuss these comments we would be delighted to do so.

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Welcome for the CAP Health Check

We welcome the consultation on the Common Agricultural Policy (CAP) Health Check and the opportunity to make comments. We believe that the proposed reforms to the CAP present an opportunity to give farmers and landowners appropriate payment in return for their provision of desired public goods such as increased biodiversity, enhanced landscape quality, action on climate change and improved water quality.

A) Improving the Single Farm Payment

Provision of an option to make changes to the model of decoupling

NIEL believes that the continued use of the historic model within the payment structure is, and will become increasingly more inappropriate. The transition from historic payments to flat rate payments entails a redistribution of subsidies. In most cases this redistribution would be away from intensive farmers that tend to be more financially viable, toward smaller, less intensive, lower input and less competitive farmers that certainly have more need for support and that in many cases also deliver substantial, and often unrewarded, public goods. The introduction of a flat rate payment would enable greater public transparency and help sever the link to production which is the key underlying principle behind the concept of decoupling. Rather than 'allowing' Member States to choose their model of SPS there should be more proactive encouragement towards a flat rate model to ensure a level playing field across Europe.

Reduction in the number of types of entitlements

NIEL has no objection to the conversion of set-aside and national reserve entitlements to standard entitlements. In addition, any simplification in the administration of these entitlements is to be welcomed.

Changes to land eligibility rules

NIEL supports the simplification of the land eligibility rules and would welcome the inclusion of short rotational coppice as an eligible land use provided that appropriate checks and balances are in place to ensure the sustainability of the crop.

Introduction of minimum payment sizes

While NIEL understands the administrative benefits of the introduction of mandatory minimum payment levels of either €250 and/or 1ha, we believe that it is important to provide support to small farmers in order that the positive environmental impacts of farming in marginal land be maintained. The introduction of a minimum payment level may well lead to the removal of the incentive for the smallest farmers to meet the requirements of cross-compliance. Furthermore the level of subsidy paid to a farmer should be commensurate with the level of public good derived from their activities rather than the scale of the farming operation.

Abolition of the Energy Crop Scheme and aid for short flax fibre in 2010

It is important to support the development local low carbon energy solutions that have been shown to satisfy rigorous sustainability criteria. We believe that in some instances energy crops may achieve these sustainability criteria, however the system of payments should be reviewed to ensure that they support only crops which satisfy sustainability criteria and lead to an overall reduction in carbon production on a whole life costing basis. We have yet to be convinced of the sustainability (on all three criteria) benefits of primary biofuels crops which displace land from food production. Much work remains to be done to develop viable secondary biofuels from waste products and this should be supported.

The continuation of such a scheme should be contingent on a Strategic Environmental Assessment of the bioenergy resource available in Northern Ireland showing that there is real potential for carbon savings without the deterioration of important biodiversity and landscape features (a landscape scale approach to the assessment and recommendations should be adopted). Individual schemes should adhere to minimum environmental standards and associated best practice guidance on planting and management (for example, there should be a market for the products near-by and the plantation should not be sited on semi-natural habitats). For further information see the Northern Ireland Environment Link, Scottish Environment Link, Wales Environment Link and Wildlife and Countryside Link prepared policy paper, ***Bioenergy in the UK: Turning Green Promises into Environmental Reality***, which sets out measures that the Links believe need to be taken by national and devolved governments to ensure that UK bioenergy production and use develop in a sustainable way: [Bioenergy in the UK](#).

Changes to the statutory management requirements of cross compliance

Cross-compliance conditions serve to reinforce existing legislation, and to ensure that farmers manage their land in a way that delivers a basic level of environmental protection/improvement. NIEL believes that cross-compliance has brought benefits to the farmed environment across Europe and is helping European taxpayers to understand the importance of farm support. There should not be any weakening of current cross-compliance conditions and efforts should be made to improve its efficiency and impact in all Member States; in fact we believe that the cross-compliance requirements need to be enhanced to encompass a wider range of environmental features on farmed land as well as an increase in the minimum standards required in order to further improve the environmental outcomes. The Single Payment Scheme should guarantee that farmers deliver a minimum level of environmental public goods through the need for farmers to follow Statutory Management Requirements and GAEC standards.

Proposals to increase decoupling in other Member States

NIEL believes that decoupling should be pursued across Member States to achieve environmental benefits. As well as providing a level playing field for agricultural production across the EU, cross-compliance rules should be used to ensure that all land is actively managed and maintained in good environmental condition. In exceptional cases partially coupled support should be continued in areas where a minimum level of agricultural production is required to generate environmental benefits (for example, grazing to maintain traditional habitat type).

B) Improving Market Orientation

A further review by 30 June 2011 of conditions for smoothly phasing out the milk quota system by 2015 or whether all reforms for achieving such an outcome should be included in the Health Check.

Such a further review should be undertaken in order identify the sustainability implications of phasing out of the milk quota system.

Abolition of set-aside and whether additional environmental measures are needed

NIEL understands the desire to move away from the set-aside policy at a time of increased demand for food production. However, set-aside has helped deliver significant environmental benefits: for example, permanent set aside is currently creating areas of important wildlife habitat, buffering water courses, extending semi-natural habitats, protecting archaeology and enhancing landscapes, and rotational

set-aside is providing an important food source for farmland bird populations. Set-aside also plays an important role in meeting the EU Gothenburg target of halting biodiversity decline by 2010, as well as Water Framework Directive targets for achieving good ecological status in water bodies.

Consequently, there are negative environmental implications in set-aside is being brought back into production. NIEL believes a replacement mechanism should be introduced following an environmental evaluation of alternative mechanisms. The replacement policy must deliver the environmental outcomes achieved under set-aside and have the aim of delivering further environmental benefits. It must also ensure that land of high biodiversity value is not lost to intensive farming.

NIEL believes that to compensate for the loss of set-aside a new mandatory cross compliance mechanism should be introduced that requires each farm holding receiving the Single Farm Payment to demonstrate how a percentage of their land is managed for environmental measures such as to protect water bodies from diffuse pollution, retain important wildlife habitat and add to the diversity of the farmed landscape. Cross-compliance conditions being introduced in England and Wales go some way to achieving this. There is an urgent need for an assessment to be made of the amount of land that would be needed on each holding to replicate and enhance the environmental benefits that the considerable public investment in set-aside policy has provided since its introduction. Flexibility in terms of defining eligible land use at the Member State and regional level should be provided for, but clear environmental benefit must be demonstrated. Farmers would in most instances be free to choose how to reach the minimum requirement with special environmental features continuing to receive protection through legislation and support via agri-environment schemes.

Changes to 'national envelopes'

NIEL supports the use of National Envelopes and believes the Health Check should take the opportunity to assess where and under what conditions they could be used to support specific farming sectors that are facing difficulties in terms of economic viability but which play an essential role in maintaining landscape character and wildlife habitats; Perhaps the farmers in the struggling Northern Ireland red meat sector who are utilising a high nature value farming system and thus contributing to the continued delivery of a public good in the form of real environmental benefits should receive specific support to assist their economic sustainability.

C) Responding to new Challenges

Please state your views on the changes to Good Agricultural and Environmental Condition and, in particular, the establishment of buffer strips along water courses

NIEL would have serious concerns should any of the environmental Statutory Management Requirements or GAEC standards be deleted. In addition to ensuring diffuse pollution issues are covered under cross-compliance, NIEL believes there is scope to add some further GAEC standards to cross-compliance, for example to include protection for all types of field boundaries, ancient woodland, veteran trees, traditional orchards and historic environment features. Cross-compliance should be extended to ensure that a baseline level of protection is provided for these features.

Permanent grassland is one of the most important farmed habitats for biodiversity in the EU and is particularly important in Northern Ireland, and it is also a significant

carbon sink¹. Cross compliance currently requires Member States to monitor the area covered by permanent pasture and ensure the overall area does not decline by more than 10% (5% has been adopted in Northern Ireland). These rules are inadequate. They allow for a 10% reduction in grassland areas at the national level, which can result in the virtual elimination of ancient, carbon rich and biodiversity valuable grasslands, as long as an equivalent arable area is planted with grass cover. NIEL believes that cross-compliance should be strengthened to ensure permanent grassland is protected where there are benefits for biodiversity, historic environment features and landscape. Without greater protection there is the danger that this valuable habitat would be vulnerable to wholesale conversion to arable crop production at a significant cost to biodiversity.

As stated in the NIEL response to the Directorate-General for Agriculture and Rural Development's consultation on the CAP Health Check Proposals in January 2008, NIEL believes that there is also scope to amend Council Regulation 1782/2003 to ensure resilience, avoid the deterioration of habitats and landscape character and to assist in the expansion and connection of habitats. The impact of these amendments, or other measures which could enact them, at the Member State level would be to enable them to make strong statements within their national definitions of GAEC, for example:

- Explicit protection of ancient, veteran, hedgerow, traditional orchard and boundary trees;
- Protection of ancient woodland, wood pasture and parkland and semi-natural habitats including hedges;
- Inclusion of 2m buffers around all ancient and semi-natural habitats
- Prevent overgrazing in woodland and wood-pasture and relaxation of undergrazing where environmentally beneficial to do so- i.e. allowing scrub to develop adjacent to woodland; and
- A percentage of all land holdings to be designated for management for biodiversity and other environmental public benefits (see response below on set-aside).

Please state your views on the concept of increasing funding for rural development and requiring the increase to be spent on measures under the priorities of climate change, bio-energy, water management and biodiversity.

NIEL welcomes the concept of increasing funding for rural development with the increase to be spent on and climate change, bio-energy, water management and biodiversity. Existing measures to tackle these priority areas are inadequate. NIEL considers it essential that measures to address climate change are introduced into both pillars of the CAP. However, it is important to recognise that there will be a substantial additional cost for implementing measures needed to adapt farmed land to address the effects of climate change on biodiversity and it is crucial that adequate funding is provided to deliver these measures.

NIEL would like to see public support payments for biofuel production reviewed. Recent evidence suggests that the contribution of biofuel crops in reducing global

¹ JRC & EEA (2006). *Proceedings of the expert consultation "Sustainable bioenergy cropping systems for the Mediterranean"*. Madrid, 9-10 February 2006.

Vellinga, V; A. van den Pol-van Dasselaar and P.J. Kuikman (2005). *The impact of grassland ploughing on CO₂ and N₂O emissions in the Netherlands*. Nutrient Cycling in Agroecosystems 70: 33 – 45.

Freibauer, A; M.D.A. Rounsevell, P. Smith, A. Verhagen, *Carbon sequestration in European agricultural soils*, Soil Science Review, 2004

warming is limited. NIEL is also concerned that support for biofuels could encourage increased intensification of production of biofuel crops making biofuels unsustainable both in terms of global warming gases, food supply and land use. A comprehensive assessment of the sustainability of each supply of biofuel should be conducted before it receives support. It is probable that second generation biofuels will satisfy these criteria more easily than those currently available.

Water management measures will similarly need to address both existing challenges on water quality, reinforcing those being addressed by the Water Framework Directive, and changes to land use to manage water to deal with the challenges that arise from climate change, including storage of flood water and coastal realignment.

NIEL welcomes the proposal to increase funding to Pillar II through the increase in compulsory modulation across all Member States. It is essential that the Health Check results in more funding becoming available for rural development. In the longer term we believe the CAP must evolve to support sustainable land management and to address the environmental challenges we are facing. In the short term an increase in rural development funding is crucial to achieve this.

We seek a radical re-orientation of land management policies to:

- protect and restore our wildlife and habitats;
- protect and enhance our historic environment, landscapes and woodlands;
- ensure the sustainable use of our limited water and soil resources;
- help mitigate and adapt to the challenges arising from climate change;
- promote sustainable local food production; and
- ensure the secure and sustainable production of animal welfare friendly food and other commodities.

In order to deliver this re-orientation of land management we propose the realignment of the current two pillar mechanism of the CAP, split between a decoupled farm payment and support for rural development, and instead develop an alternative integrated system which delivers a Sustainable Land Management Policy. The revised system would be used to support positive land management activities that deliver sustainable land management and could in turn underpin profitable farm businesses and prosperous rural communities. Rather than most of the money in the CAP being paid in the form of decoupled production payments attached to legal compliance, in future payments should be targeted to those undertaking a wide range of positive actions that deliver sustainable land management and the public goods identified above.

The increase in compulsory modulation by 2% per year to 13% in 2012.

NIEL strongly supports the Commission's proposals to increase the rate of compulsory modulation across Europe and believes that the additional funding will be vital in addressing the new challenges that have been identified. However, NIEL notes that the decision to increase modulation to 13% by 2013 falls well short of the Commission's original plan to increase modulation to 20% to boost rural development objectives. In addition, NIEL believes that any changes to the rates of compulsory modulation should not impinge upon the option for some Member States to voluntarily modulate at a higher rate in order to fund farmer's agri-environment measures.

The concept of applying higher modulation rates to payments above €100,000.

NIEL supports the concept of applying higher modulation rates to payments above €100,000. It is likely that this higher rate would be levied on the more intensive financially viable farms with the opportunity to apply additional resources towards smaller, less intensive, less competitive farmers that need for more support and that in many cases also deliver substantial, and often unrewarded, public goods.

Whether voluntary modulation should be reduced to the same extent as compulsory modulation is increased - meaning no extra modulation funds for our rural development programme, unlike other Member States.

NIEL is concerned that extra funding should be available to fund the Northern Ireland Rural Development Programme if the priorities of climate change, bio-energy, water management and biodiversity are to be met and the level of our agri-environment programmes expanded.

NIEL is already concerned that Northern Ireland may be unable to meet its commitments, given the Minister for Agriculture and Rural Developments' announcement on 11 June 2007 of the decision to reduce to the rates of modulation previously announced by David Cairns MP to 4.5% in 2007, 6% in 2008, 7% in 2009, 8% in 2010, 9% in 2011 and 9% in 2012. In addition, for many regions a point-for-point reduction in the voluntary modulation rate as compulsory modulation increases would still mean a net loss in rural development funding as the first €5,000 of each Single Farm Payment is exempt from compulsory modulation but not voluntary modulation.

NIEL therefore believes that voluntary modulation should not be reduced to the same extent as compulsory modulation is increased as it is likely to have a negative effect upon our environment.

Please state any other changes to the Common Agricultural Policy or SFP Scheme in particular that you would support.

NIEL would also like to see public health aspects considered in the CAP reform. CAP plays a pivotal role in the price and availability of agricultural produce and is therefore an influential determinant of food choice today. By heavily subsidising beef and milk at the expense of fruit and vegetables, CAP has had profound impacts on public health, increasing the prevalence of many diseases and disorders including obesity, type 2 diabetes, cardiovascular diseases and cancer. Currently, 29.6% of Northern Ireland's people (dominated by low income households) are living in food poverty, ie: are unable to obtain a healthy, balanced diet. We recommend that the composition of agricultural output be brought more in line with WHO/FAO dietary requirements, thus encouraging the consumption of a balanced diet, consequently reducing health problems and inequalities. Establishment of a new combination of producer subsidies, reduction of minimum price guarantees (which encourage over-production of beef and dairy) and the ending of the withdrawal of seasonal output from the market (to keep prices artificially high) would be necessary.

We strongly believe that a 'healthy' CAP would act not only to improve human health but also to enhance the natural environment. Currently, the UK is only 60% self-sufficient for food with £24 billion spent on imports and £10 billion gained in exports. A 'healthy' CAP would significantly improve our self-sufficiency, reducing the need for agricultural imports and exports, consequently reducing our carbon footprint. Currently, 28% of the U.K.'s agricultural output (57% in N.I.) is derived from cattle. A major by-product being methane (37% of total UK methane emissions) which is a 20 times more potent greenhouse gas than CO₂. This is an input-intensive form of

agriculture requiring 7kg of grain and 15000l of water to produce 1kg of beef. Lower intensity beef and dairy production would therefore reduce pressure on limited resources (food and water) and the natural environment. By diversifying agricultural output, habitat heterogeneity will also be increased consequently restoring and enhancing biodiversity in the farm landscape.

We thank you for the opportunity to make these comments. We hope that you find them helpful and that they will be taken into account in your decision. If you would like to discuss them further please do contact us.