

**Common Agriculture Policy Task and Finish Group
CAP(4)-04-11 Paper 3**



**Common Agriculture Policy Task and Finish Group
CAP 5 - Country Land & Business Association**

CLA response to the proposed reforms to the Common Agricultural Policy

Introduction

Most of the 4,000 members of the Country Land & Business Association (CLA) in Wales are by definition rural landowners. Between them they own and/or manage half of the rural land mass and the CAP plays a key role in ensuring food and environmental security in Wales. This submission summarises the elements of the proposals of greatest concern to the CLA and constructive actions are suggested. We welcome the opportunity to give oral evidence at the Winter Fair and at any other time.

The Proposed Reforms to the Common Agricultural Policy

Mandatory Greening of pillar 1

The key Welsh issue with this is the interface with Glastir. There is a real danger that Glastir will have to be completely redefined and new contracts arranged as a result. One of our principal aims therefore is to try and minimise the extent of these changes.

The CLA would like agri environment agreement holders be treated the same way in the regulation (Article 29.4) as Organic by being exempt from having to carry out greening activities. The EU will argue that there is an issue of double funding however, this is also the case with Organic so there needs to be consistency.

The proposals state that 30% of any pillar 1 payment would be conditional to mandatory greening. However, EU officers have indicated that penalties will exceed 30% if claimants should continually fail to carry out greening measures. Therefore, 30% seems meaningless other than to claimants subject to capping who will be able to claim 30% greening element over and above their capped payment for their total eligible area. Therefore, if this is a purely political figure with no real effect on Welsh claimants then the CLA believe we should concentrate on getting the detail of mandatory greening correct rather than lobbying to have this percentage reduced. Further clarity is needed.

UNIT 8 BROADAXE BUSINESS PARK, PRESTEIGNE, POWYS, LD8 2LA

TEL: 01547 317085. FAX: 01544 260023. EMAIL: SUE.EVANS@CLA.ORG.UK

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There are a number of proposals for what mandatory greening may entail. The key areas of concern are:

Ecological focus areas – The CLA are lobbying for a lower % and particularly that the wording is changed from % of “eligible area” to % of “holding area”. Most Welsh Farmers have areas of hedges, trees, gorse, and ponds etc which are not included in eligible area for their SFP.

The CLA intend to provide a list of features to the EU that should be included in the ecological focus areas to help ensure that those features relevant to Wales are not left out. We will lobby WG to do the same.

Requirement for three different crops – We have made it very clear to the Welsh Government and to officials in Europe that this would be unfeasible in Wales where many small mixed farms grow 10 ha of barley for their own use. If there were to be a requirement to have three crops it would mean having to get a contractor with combine to visit three times which would not be feasible. The EU have told us that this measure has been put into the policy in order to avoid huge areas of mono cropping and therefore we are lobbying for the 3ha de minimis to be increased to avoid a disproportionate impact on smaller mixed farms in Wales.

Permanent pasture - The CLA have made it very clear that this proposal would remove Wales’ ability to follow market forces so that if feed grain prices continue to increase more farmers in Wales would choose to go back to mixed farming. Officials from the Welsh Government EU office explained that the reason for the rule is to stop the eastern EU countries ploughing up thousands of acres of grassland – they could see that there was an issue to address in Wales and we are lobbying for more flexibility in area or percentage.

Definition of active farmer

We are deeply unhappy about the proposed definition of Active Farmer. The conditions are:-

9.1(a) that his direct payment amounts to at least 5% of his receipts from his non-agricultural activities,

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Where farmers have successfully diversified and kept the farming business as part of the diversified business they are likely to find that they cannot claim SFP. However, their neighbour who has diversified and separated the businesses will be able to claim. EU have said that it will be down to Regions to decide how this is implemented and that they are happy for reorganisation of businesses to ensure that they can continue to claim SFP. We will be lobbying WG to ensure that they will not obstruct the reorganisation of businesses in this case.

And 9.1(b) that his land is “mainly areas naturally kept in a state suitable for grazing and cultivation” and he is not carrying out minimum activity to be defined by the Member State. Again, WG interpretation will be crucial to ensure that unjust situations are not created.

Small Farmers payments

The CLA support a minimum claim area of 5ha. The transition from historical to area based payments in England caused huge administrative problems with a disproportionate amount of time spent on small claims.

First Allocation of Entitlements

The other eligibility criteria that we are very concerned about is Article 21.2 on First Allocation of Entitlements. This is supposedly to stop ‘speculation’ in land to get people in a position to claim in 2014. The Article requires that only farmers who activated at least one entitlement in May 2011 can establish *any* entitlements in 2014. This will present problems to some, especially those who set up tenancies with an end point in 2012 or 2013, specifically to allow a review of the new system as the old system expired or anyone who has been farming without entitlements or starting up in the period after 15th May 2011. The CLA have strongly argued against this proposal and we are asking it to be removed completely.

Transition of historical payments to regional

The proposals require all regions to switch to flat-rate regional average payments by 2019. This hurts in Wales where it will involve a big redistribution of funds between claimants. The starting point is that the historic element of payments cannot be more than 60% in 2014. It seems reasonable to argue that the convergence should be able to start at 90% historic and take a full seven years as was done in England to diminish the fierceness and speed of the redistribution. However, we recognise that



there will be winners and losers both of which are our members many of which would prefer the shortest possible transition period.

Land tenure issues and dual claims

The CLA have long since highlighted the need for Dual Claims (two people claiming EU schemes on once parcel of land) and as yet it seems the EU has not come to any conclusion and in fact have stated that they see no reason why this should not be possible. We believe that as graziers and short term Farm Business Tenancy agreement holders will still be claiming the SFP, in order for this land to potentially be bought into an agri environment scheme, the practice of Dual Claims must continue.

Capping

The CLA are lobbying for this article to be dropped completely due to the size of the cuts and the disincentive it gives for restructuring and the bureaucracy for the largest farms. At a minimum we want to see an increase in the thresholds and reduce the cut rates. We suggest a maximum cut rate of 50%. If we cannot get rid of the article altogether then we must retain the 100% wage allowance.

Two voluntary elements of the proposed new direct payment scheme are:-

Payments for Areas with Natural Constraints (5%)

Voluntary coupled payments (5% - exceptionally 10%)

If WG pursue a single rate of Single Farm Payment over the whole of Wales then the uplands will benefit greatly from higher payments, therefore it should not be necessary to use the payments for Areas with Natural Constraints provision available. However, the lowland farmers will lose out greatly and we would support Voluntary Coupled Payments being made to higher production areas. Top slicing could occur with payments made to those keeping cattle for example, however this is something which we need to explore further with WG.