

Common Agricultural Policy (CAP) Reform

Response from Nourish Scotland

1 Why CAP reform matters for sustainable local food

The CAP forms the largest part of the European Union budget and influences food systems and land use across 27 countries.

The original purpose of the CAP was – following the post-War food shortages - to raise food production in Europe by subsidising farmers and guaranteeing prices. This was too successful, resulting in over-production in the 1980s and 1990s. In 2000, subsidies were ‘decoupled’ from production.

However, most payments continued to go to the largest farms on the best land. 75% of subsidies (called Pillar 1) are ‘direct payments’ to farmers, based either on the size of their farm or the crops they grew and the number of sheep/cattle they had in the years 2000-2002.

25% of subsidies (Pillar 2) go for environmental measures (including organic conversion and maintenance, farm woodlands etc) and rural development. These subsidies tend to be multiannual for longer term environmental commitments and in general achieve much greater public good than direct payments.

As food prices have risen – and look set to remain higher in the long term – the logic of using scarce public funds to pay farms to produce food is hard to sustain. One effect of the Pillar 1 subsidies is to inflate the price of land and rents to tenant farmers, making it harder for new farmers and growers to get started.

At the same time, industrial farming in Europe (especially in the most intensive areas) has had a profoundly damaging impact on the environment, with loss of biodiversity and soil degradation.

2 The current reform proposals

2.1 Greening Pillar 1

While there were calls to cut or end all Pillar 1 subsidies and move all public money to Pillar 2, this was politically impossible.

Instead, the key element in the current reform is ‘greening Pillar 1’. This means making 30% of the Pillar 1 payment to each farm dependent on the farm implementing measures on the farm to improve biodiversity, protect soil quality etc. The details have not been finalised, but could include for example growing a legume crop (peas/beans/lucerne) between cereal crops, or a cover crop to protect soils in the winter, or creating ‘ecological focus areas’ on the farm.

This proposal is highly contentious. The main argument against (from the intensive farmers) is that taking reducing production from their land makes Europe less self-

sufficient in food, and that the 'green stuff' should be done on less productive land (such as the uplands of Scotland). They would want the 'greening' to be done at regional or national level, or to allow the 'green ' payments to be traded between farmers.

The main argument for is that every farm should be taking steps to improve its impact on the environment, just as every business should reduce its carbon emissions or promote health and safety – and that farm businesses not willing to do this should lose public subsidy.

A second contentious argument is that organic farms should automatically get the greening element. This is opposed both by non-organic farmers enrolled in other environmental schemes like LEAF who say they do as much for the environment, and by some small farmer organisations who say they should also be exempt as they also contribute to the environment though they are not organic.

The argument for this exemption is that organic certification is the only legally recognised and robust scheme which guarantees an environmental contribution by farmers and growers(in the field as well as at the field margins).

Agriculture disrupts three key natural cycles – water, nitrogen, carbon. Organic farming locks up more soil carbon, uses less water for irrigation, and does not introduce additional reactive nitrogen from the air into the soil and water. Additionally, organic farming does not introduce new compound chemicals from pesticides into the soil, air and water.

2.2 Capping Pillar 1 payments

There has long been concern that most of the subsidy goes to the biggest farmers and farming companies. The new CAP proposes a sliding scale of cuts in the bigger payments from €100,000 to €300,000 per year, with no farming business getting more than €300,000. The money saved will be redistributed.

2.3 Small farms scheme

A simplified scheme for small farmers is proposed, with standard payments.

2.4 Other measures

These include more support for co-operation between farmers, support for short supply chains and distinctive local products, and more money for research

3 Nourish's position

Nourish supports the 'greening' of Pillar 1. This requirement should be imposed by all member States at farm level rather than regional level, and no trading between farms should be allowed.

Nourish supports the proposal for organic farms to receive the greening element of the payment automatically. While we recognise that organic farmers also need to keep improving their environmental performance, we see this measure encouraging more of Scotland's farmers and growers converting to organic production, thereby reducing greenhouse gas emissions, enhancing biodiversity, locking up more carbon, creating more rural employment and strengthening the organic supply chain.

Nourish supports capping of the new basic payment at €100,000 and an immediate shift to a 100% area basis rather than any historical element. Within this, payments per hectare should be graduated (similar to Land Managers Options) with the highest rate for first 10ha, then intermediate rate for next 50ha, then low rate above 50ha. Land in LFA would attract an enhanced rate, thus avoiding need for a separate scheme and breaking link with ruminant production. Farmers should be paid for public goods, not historical activity. Nourish also supports payments related to the number of people employed on the farm, to encourage rural employment.

Nourish wants to see a much more proactive range of support for new entrants – not just access to Basic Payment entitlement, but a package of grants, loans, training, advice and mentoring to encourage genuine new entrants of all ages and from all backgrounds, as well as community and social enterprises.

Nourish wants to see creative and transparent use of the CAP budget in Scotland from 2014 – 2020 to support a more sustainable food system in Scotland, including

- co-operation between cities and rural areas
- public procurement of organic food,
- support for new small farms
- stronger links between food policy and public health policy, and
- joined up research and development on climate-smart and resource-efficient food production.

In the longer term, Nourish supports much greater shifts away from direct payments towards paying for public goods. We want to see the focus shift towards a Common Food Policy, with an emphasis on sustainable consumption as well as sustainable production.