

Health Check of the Common Agricultural Policy: Wildlife and Countryside Link Position Statement On Modulation

Wildlife and Countryside Link (Link) brings together voluntary organisations in the UK concerned with the conservation, enjoyment and protection of wildlife, countryside and the marine environment. Our members practice and advocate environmentally sensitive land management and food production practices and encourage respect for and enjoyment of natural landscapes and features, the historic environment and biodiversity.

Taken together, our members have the support of over eight million people in the UK and manage over 476,000 hectares of land.

This position statement is supported by the following organisations:

- Association of Rivers Trusts
- Buglife - the Invertebrate Conservation Trust
- Butterfly Conservation
- Campaign for National Parks
- Campaign to Protect Rural England
- Council for British Archaeology
- Froglife
- Grasslands Trust
- Herpetological Conservation Trust
- Open Spaces Society
- Plantlife International
- Ramblers' Association
- Royal Society for the Prevention of Cruelty to Animals
- Royal Society for the Protection of Birds
- The Wildlife Trusts
- Woodland Trust

Commission proposal

The Communication "Preparing the Health Check of the CAP reform" identified a number of new and ongoing challenges facing the CAP such as climate change, bioenergy, water management and biodiversity and considers the RD policy as one of the possibilities to deal with these challenges.

The measures available under RD are already providing various alternatives to address the new challenges and MS have included related measures already in their RD Programs for the period 2007-13. Nevertheless, first experiences with the financial up-take of RD resources in 2007 suggest that Member States have budget needs beyond their financial possibilities.

To allow Member States to support the increasing needs to meet new challenges via the set of measures proposed under RD, it is proposed to increase compulsory modulation up to 8% (Art. 7(1)) and to add an additional progressive element (Art. 7 (2)) under a new system which is based on the following principles:

- *All new receipts from modulation stay within the Member State that generates them (Art. 9(4)).*

- *In EU-15, basic modulation, applying to all payments above € 5 000, increases by 2% annually from 2009 until it reaches an additional 8% in 2012. (Art.7(1))*
- *A progressive element is introduced; whereby payments are reduced by additional steps of 3% in successive thresholds a new system for the financial management of direct aids, establishing net global ceilings per Member State, is proposed. (Art. 7(2))*
- *EU-10 become also eligible for modulation in 2012, with a basic rate of 3% (instead of 13%). Bulgaria and Romania are exempted, in relation to the phasing-in of direct payments. (Art. 10).*

Link position

Link strongly supports the Commission's proposals to increase the rate of compulsory modulation and believes that any additional funding that arises from this increase will be vital in addressing the New Challenges through rural development measures. Indeed, we would prefer to see the Commission reiterate its earlier proposal of a 20% rate. However, Link believes that any changes to the rates of compulsory modulation should not impinge upon the option for the UK to voluntarily modulate at a higher rate in order to fund agri-environment measures.

Link believes that there remains a need for additional funding to improve the delivery of rural development objectives in Member States. For example, an estimate contained in *Beyond the Pillars*, Link's policy perspective on the future of the CAP, is that the costs for meeting commitments for the Biodiversity Action Plan in England are in the region of £300m per year. Full delivery of other environmental public goods, for example for landscape and historic environment features, across all of the designated and undesignated countryside of England will also require extensive funding. Joint CPRE and NFU research has estimated the cost of annual management of landscape features to be approximately £412 million per year outside of the classic agri-environment schemes.

Link is disappointed that for the UK there will not be an increase in funds for rural development measures from the increase in compulsory modulation proposed in the Health Check. There remains a need to address the shortfall in funding for rural development measures for the UK as a consequence of the EU Financial Perspectives decision of 2005.

We would like to re-emphasise the view we provided in our response to the Commission's consultation on the Health Check. Given both the current and new challenges facing Europe's environment, a substantial increase in funding is needed to deliver the changes to land management that are required. It will be particularly important to target agri-environment schemes at traditional farming systems that manage and enhance Europe's high quality landscapes and which maintain important wildlife habitats and historic environment assets. The cost of losing such systems and their re-establishment would be far greater.

Additionally, adapting farming practices to make them more sustainable will also be important so that agriculture across each Member State can reduce its emissions of greenhouse gases and protect soil and water resources.

In the longer term, as we have proposed in *Beyond the Pillars*, we believe the CAP must further evolve to support sustainable land management and to address the environmental challenges we are facing. Continued increases in rural development funding will be 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; and,
- ensure the secure and sustainable production of food and other commodities with high standards of animal welfare.

In order to deliver this re-orientation of land management we propose moving beyond the current two pillar mechanism of the CAP, split between a decoupled farm payment and support for rural development, and instead develop a single European Sustainable Land Management Policy.

This would be used to support positive land management activities that deliver sustainable land management and which 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 would be targeted to those undertaking a wide range of positive actions that deliver sustainable land management and the public goods identified above.