

## **Wildlife and Countryside Link Response to Defra's Consultation on the CAP "Health Check" August 2008**

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 response 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

### **Introduction**

Link welcomes the opportunity to provide Defra with its views on the proposals contained in the European Commission's Health Check of the Common Agricultural Policy (CAP). Our response is set out as a series of position statements on the proposals that are of most concern to Link, and as discussions continue these may be subject to further development.

Link believes the Health Check provides an opportunity to examine what the CAP is delivering for the environment and that in the longer term the CAP must evolve through further reforms into a measure that is capable of underpinning sustainable food production and supporting the delivery of environmental public goods.

Link is concerned that the UK's ability to influence the Health Check is compromised by the lack of a compelling UK vision for the CAP that could attract support from other Member States. Without such a vision, many of the laudable UK efforts to improve the Health Check proposals may be marginalised. Link recently published its own perspective on CAP reform ("Beyond the Pillars") which advocated transformation of the CAP into a policy for sustainable land use in Europe. We would

commend such a vision as one that could provide a useful context for the UK response to the Health Check.

We hope our views will be helpful as the Health Check proposals are further discussed over the coming months.

Wildlife and Countryside Link  
26<sup>th</sup> August 2008

## Health Check of the CAP - Wildlife and Countryside Link Position Statement

### Cross Compliance

#### Commission proposal

*Deletion of certain articles under the wild birds and habitats directives (SMR 1 and 5) because they are not relevant to farming activities.*

*Deletion of SMR 7 (identification and registration of bovine animals) because it is redundant with SMR 8.*

*Addition of an issue under GAEC on water, two subsequent standards added:*

- *"establishment of buffer strips along water courses" in order to partly retain environmental benefits from set-aside and to contribute to water quality, as well as:*
- *"respect of authorisation procedures for using water for irrigation" in order to meet water quantity concerns.*

*Elaboration of the current standard on retention of landscape features, which is now extended to specify which landscape features should be retained (hedges, ponds, ditches and trees in line, in group or isolated), and, where appropriate, field margins in order to protect existing landscape features (which can contribute to the retention of environmental benefits from set-aside).*

*(Art. 4 to 6)*

#### Link position

The Single Payment Scheme guarantees that farmers adhere to a minimum environmental and animal welfare standard through Statutory Management Requirements and Good Agricultural and Environmental Condition (GAEC) standards. Link believes that cross compliance has brought significant benefits to the farmed environment across Europe. Therefore, there should not be any weakening of current cross compliance conditions. Efforts should be made to widen their scope and to increase the effectiveness of the environmental objectives of cross compliance in all Member States<sup>1</sup>.

We have concerns regarding the Defra response to the communication from the European Commission on the Health Check that there should be simplification and rationalisation of cross compliance measures. Any measures related to environmental benefits that are proposed for deletion should be fully assessed for their beneficial effects before being removed.

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<sup>1</sup> Farmer and Swales (2004), The development and implementation of cross compliance in the EU15: an analysis, IEEP report for the RSPB; Swales (2007), The likely effects of cross compliance on the environment, A Research Paper of the Cross Compliance Network; Farmer and Swales (2007), Future options for cross compliance, A Research Paper of the Cross Compliance Network, Deliverable 23

Link has serious concerns about the environmental consequences of the proposed deletion of some of the Statutory Management Requirements (SMRs). We are particularly concerned at the proposed deletion of certain articles of the Wild Birds (SMR1) and Habitats and Species (SMR 5) Directives, in particular articles 7 and 8 from SMR1. These articles cover hunting of wild bird species and Link is concerned that their deletion will remove a valuable deterrent against illegal persecution of certain bird species on farmland. Birds of prey in particular still face high levels of illegal persecution in the UK. The deletion of SMRs 1 and 5 undermines the responsibility of farmers for protecting of ecosystem services which includes the protection of important wildlife habitats and species present on farmland.

Link has been calling for some time for the scope of cross compliance to encompass a wider range of environmental and landscape features on farmed land. Link is pleased that the amendments to Annex III now include references to hedges, ponds, ditches, trees in a line, group or in isolation and field margins. Improved management of a number of these features will contribute to reducing diffuse pollution and increase habitat connectivity. However, the UK has already included many of these features under its cross compliance conditions and it is important that Defra makes a strong case to Commission that all Member States should take a more progressive approach to cross compliance; and this could be linked to the encouragement the Health Check gives to moving towards flatter rate regional payments. These will have a closer association with environmental standards than historic payment systems. Link believes that there is scope to further amend Annex III (previously Annex IV of Council Regulation 1782/2003). For example, to include protection for all types of field boundaries including dry stone walls and hedge banks, ancient woodland, veteran trees, traditional orchards, and historic environment features. Cross compliance should be extended to ensure a baseline of protection is provided for these features.

Currently the standard listed in Annex IV on '*Avoiding the encroachment of unwanted vegetation on agricultural land*' restricts Member State's ability to mitigate the deterioration of certain habitat patches resulting from damaging adjacent intensive agriculture, and it thus actually acts in contradiction to the spirit of the Annex. In the UK it prevents the buffering and expansion of certain habitats which would increase their resilience and help mitigate and adapt to climate impacts. For example, buffering and expansion of habitats should include scrub mosaics targeted on arable and improved grassland adjacent to woodland. Link believes amendments should be made that allows for some scrub encroachment in these cases where it is environmentally beneficial to assist in the expansion and connection of habitats and thereby also helping to deliver Article 10 of the EU Habitats & Species Directive.

Permanent grassland, where it is wet or unimproved, can be one of the most important farmed habitats in the EU for biodiversity and for the protection of archaeological sites, and it is also an important carbon sink<sup>2</sup>. The UK should ensure that cross compliance is strengthened to ensure permanent grassland is protected where there are benefits for biodiversity, historic environment features and landscape. It is unacceptable that this precious resource is not properly protected through cross compliance.

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<sup>2</sup> 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 CO<sub>2</sub> and N<sub>2</sub>O 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.

Link would also like consideration to be given to extend cross compliance to include new legislative standards for animal welfare, for example those contained within the Broiler Directive and Laying Hens Directive.

## Health Check of the CAP - Wildlife and Countryside Link Position Statement

### Revised Article 69 / National Envelopes

#### Commission Proposal

*To allow more flexibility in Member State responses to the needs stemming from the overall orientation of the CAP, it is proposed that Article 69 be broadened:*

- *The restriction that linear reductions are taken from and staying in the same sector is removed.*
- *Measures to address disadvantages for farmers in certain regions specialising in the dairy, beef and sheep and goat meat and rice sectors are covered.*
- *It also allows the possibility to use the retained amounts to top up entitlements in areas subject to restructuring and/or development programs*
- *Support for some **risk management measures** -crop insurance schemes for natural disasters and mutual funds for animal and plant diseases- is also provided under certain conditions. (The provisions on exceptional market support measures to animal diseases are to be dealt in this horizontal provision on risk management and are deleted from the single CMO)*
- *Measures, which do not with certainty meet the conditions of the WTO Green Box, should be limited to 2.5% of the ceilings.*
- *Finally, Member States applying SAPS will also be allowed to apply this provision.*

#### Link position

Link supports the use of National Envelopes where they are used to support farming that delivers environmental outcomes.

We believe the Health Check provides an opportunity for Defra to assess where and under what conditions National Envelopes could be used to support specific farming practices that are facing difficulties in terms of economic viability but which play an essential role in maintaining landscape character and wildlife habitats. For example, support for sustainable upland sheep and beef farming where this provides high nature value for landscape character, biodiversity and the historic environment.

Link agrees with the six criteria proposed by Defra for the use of National Envelopes in its response to the Health Check but believes environmental criteria could also be added to strengthen the criteria.

Link does not support the use of National Envelopes funding for insurance schemes that perpetuate unsustainable farming practices following a disease outbreak or natural disaster. For example restocking at unsustainable levels or replanting areas with plant species that are damaging to the environment, for example because they have a high water demand in drought areas.

## Health Check of the CAP - Wildlife and Countryside Link Position Statement

### Set-aside

#### Commission proposal

*Removal [of] set aside obligation. Set aside entitlements become normal entitlements. Compensation of environmental effects of its removal will be done by the addition of a standard under GAEC on "establishment of buffer strips along water courses". (Annex III)*

#### Link position

Link is seriously concerned about the potential for continued loss of the environmental benefits of set aside and believes its abolition should be accompanied by a comprehensive replacement mechanism. Link is supportive of the abolition of set aside following, decoupling of CAP payments from production, providing the environmental benefits that set aside has provided are retained through alternative mechanisms. Without these we believe extensive areas of important wildlife habitat, including feeding habitat for farmland bird populations and increased habitat connectivity, will be lost and water courses will be subject to increased diffuse pollution. In addition the loss of areas of 'permanent' set aside will result in archaeological sites being damaged and landscape diversity reduced.

Link does not believe that the focus of new GAEC measures proposed by the Commission on water bodies will adequately replace the biodiversity benefits of set aside.

Link believes that a new mandatory mechanism should be introduced before set aside is abolished. This should require each farm holding receiving the Single Farm Payment to designate a percentage of land for environmental measures to protect water bodies from diffuse pollution, retain important wildlife habitat, buffer existing habitats and add to the diversity of the farmed landscape. This could be best accomplished by creating a new cross compliance measure until a new mandatory EU wide requirement is introduced as this would ensure all farms provide similar environmental benefits a those delivered by set aside.

Link welcomes the recent announcement by the Secretary of State for the Environment that tasked Natural England and the Rural Payments Agency with developing such a measure, to be implemented in conjunction with options from Environmental Stewardship. Link supports the UK Government in taking forward this approach and in setting an example for the rest of the EU.

An assessment needs 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. The area to be dedicated primarily to environmental measures should be substantial and enough to, at the very least, retain the benefits already identified from existing set aside land. It will not be acceptable for the percentage of land required to represent a major decline in environmental management. Targets would also be needed to ensure that new measures adequately replace, and hopefully surpass, the previous benefits of set aside.

Link is very disappointed with the rather perfunctory assessment of the impact on landscape character on page 17 of the Impact Assessment of the Health Check. Recently published Defra commissioned research by ADAS/SAC on the environmental impacts of Pillar I reform and the implications for Axis II funding provided a very good analysis of potential changes to landscape character. Link would like a more considered assessment to be made.

Link continues to believe that if the burden of mitigating for the loss of the environmental benefits of set aside was placed on Environmental Stewardship, then there would be an urgent need for the additional transfer of ring-fenced funding to avoid additional demands on the existing agri-environment budget.

Link hopes that Defra will put forward a strong case to the Commission that Member States should be provided with the means to introduce cross compliance measures that replicate all of the environmental benefits previously provided by set aside.

## Health Check of the CAP - Wildlife and Countryside Link Position Statement

### Modulation

#### 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.

## Health Check of the CAP - Wildlife and Countryside Link Position Statement

### New Challenges: Climate change, bioenergy, water management and biodiversity

#### Commission proposal

*With the ceiling for the overall CAP budget fixed until 2013, additional funding for rural development can only be realised through an increase in compulsory modulation. The additional funding is needed to reinforce the efforts with regard to the EU priorities in the field of climate change, renewable energy, water management and biodiversity.*

*The justification for directing the additional money towards these policy areas is given in the amendment of the Community Strategic Guidelines on rural development. The mandatory consequences with respect to the modifying the already existing RD programs 2007-13 are spelled out in an amendment of the Council Regulation on rural development (1698/2005). In this Regulation the following provisions are essential:*

- An amount equal to the amounts resulting from the application of the compulsory modulation shall be spent by Member States in the period from 1 January 2010 to 31 December 2015 as Community support under the current rural development programmes for the operations (Article 16a of the amended rural development Regulation) approved after 1 January 2010.*
- Member States may base their choice of operations falling into the scope of the New Challenge on the indicative list of types of operations set out in the Table shown below (Annex II of the amended RD Regulation). This Table is non-exhaustive and MS could also program under the heading of the New Challenges other measures which are related to the potential effects listed in this Table.*

#### Link position

Link is pleased that biodiversity has been identified as one of the New Challenges.

Link considers it essential that measures to address climate change are introduced into both pillars of the CAP. However, as the Commission recognises, 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.

Link agrees with the abolition of support payments for growing crops for the production of biofuels. Recent evidence suggests that the contribution of biofuel crops in reducing global warming is limited. Link is also concerned that support for biofuels could encourage increased intensification of production making biofuel crops unsustainable both in terms of global warming gases and land use.

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.

However, we note the caution given on page 34 in the Impact Assessment under 'Environment' that '*the effect on rural development schemes from the increased focus on the new challenges will depend on the final agreed package*'. Link would be concerned if emphasis of focus on the New Challenges led to some Environmental Stewardship objectives being given precedence over others given the funding available to the scheme and its multi objective nature.

While we agree with the view of Defra that the RDPE will play a key role in delivering objectives for the New Challenges we think there is now a strong case for the UK to argue that the CAP needs to move beyond an agricultural policy, particularly since it has now been decoupled and payments are subject to environmental conditions under cross compliance. Link has set out its perspective on the future of the CAP in our *Beyond the Pillars* document and we think that the UK desire to see the CAP evolve into a policy that focuses more strongly on the delivery of environmental public goods would be well served by setting out a broader vision along these lines. Such a policy would reward farmers for their delivery of public goods and in doing so contribute to the viability of farming, and would make a genuine contribution to the new challenges the Commission has identified.