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Web link: <http://www.cap2020.ieep.eu/vision/>

Natural England
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Dear Lucia,

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Natural England's response to the proposal for a new EU Common Agricultural Policy

Thank you for the opportunity you have given Natural England to offer comments on this proposal. Our response follows this letter.

We welcome this proposal as a constructive contribution to the debate about the future direction and scope of the Common Agricultural Policy. The main thrust of the proposal is consistent with the Land Use Policy Group's vision for the future of the CAP, of which Natural England is a co-signatory.

This proposal goes into considerably more detail than the Land Use Policy Group vision. Natural England does not yet have a view on the best delivery architecture for the CAP, but in this response we offer what we hope are some constructive comments on the ideas in your proposal.

If you have any questions about the contents of our response then please contact Geoff Radley on 0300 060 0995 or at geoff.radley@naturalengland.org.uk in the first instance.

My apologies that this response is being sent so close to your deadline.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Cooke". The signature is fluid and cursive, with a large initial "R" and "C".

Rob Cooke
Director Policy

Natural England's response to the proposal for a new EU Common Agricultural Policy from Birdlife International, European Environmental Bureau, European Forum on Nature Conservation and Pastoralism, International Federation of Organic Agriculture Movements (EU Group) and World Wide Fund for Nature

Introduction

In March 2009, Natural England in combination with the other GB statutory conservation, countryside and environmental agencies produced a shared vision for the Future of the CAP post 2013 entitled 'Securing our Common Future through Environmentally Sustainable Land Management'. This set out a vision of a CAP that was progressively transformed so that it is focussed more clearly on rewarding the environmental services provided and the costs incurred.

Our interest in this proposal is to examine the extent to which it is compatible with, complements and builds on this vision so as to present a consistent view of an environmentally focused CAP to EU and other decision takers.

Summary of Natural England's comments

Natural England welcomes this proposal as a constructive contribution to the debate about the future direction and scope of the Common Agricultural Policy. It is closely aligned with the Land Use Policy Group's (LUPG's) Vision for the future of the CAP, of which Natural England is a co-signatory.

Natural England agrees that the big challenge is to allow continued, and probably increased, food production whilst also delivering the full range of ecosystem services that society relies on land management to provide, including the cultural services such as the conservation of biodiversity and landscape. To this must be added the additional challenge of responding to climate change.

Natural England fully endorses the principle of moving CAP from the principle of entitlement to payment to that of payment for contracts to deliver public goods. This will be a major cultural shift for the farming industry and will take time to accomplish.

Natural England is still considering a range of possible 'delivery architectures'. The architecture set out in the consultation document is one possible model, and has some attractions, but we still wish to consider other alternatives. From Natural England's delivery experience we would urge caution in advocating multiple, overlapping support schemes as the overlaps can lead to administrative complexity. We also feel that compensatory payments for land managers on Natura 2000 sites are not appropriate in England.

Detailed comments

Comments are listed under the headings and subheadings used in the consultation document. Throughout this document there is much that Natural England agrees with. To avoid repetition these comments do not explicitly express Natural England's support or agreement on every occasion.

Vision

The Proposal set out in the consultation document very closely resembles the LUPG vision. The LUPG vision refers to environmental services, whereas this proposal refers to public goods and services. Going forward, it would be good to adopt a common terminology to avoid confusion. In the light of the recent IEEP report for the European Commission it may

be appropriate to refer simply to Public Goods, though only if what is being referred to does meet the IEEP definition.

The call for a new contract between farmers and society exactly mirrors the call in the LUPG vision.

Introduction: The sustainability challenge

Natural England agrees that the big challenge is to allow continued, and probably increased food production whilst also maintaining the full range of ecosystem services that society relies on land management to provide, including the cultural services such as the conservation of biodiversity and landscape. In the LUPG strategy we articulate this as achieving food and environmental security. Natural England recognises that achieving this goal is likely to require transitional support to enable agriculture to become more sustainable in its use of resources and to reduce its emissions as well as continuing payments for the provision of environmental public goods..

Introduction: Public money for public goods

Although expressed slightly differently, Natural England does support this principle. IEEP have recently warned against the danger of the term 'Public Goods' being devalued, so it might be worth inserting a text box containing their definition.

Introduction: Certain farming systems consistently deliver more public goods

This is true, and the current Environmental Stewardship Scheme in England already targets upland farmers, through Uplands Entry level Stewardship and organic farmers through the Organic Entry Level Scheme. Natural England would however suggest a note of caution when considering how best to support such farming systems.

Taking High Nature Value Farming first, In an English context at least, there are few if any farming systems that can be relied on, left to themselves, to deliver the desired environmental outcomes. We suspect that, even where such systems do exist, support payments could have the perverse effect of catalysing change and modernisation and putting the environmental benefits at risk. To counter this, it is important that any support payments targeted at areas of High Nature Value Farming must be conditional on the conservation of high nature value.

There is evidence that organic farming, at least when practised according to UK certification standards, does result in net biodiversity benefits compared to equivalent conventional farming systems. This means there is a case for supporting organic farming per se on environmental grounds. However, the analysis done prior to the start of the current Rural Development Programme period concluded that organic farming was not an environmental panacea. There was added value from also asking organic farmers to undertake specific environmental management options similar to those asked of conventional farmers under Entry Level Stewardship.

Introduction: Sustainable production needs sustainable consumption

This section goes considerably beyond the scope of the LUPG vision. Natural England would however fully endorse the comment about the vital role of extensive livestock in maintaining habitats and landscapes.

Policy objectives (2)

These objectives are largely compatible with those in the LUPG vision for the future of CAP. It does come out very clearly that this document is in effect advocating a two speed agriculture for Europe, with a sharp divide between traditional high nature value systems that are uneconomic in a conventional sense but are maintained primarily for their environmental public goods and highly productive but lower environmental impact farming systems. This is probably a realistic goal for the next programme period, but in the longer term it would be good to explore ways of also making high nature value farming more economically as well as environmentally sustainable.

Operational principles: Contractual basis (3.1)

Natural England fully endorses the importance of moving away from the principle of automatic entitlement to a contractual basis for payments, where there is a commitment to provide defined public goods in return. Our recent experience has been that trying to increase the environmental conditionality of income support payments meets very strong resistance.

Operational principles: A dynamic and cost-effective system (3.10)

The term subsidies should not be used when describing payments for environmental public goods.

Environmental regulation as a firm baseline (4)

In considering a reformed CAP, the question of what happens to cross-compliance has to be considered. This section does not fully explain how the leverage of cross-compliance would be maintained without universal income support payments. The answer seems to be through a combination of cross-compliance applied to the proposed payments for public goods and risk-based enforcement of regulation, focussing on the farms that choose not to take up these payments.

In this way, the leverage necessary for the continued effectiveness of cross compliance could be largely maintained providing that the new payments for the provision of public goods are sufficiently attractive to secure participation by most farmers. However, a move towards rewarding the provision of public goods does imply that cross-compliance should be focused more tightly on compliance with statutory requirements, with Good Agricultural and Environmental Conditions that go beyond statutory requirements being absorbed into the list of public goods that farmers are contractually obliged to deliver.

Architecture of the new CAP Payment System: General (5)

In proposing an architecture for the delivery of the next CAP, this Vision goes considerably further than the LUPG vision. With the rest of LUPG, Natural England deliberately chose to keep its vision at the level of broad principle, and is only now starting to think about delivery architecture. The proposal outlined in the consultation document is one of a number of possible options, and Natural England is not yet ready to decide which of these options is most likely to succeed.

Having said that, the architecture proposed in the consultation document is not incompatible with the LUPG Vision. One note of caution, prompted by the diagram in Annex 1 and based on Natural England's operational experience, is that multiple overlaps between schemes can

cause considerable administrative complexity. The rules necessary to avoid over paying a farmer who was eligible for and wanted to apply for the HNV, organic support, agri-environment and compensation schemes could be quite complex!

Architecture of the new CAP Payment System: HNV System support scheme (5.3.1)

Following from the earlier comment on HNMF, it is likely that payments intended to maintain HNMF must be subject to conditions that prevent the funding being used to alter the farming system in ways that would prejudice its high nature value. Specifying these conditions could become quite a complex task, so that this system ends up looking rather similar to the agri-environment system.

Architecture of the new CAP Payment System: Natura 2000 and Water Framework Directive Compensation scheme (5.5)

This is the one element of the proposed structure where Natural England does have definite reservations. Natural England would not wish to be obliged to make compensatory payments to farmers whose land formed part of a Natura 2000 site. Nature conservation legislation in England has moved beyond the principle of compensation. Avoiding operations likely to damage the notified interests of a statutory site is a legal requirement, and landowners and managers also have obligations to undertake positive management, though this is matched by a commitment from the state to help with the costs. It is for this reason that the existing Rural Development Programme for England does not use the existing Natura 2000 Measure.

Architecture of the new CAP Payment System: Support for rural communities threatened by abandonment (5.6.4)

Questions have been raised in Europe about whether this type of intervention should remain under the Common Agricultural Policy or should be transferred to Cohesion or Structural funds. The consultation document does not express a view on this, and it would be useful to know the views of the partner organisations that have produced the document.