

PRESS RELEASE



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CAP Health Check Agreement

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Finally, European ministers agreed their amendments to the current Common Agricultural Policy having been in heated and prolonged negotiation for most of last week.

The range of matters agreed was inevitably detailed and complicated although the headline facts are:

The end of set aside (although English farmers may well be faced with some type of “son of set aside”) and the abolition of milk quotas from 2015. Also the Commission have agreed that modulation (where monies to be paid to farmers are siphoned off to be used against rural development and other measures) is to be increased but watered down on the rates proposed. This includes slightly increased modulation for all farmers and the advent of what is termed progressive modulation which is higher modulation rates for those receiving aid in excess of a threshold amount of €300,000.

There is a whole raft of other details which have been discussed and agreed and no doubt there will be particular items which come out in the wash. Perhaps the most important at the outset is a major simplification for those who hold National Reserve Entitlements. Although it is not entirely clear what the Commission intended with this, it would appear that National Reserve Entitlements will be stripped of their special status which will allow them to be transferred freely, removing a bar on transfer which could have extended to 2010.

Partners: Iain Curry Andrew Bays Henry McCowen Ros Foreman Alastair Wilson James Fraser

Andrew Bays of BCM comments: "These changes to the Common Agricultural Policy are actually much more minor than expected. Clearly the end of set aside and milk quota is important although this has been widely predicted. Similarly, some of the other more minor adjustments are precisely that and will have little effect to most farmers. Perhaps more worryingly was some of the sub-text that has come out as a result of these detailed negotiations and the sentiment that was being expressed generally by members with regard to the CAP. The Commission is currently reviewing the budget for the period from 2009 and agriculture is expected to form a significant part of this review. The Commission have stated that the three top priorities are to look at climate change, European competitiveness and energy supply security. Furthermore at the recent G20 Summit in Washington there looks like further impetus to finalise world trade talks following Dohar. There is some concern as to how consistent the reformed CAP is or will be against what is agreed (particularly to satisfy emerging nations) with regard to the WTO talks and market access. The budget and/or the result of these WTO talks look as though they may well have a far more significant effect on UK farmers and the aid they receive than what has been agreed as part of this health check".

For further details please contact Andrew Bays on 01962 763900