

PRESS RELEASE



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5 July 2011

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Negotiation progress over future of the Common Agricultural Policy

Recent commission proposals for the Common Agricultural Policy (CAP) budget funding have been released in Brussels. The commission is proposing a cut of around €5.5 billion between 2013 and 2020 in the annual budget for direct payment whilst the rural development budget is to be cut by just under €2 billion over the same period. This should be welcome news to farmers given fears there were of a more radical reduction. However it should be noted that this funding has effectively been frozen in nominal terms which if one takes into account inflation means a significant reduction in real terms. The proposals represent 36.2% of the overall EU budget compared with 39.4% in the previous seven year budget period.

However there are also plans to limit payments to “active” farmers and to define “eligible land in agricultural activity more clearly in order to exclude activities that do not increase agricultural productivity”. There have also been suggestions that the Single Payment Scheme primarily benefits a few large beneficiaries and that the reform should seek to find “a more balanced distribution of Single Payment Scheme aid between farmers” through capping or modulation.

Andrew Bays, of rural property specialists BCM near Winchester comments:

“Ostensibly this would appear to be good news for farmers and land owners as the budget appears to have been largely maintained going forward. However, there is still much negotiation to the work through and given the broader landscape within the EU one can only suspect that there may be some significant alterations to these proposals along the way. On a more specific level with regard to farmers and land owners in our area, the comments about active farmers and their activities and the proposal with regard to capping of aid, do cause concern. Whilst the idea of capping aid has been floating around for many years now and has not materialised, such measures would have a particularly damaging effect to larger farmers in southern England. We also have a large number of joint venture farming agreements and close scrutiny and a watching brief are vital with regard to the possible changes in the treatment of “active farmers”.

For more details contact Andrew Bays at BCM.

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