

THE HIGHLAND COUNCIL

Resources Committee – 11 June 2008

Agenda Item	
Report No	

CPMR CAP Health Check Meeting Report by Corporate Manager (Ross, Skye & Lochaber)

Summary

This report summarises the involvement of the Council in the recent meeting of the Conference of Peripheral Maritime Regions. This is in support of the Programme For Administration Objective that we will “work to secure the maximum benefit for the Highlands from European funding”.

1. Background

- 1.1 The current arrangements for support for agriculture in the EU were laid down in September 2003 in Regulation EC1782/2003. This regulation envisaged further significant changes to the Common Agricultural Policy (CAP) in 2013
- 1.2 In November 2007, the European Commission announced plans to carry out a “health check” on the CAP to “improve the way the policy operates” and “make it fit for the challenges and opportunities in an EU of 27 Member States”.
- 1.3 In particular, the “health check” asks three main questions:
 1. how to make the direct aid system more effective and simpler;
 2. how to make the market support instruments, originally conceived for a Community of six, relevant in the world we live in now; and
 3. how to confront new challenges from climate change to biofuels, water management and the protection of biodiversity
- 1.4 The Commission intends to consult for six months before coming back with legislative proposals, which it hopes would be adopted by agriculture ministers by the end of 2008.
- 1.5 The Secretariat of the Conference of Peripheral Maritime Regions of Europe (CPMR) has set up a working group, coordinated and chaired by Aquitaine Region, to draw up a draft policy position paper on reform of the CAP which will be presented to the CPMR Political Bureau at its meeting in June 2008. Once adopted, it is envisaged that this policy position will provide the basis for further CPMR action during the second half of 2008.
- 1.6 The first meeting of the CPMR CAP working group met in Brussels on 25th March 2008. The Council was represented at this meeting by Cllr Pauline Munro.

2. CPMR Meeting 25 March 2008

- 2.1 The CPMR meeting was attended by representatives from 11 EU Member States. The meeting was structured to provide background information from the CPMR Secretary General and from the European Parliament’s Adviser to the Committee on Agriculture and Rural Development, followed by a debate on the issues from the perspective of the regions represented.
- 2.2 There was a general consensus that decoupling (the separation of payments from production) appeared to have caused few problems in crop production but that there were greater problems in the livestock sector and a need to retain direct payments in order to maintain economic activity in livestock farming in the peripheral regions.
- 2.3 There was discussion on the potential to use Article 69 of the Regulation which permits Member States to retain 10% of the budget to make additional payments to farms for “specific types of farming which are important for the protection of the environment or for

improving the quality and marketing of agricultural products”.

- 2.4 The question of capping payments or increasing rates of modulation for the largest payments was raised. This approach appears to cause problems in certain Member States and regions and the Commission is said to favour a progressive model with increasing rates of modulation as individual farm payments rise and with the modulation moneys remaining within the region.
- 2.5 Other wider aspects of agriculture and food policy were raised, such as:
 - the need for other regions of the world to have a say in the development of a food policy for the 21st Century
 - how to get a better relationship between Pillar 1 and Pillar 2 of the CAP.
 - how to target Less Favoured Area Support work better to the most disadvantaged areas
 - whether Article 158 which gives priority to measures to support areas of permanent natural handicap took precedence over the State Aids Rules

3 Meeting Outcome

- 3.1 The meeting concluded with an agreement to set up four sub-groups to report back on individual topics:
 - Common Food Policy – how to convert the Common Agricultural Policy into a Common Food Policy, which would ensure that food production took priority over production of industrial crops such as those for biofuels.
 - Regional Governance – how to ensure that the agriculture support mechanisms are adequately adapted to meet local needs.
 - Disadvantaged Areas – how to ensure the agricultural dimension in remote regions is maintained, highlighting aspects of quality production.
 - Market Management Tools – to look at whether market intervention approaches should play a part in a modernised CAP.

4 Conclusions

- 4.1 Many of the issues raised at the CPMR meeting concern the long-term direction of EU policy for remote and rural regions, rather than the narrower confines of the CAP Healthcheck.
- 4.2 The Council can play a pivotal role in ensuring dialogue and involvement of Highland & Islands Partners on the wider implications of future changes in EU rural policy, including CAP. It is suggested that Chief Executive's Service takes the lead on these aspects through the Policy and European Teams.
- 4.3 Further work is required on the local significance of the detailed changes suggested under the CAP Healthcheck and the requirement for issues of Highland significance to be brought to the attention of Edinburgh and Brussels. It is suggested that the Planning & Development Service leads on these aspects through the Natural Resources Team.
- 4.4 The Council may wish to take further part in the topic sub-groups that are being set up by CPMR. The sub-groups of greatest local relevance are perhaps those on Regional Governance and on Disadvantaged Areas.
- 4.6 Note that the EU Published its proposals on 20th May 2008 as Com (2008) 306/4. These can be found at: http://ec.europa.eu/agriculture/healthcheck/prop_en.pdf

5 Resource Implications

5.1 The commitments outlined in this report will be accommodated within existing staff and budget allocations.

Recommendation

Members are asked to agree that:

- the Council commits to full engagement (via the European Team) with CPMR Health Check sub-groups, focussing primarily on the Regional Governance and Disadvantaged Areas sub groups;
- reports from the work of these sub-groups be brought to future meetings of the Resources Committee;
- Cross-Service working should characterise the Council's involvement with the CPMR on these important policy themes

Signature:

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Date: 22 May 2008