



Organic Centre Wales
Canolfan Organig Cymru

Response from the Welsh Agri-food Partnership Organic Strategy Group
prepared by Organic Centre Wales, IBERS, Aberystwyth University SY23 3AL
to the Welsh Assembly Government consultation on:

EU Common Agricultural Policy: 2008 Health Check
Consultation on legislative proposals from the European Commission

[http://new.wales.gov.uk/consultation/drah/environmentandcountryside/2008/2357946/caprefo
rmconsultationlete.doc?lang=en](http://new.wales.gov.uk/consultation/drah/environmentandcountryside/2008/2357946/caprefo
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Organic Centre Wales (OCW) was established in 2000 as a focal point for the dissemination of information on organic food and farming to producers and other interested parties in Wales. In 2003, it was agreed that it should extend its focus to public education, public procurement, policy and strategy development, thus providing support to the whole of the organic community in Wales. It is based at Aberystwyth University.

OCW is run by a partnership of three organizations actively involved in organic farming research and knowledge transfer in Wales: ADAS, The Organic Research Centre Elm Farm and Institute of Biological, Environmental and Rural Sciences at Aberystwyth University.

The funding for OCW comes from the Welsh Assembly Government (WAG) and Farming Connect (with additional support from the European Union EAGGF Objective 1 funds) to carry out the co-ordination functions, with additional funding for delivery through a separate WAG Organic Conversion Information Service contract and the Farming Connect Organic Development Programme.

Question 1: Until such time as it becomes clearer about the future direction of the CAP after 2013, do you agree that the historic SPS model should be retained for Wales until 2013?

It is clear that the historic model, which left many established organic producers at a disadvantage when it was introduced, is increasingly difficult to justify and will need to change. We see no benefit in procrastination. Farm planning is on a long term basis and all businesses benefit from advanced knowledge of changes, therefore the process should be set out as soon as possible, and although the historic model should be retained until 2013, the process of moving to an area basis should have begun by 2013.

It should be noted that the current historical basis for SPS continues to disadvantage the majority of Wales' existing organic farmers, as the levels of payment were determined based on a time period when most of them were in conversion, so that they had reduced stocking levels. The hardship mechanism, which was intended to avoid disadvantage to OFS and other agri-environment scheme participants, proved to be ineffective in Wales due to differences in the administration of OFS applications compared with England. Newer organic farmers are able to convert with the cushion of higher SFP levels derived from higher stocking rates during the reference period, causing unfair competition for the existing organic farmers.

Question 2: Anticipating that sometime during 2014-2020, the next EU financial perspective, there is a strong likelihood for the SPS to become an area-based

payment, do you agree that transitional arrangements would be required to provide a time-span for farmers in which to adjust to possible change in their CAP receipts?

This is crucial. As long an adjustment as is feasible is necessary, which is why it should start earlier rather than later. However, care needs to be taken to ensure that the transition model is not too complex to avoid the problems experienced in England with the implementation of the dynamic hybrid model.

What period for adjustment would you propose, on the presumption that 3 years might be a maximum? Are there alternative approaches you would propose?

Three years is insufficient given the dramatic impact moving from historic to area basis is likely to have in Wales. If the process started in 2010, a six year transition process might be possible. It is important the WAG set out the schedule well in advance and start making changes as soon as possible, so that, for example, minor changes are made in 2010 by way of notice of changes, and these increase over the period but with a strong safety net. A strong support campaign will be necessary, as these changes may well stimulate retirements and major farm changes.

National reserve

Question 3: What category of farmer/circumstance should have access to entitlement through the National Reserve? It would be helpful if you could prioritise, in descending order.

1. Existing organic farmers or other agri-environment scheme participants not in receipt of SFP.
2. New entrants adopting organic farming methods
3. New entrants to market gardens
4. Other new entrants

We think it would be valuable to require new entrants, both from farming backgrounds and those entirely new to agriculture, that are offered NR allocations to undergo a formal 'induction' course, outlining support structures, responsibilities and requirements for those in receipt of SFP. This should cover environmental care and cross compliance, and animal health and welfare planning. Particularly in the organic sector, we are finding professionals moving to Wales and starting farming, albeit on a small scale, and this sector needs support.

The current regime for the Reserve provided compulsory and discretionary elements. Should this be retained?

No comment

Would you consider that the priority category for Wales should be new entrants to farming? If such access applies from 2010, what is your view on dealing with those new to farming since November 2004 (when the NE provision closed under the existing National Reserve provision)?

Yes. Those new to farming since 2004 have managed their business planning on that basis (of no SFP) therefore although slightly inequitable, it would seem unnecessary to include them. It would help in this decision to know the sort of numbers of new entrants involved, as if it is very low and the cost impact slight, it would be fairer to include them.

What views do you have about allocations from the National Reserve being based on the Wales average entitlement value (€267 per hectare)

On the one hand, basing the National Reserve on current entitlements seems fair, but given that these must reduce through modulation, it may be more sensible to base NR on a lower basis but then not modulate further. If NR payments are not so clearly identified on CAPPIT this may be too administratively difficult, in which case the proposal is supported.

Additionally, there needs to be some account taken of land capability, as it would be difficult to justify the same allocation on rough grazing as for land that is croppable. The simplest division at the moment is SDA/non-SDA, (given that much LFA land in Wales can also be managed relatively intensively) but something of this sort needs to be considered, also as part of any transition to area based farming.

Cross compliance

Question 4: Overall, what views do you have on the changes proposed to the cross compliance regime? Are the Commission's proposals sufficiently balanced? Are there any other changes - additions/deletions - you would suggest and for what reasons?

The specific details of buffer strips are crucial before any blanket support for establishment of buffer strips should be part of cross compliance.

The negative environmental impacts of abolishing set-aside for Wales are likely to be mitigated by the continued expansion of the organic sector, particularly in the better land. Nearly 10% of Wales' arable land and 27% of horticultural land is now managed organically which reduces stocking rates, fertiliser and pesticide applications and supports biodiversity.

Because of the practices they implement, including the non-use of fertilisers, herbicides and pesticides, leading to increased biodiversity within the cropped area as well as in field margins, organic producers should be exempted from any buffer strip requirement as they were from the previous set-aside requirement.

How should the Welsh Assembly Government approach the changes in the GAEC framework? Do you consider that both elements are relevant to Wales and need addressing under GAEC? What reasons would you advance to support your views?

If 'both elements' refers to the two water related statements in paragraph 13, they seem to say the same thing. It is not clear that the standards listed will do much to address the issues alone, although the second 'respect of authorisation procedures...' seems to be common sense.

Minimum limits to the Single Payment

Question 5: Given the structure of farming in Wales, and the aim of the CAP to provide support to those seeking to achieve an economic livelihood from farming, what minimum levels on payment/area would you consider appropriate? Do you consider that Wales should apply a minimum threshold covering both payment and area? What minimum levels might apply and for what reasons?

Given the move to using the SAF to administer agri-environmental payments, and the benefits of encouraging all land managers to be bound by cross compliance requirements, together with the benefits to policy and management of knowledge of land use practices in Wales, we are not clear that minima offer much advantage. There will be an element of self-selection, as generally people are averse to form-filling for the sake of it.

There is no way to judge economic return based on land area, so this would argue against a land area minimum payment.

The question states that the aim of the CAP is to support those seeking an economic livelihood from farming, but we feel the current agenda has moved to environmental care and the provision of goods and services, which suggests that no land managers should necessarily be excluded from receiving payments provided they are producing the desired public goods and services.

Even more recently, the focus has swung again to food security, in which case support for the smallholder supplying local short networks, achieves greater legitimacy.

Finally, the increasing amount of land devoted to keeping horses, and the extremely poor field conditions commonly seen during the winter, could be tackled if these holders are subject to cross compliance requirements.

What views would you have to a minimum payment of €500 or a minimum area of 5 hectares?

We do not support a 5 ha minimum, as smaller horticultural businesses can be viable at areas less than this, and it is important they have access to agri-environment schemes and other support mechanisms. The current minimum is 1 ha for the OFS which even at this level has excluded some potentially profitable horticultural enterprises.

Extended National Envelope Provision

Question 6: In what ways might the modified National Envelope provision be applied in Wales? How might this be funded from within the Wales financial ceiling? Do you consider that there is a case for introducing support for a specific sector and, if so, which sector and why? Do you consider that it would be equitable for a deduction to apply to all Single Payment recipients and direct the resource to a specific sector?

We have not looked at this to any extent, but options to use some National Envelope to contribute to mutual funds for animal disease seem worth investigating, perhaps to match-fund risk-based contributions from livestock keepers directly.

Using NE funds to support livestock producers in SDA areas, would be a valuable tool. Deductions for this could apply to all SFP recipients, as the contribution of livestock keepers in the hills contributes so much to the landscape, character and culture of Wales.

In terms of supporting organic management, and all the benefits that that brings, organic farming requires certification; it may be advantageous to cover these costs through this mechanism, as these costs cannot be covered through the Axis 2 scheme.

Compulsory Modulation

Question 7: What impact might the Commission's modulation proposals have on Welsh farming? What action might be taken to mitigate any negative impacts?

We consider the gradual reduction in Pillar 1 payments to be an important step in reducing dependence on this source of funds, and important to support increasingly targeted agri-environment measures. So much depends on the review of agri-environment schemes it is difficult to comment further without seeing these proposals. In essence, the review must ensure that those currently in, for example, both Tir Gofal and the Organic Farming Scheme, will have access to further support for the public goods and services they offer, as their Pillar 1 support decreases, otherwise these farmers who have been trying to 'do the right thing' will be further penalised by CAP reform. There needs to be a conscious move by all concerned that delivery of public goods and services is an enterprise that is rewarded through the public purse, and those delivering to a high level should be rewarded, whilst those focussing on

commodity production need to get their reward from the marketplace, and can not expect to 'make up' reduced Pillar 1 support if they do not make active public good contributions.

Question 8: What effect do you see the 5x 1 per cent increases in quota having on the industry in Wales – or on your enterprise directly?

What additional measures would you suggest for a successful transition and what would be the appropriate timescale?

No comment.

Changes affecting the arrangements for Rural Development

Question 9: The Commission has identified climate change, water management, bio-diversify and bio-energy as key issues. What are your views on the four challenges? Do you wish to make specific suggestions for action that could be taken?

We agree that these are vitally important areas, although would perhaps put greater emphasis on reducing fossil fuel dependence and increasing energy efficiency of agriculture rather than bio-energy.

Organic farming is not dependent on fossil fuels to the same extent that fertilizer dependent farming systems are, due to the high fossil fuel cost of producing fertilizers and pesticides. As a result organic systems are also likely to have reduced contributions to climate change due to the carbon dioxide and nitrogen oxide emissions in the process of fertiliser manufacture. The Intergovernmental Panel on Climate Change also suggests that between 1 and 2 per cent of nitrogen added to fields gets converted to nitrous oxide, based on direct measurements of emissions from fertilised soils.

The contributions of organic systems to biodiversity are well accepted (Hole, Perkins et al. 2005) (Shepherd, Pearce et al. 2003) (Stolze, Piorr et al. 2000) but there has hitherto been less recognition of the other contributions of organic farming to the delivery of public goods and services. Organic systems are designed and required to be more self sufficient, therefore their recognition of the manurial values of manures and slurries is such that their focus will ensure maximum retention for supplying nutrients for the soil and plants, and avoidance of pollution. This is done by ensuring the timely application of manures and slurries, through catch-cropping and minimising the length of time fields are bare, and through using plants with various rooting depths to ensure minerals are brought up to the surface. Organic farming depends on optimal care of the soil as the foundation of the system, and actively builds and maintains organic matter levels, increasing soil stability and reducing likelihood of runoff. Arable crops are grown in rotation with fertility building leys, through the use of legumes, so even on the best land, there is diversity of enterprises and a considerable reduction, if not elimination of the use of pesticides. As noted above, the negative environmental impacts of abolishing set-aside for Wales are likely to be mitigated by the continued expansion of the organic sector.

Soil conservation is also an important priority which should be emphasised. Organic farming has been demonstrated to impact positively on soil biological activity and soil organic matter levels, leading to improved soil structure, water infiltration and reduced soil erosion and runoff.

Recent interest in joining the organic Farming Scheme has been unprecedented, which has provided some funding challenges, yet as organic farming directly addresses three of the four challenges, this argues for continued and increased support for organic farming.

Hole, D. G., A. J. Perkins, et al. (2005). "Does organic farming benefit biodiversity?" Biological Conservation **122**: 113-130.

Shepherd, M., B. Pearce, et al. (2003). An Assessment of the Environmental Impacts of Organic Farming. Gleadthorpe, ADAS Consulting Ltd.

Stolze, M., A. Piorr, et al. (2000). The Environmental Impacts of Organic Farming In Europe. Hohenheim, University of Hohenheim.