

## Paper

<b>Title</b>	<b>Severely Disadvantaged Areas SDAs – CLA position</b>
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<b>Place</b>	<b>London</b>
<b>Author</b>	<b>A. BUCKWELL</b>
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CLA last week accepted the need to regionalise England (into SDA and non-SDA) if there is a 'full RAP' (eventually). Without this step there would be a big redistribution towards the SDA. This would have occurred as the less intensively grazed land receives payments three-times the current level as they approached the all-England RAP in 2008. This would have opened us to a barrage of Oxfam-like criticism that the Dukes with their big upland areas were creaming off the subsidies.

However the scheme to ring-fence the SDAs does just that. The £100m payments in the SDA (DEFRA's crude guess – they say they do not know the figure accurately because the data is not recorded in such a way that they can easily add it up) will stay in the SDA. Thus in total (before deductions – which all will suffer) the English SDA is not worse off than it is now.

Because ultimately all SDA land will get the same payment (say the £28/acre in my paper – as illustrative) there will be redistribution within the SDA from the most intensive to the less intensive. This is qualitatively the identical redistribution as in the non-SDA – though I'd expect the range to be less). Thus people who have dairy cows in the SDA, and who have reasonably big suckler cow and beef herds are likely to have higher than SDA-average payments per hectare and will lose and vice versa. We have heard of a member who evidently has an all arable farm in the SDA – he will certainly lose as he starts at England-defined arable payments (circa £230/ha) and ends up with £70/ha. Such members will not be happy.

Two points from all this

- 1 Let us always remind ourselves, and the press and public, that this is essentially a redistribution within farming: for every loser (who feels, and is put, in a disadvantageous position compared to his Welsh and Scottish neighbours) there is a gainer (whose competitive position with respect to his Welsh or Scottish neighbours has been improved).
- 2 Our job as a member organisation is to help the members who are in trouble over this redistribution: I can see three types of avenue we will pursue with DEFRA as they develop the implementing regulations for the scheme they have decided upon.
  - i. To claim against the SDA classification, ie to redefine the boundaries, (which I suspect will be difficult, but then they were not drawn with this new arrangement in mind).
  - ii. To suggest that those who are unreasonably penalised by the existing boundaries can be included in appeals to the national reserve.
  - iii. To attack the problem under the heading of "ensuring equal treatment between farmers and to avoid market and competition distortions" which is mentioned at many points in the regulation.
  - iv. Are there others I've overlooked?
- 3 Which, if any of these is likely to be most productive, is not yet clear to me. I encourage you all to feed in the sorts of cases you come across to help us identify the best route to

pursue. I expect us to take up such cases with officials and possibly in letters to DEFRA ministers.

- 4 Incidentally from my meeting last Friday, my judgement is that the essential elements of their scheme (ie dynamic hybrid starting at 10% RAP and going to 100% in 8 years with the SDA/non-SDA divide, and the full decoupling of Dairy payments in 2005) are now “irrevocable and irreversible”. Those were their words as I tried to push them to distinguish livestock and crops. “Ministers were in full knowledge of these redistributive effects when they took their decision”. Also they of course consulted the Commissioner before taking the decision to test his reaction. Thus I do not think there is any mileage in pushing for a different boundary e.g. the whole LFA. If the area is drawn larger there would be more anomalies not fewer.

- 5 There is some degree of recrimination going on out there, and attribution of blame to the CLA. We have to take this on the chin and turn round and be constructive. I do not feel any need to apologise for CLA approaches to the SFP which were taken with fullest consultation at every single stage throughout 2003, by Council, Exec and Ag&LU, and in which we tried to balance the interests of *all* our members. We knew on day one that there was no solution which was going to be fair to all members. We also knew that those who suffer from the chosen scheme will need all the back-up we can give them.