

## SCF Post-Brexit Position

### Background

This paper sets out the SCF position for agriculture post-Brexit – it assumes that the UK is leaving the EU: it is not intended to be party political and does not comment on whether it is right or wrong to leave the EU. We cannot be definitive on a final position as the destination for the UK is still far from clear (or at least not communicated) by the UK Government. Nor does this paper discuss how these aims are to be achieved as that is part of the negotiation process.

Leaving the CAP provides the opportunity to have a tailored agricultural and rural development programme for Scotland, encouraging more small-scale land use, delivering high quality, high animal welfare, high nature value food, with provenance; using public money to deliver public benefits (subsidised food, carbon sequestration) and public goods (non-market goods such as biodiversity and an attractive landscape) through a shift in balance from untargeted Basic Payments to a targeted Rural Development Programme, giving fairer pricing for high quality produce, fairer payment to producers and better use of public money.

We believe that it is vital to maintain agriculture in the remote and less favoured areas of the Highlands & Islands because of the public goods it provides, including preservation of the landscape, environmental protection, economic activity, population retention and quality food production.

The UK Government is committed to matching EU funding for agriculture up to 2022 with an acknowledgement that future funding is required after that. Post 2022 funding will be used to support high animal welfare and environmentally sustainable land use, which we are in agreement with.



The initial impact of the Brexit vote was a fall in value of the £ which has helped exports, especially of lamb, while making some imports more expensive so that the overall effect is not clear. It has boosted the tourist trade which is important for some crofters.

### Support

- Support to be maintained post 2022 at a similar level to now – consumers are not prepared to pay the full cost of production of lamb or beef, therefore support must be provided to ensure subsidised food. Public payment must go to the primary producer to provide the public goods stated above.
- Emphasis should be on production and activity (we are aware that headage payments are not generally allowed under WTO rules). Activity has to be carefully defined: as land use rather than as a measure of financial turnover. Some crofting areas can only support very low stocking densities and small units will have low total stock numbers but should still be supported because of the environmental diversity, economic activity and community resilience they provide.
- Support schemes post 2022 must be “croft-proofed”: in particular common grazings need to be designed into schemes not tagged on as an afterthought.

- There should be a cap on payments to any one person/business with the excess redistributed – Northern Ireland has a cap of £150k and this would seem appropriate to Scotland also.
- Consideration should be given to helping small producers with degressive payments i.e. a higher rate for the first n hectares (or headage) and a lower rate for the remaining area (headage).
- Schemes for Scotland need to be designed and implemented in Scotland as the mix of agriculture in Scotland is markedly different from England. There will be a need for a UK wide framework which should be agreed between the 4 UK administrations not imposed by Westminster.
- LFASS/ANC needs to be targeted and weighted in favour of constraint in order to help those areas which most need support. This should include an element based on distance from market.
- Accountability can be improved by publishing details of the beneficiary as well as the size of support payments.
- Scotland's share of the UK budget should depend on the split of UK agricultural output not on the Barnett formula which is population based and would significantly reduce Scotland's share.
- There needs to be more support for young people and new entrants and this should include training as well as funding and loans.
- Support must also be targeted at diversification: there is much said in support of diversification but not enough money committed. For example alternative livestock enterprises, horticulture, croft forestry and woodland crofts should qualify.
- Crofting specific support schemes (e.g., CAGS and the Croft House Grant Scheme) must continue. However, improvement is needed.



Delays in reaching agreement on these schemes mean that investment in infrastructure and breeding stock is postponed or cancelled to the detriment of economic activity and efficiency and will do nothing to encourage the next generation of active crofters.

## Trade

There must be

- Continuing tariff free access to existing EU markets.
- No lowering of welfare and food hygiene standards in imports (e.g., no routine use of steroids or antibiotics).



- No increase in quotas of imports e.g., of New Zealand lamb to undercut local producers.
- No excessive customs or border checks which would discourage exports and could damage perishable goods such as shellfish.
- Continuing availability of foreign workers in those sectors where it is required e.g., abattoirs.

We believe that some transitional arrangements will be required due to the complexity of negotiating new trade deals and setting up new support schemes. "No deal" with a reversion to World Trade rules would be a disaster for agricultural exports to the EU.

### **Animal Welfare/Provenance**

- No dilution of standards – these are key to our marketing strategy for beef and lamb.
- More local, small-scale abattoirs to reduce livestock fatigue and increase 'local food' marketing.
- There is an opportunity to reduce red tape, excessive penalties and an onerous inspection regime where this can be consistent with maintaining standards – the vast majority of our producers work to a high standard without the need for outside interference.
- Maintain Protected Geographic Indicators for beef, lamb and pig meat.
- No undercutting of UK welfare or traceability standards by imports.

### **Environmental Protection**

Most crofting agriculture is low input, extensive and of high nature value. Such sustainable agricultural systems should be targeted and prioritised by future environmental schemes. Government must recognise that crofters and farmers need to be making a profit in order to maintain the land in good heart.

- There is an opportunity to design area based environmental schemes starting from the bottom up to get something which is appropriate for the Highlands & Islands and crofting – there are good models for this approach provided in Ireland and the Netherlands, for example.
- Any new schemes should be simple to make it easier for small units to qualify with a straightforward application process.

- Any new scheme should be designed from the start to encourage Common Grazings to participate – grazings are a huge and under-used resource.

**Crofting covers over 10% of Scotland's agricultural land and supports thriving communities in our remote rural areas; the views of crofters must be taken into account in designing an agricultural and rural development system for Scotland.**

