

Written submission from National Farmers Union Scotland (NFUS)

National Farmers Union Scotland (NFUS) welcomes the opportunity to submit evidence to the Environment, Climate Change and Land Reform (ECCLR) Committee's inquiry on future legislation frameworks after EU exit.

Scottish agriculture plays a pivotal role in the rural economy. It is the bedrock of Scotland's £14.4 billion food and drink industry – which now exceeds the oil and gas industry in returns to the Scottish economy. Scottish farming and crofting supports 65,000 jobs in agricultural production, and 360,000 jobs in the wider food and drink industry.

Scottish and UK agriculture has operated under the EU regulatory framework and Common Agricultural Policy (CAP) for over 40 years and the negotiations to leave the EU will have significant consequences for the industry. NFUS has previously submitted evidence to the Scottish Parliament's Finance and Constitution Committee as well as the House of Commons Scottish Affairs Committee on these issues. This submission is formulated from previous NFUS responses to inquiries focusing on the transposition of frameworks after EU exit. The transposition of current EU regulatory frameworks via the UK Government's European Union (Withdrawal) Bill remains a key element within discussions with UK and Scottish Government.

As the largest representative body for Scottish farmers and crofters who have operated under EU regulations over the last forty years, NFUS understands the importance of ensuring continuity and legal certainty in the immediate aftermath of 'exit day'. NFUS considers the European Union (Withdrawal) Bill to be a technical and procedural piece of legislation in order to ensure that 'the wheels do not come off' in the short-to-medium term. However, it is vital that all political implications of this landmark Bill are understood.

The primary concerns of NFUS from the legislation pertain to the transposition of policy frameworks from the EU into UK law – namely, the CAP – and ensuring that governments establish a sensible regulatory framework after Brexit that allows Scottish agriculture to thrive.

Frameworks

Agriculture has been the domain of the Scottish Government since the inception of devolution in 1999. NFUS considers that this has worked well for its membership and the agricultural industry of Scotland, as it has allowed decisions to be made closer to those businesses that agricultural policies influence. In particular, and despite its shortcomings, the ability to implement the Common Agricultural Policy (CAP) in the most effective way to meet Scottish agriculture's needs and profile has been essential.

The UK Government has identified 142 distinct policy areas where EU law intersects with devolved powers in at least one part of the UK. This issue arises most often in

the Department of Environment, Food and Rural Affairs (Defra), where there are 28 such areas.

The NFUS position is that at the very least, the Scottish Government must retain the ability to manage payment schemes and implement agreed schemes, policies and regulations in a manner very similar to what it has been able to do as a devolved administration operating under the CAP. These management and implementation powers would enable policy to reflect Scottish, but should also be subject to conformity with agreed a commonly agreed framework at a UK level.

These constraints will be overarching elements of regulation which are best-suited to be managed on a 'framework' basis – such as animal welfare and traceability, public health, pesticides regulation, and food labelling.

It is understood that the UK and devolved governments have now reached some agreement that frameworks should be created where they are necessary to:

- preserve the functioning of the UK internal market;
- to ensure the UK can enter into trade agreements;
- to ensure the UK meets existing international obligations; and,
- to provide for the effective management of common resources.

NFUS suggests that the broad regulatory areas outlined above are examples of these criteria.

Other areas of policy, for example the flexibility to use elements of coupled support or less favoured areas support in order to effectively target limited funding to vitally important socio-economic sectors and/or regions, would not fall within these criteria. NFUS argues that significant swathes of environmental policy, such as 'greening' elements within the current CAP, would also fall out with these criteria. Therefore, these elements of future agricultural and environmental policy should remain with the devolved administrations to make use of should they choose to.

It is vital that whatever issues are managed on a 'framework' basis, and what is left in the mainstay of the devolved nations, must be commonly agreed. NFUS is very clear that any move which will drop down a 'Defra-centric' policy on to Scotland would not be acceptable. The 'framework' must allow Scotland – and the other devolved nations – to have 'tools in the toolbox' and flexibility to use more of, or less of, certain policy tools in order to complement the vastly different agricultural systems and landscapes across the UK.

NFUS has consistently pressed governments about the significant diversity of Scottish agriculture and the performance of agricultural businesses. It is vital that the unique needs of the Scottish agricultural industry are fully accommodated in the development of a future support package and the UK Government's upcoming Agriculture Bill. NFUS supports Scottish Government efforts to make the case for ensuring the UK Government allows significant flexibility for the devolved nations to

develop and deliver the right policies for the differing agricultural systems across the UK.

Whilst it appears some initial agreement has been found between the UK and devolved administrations as to the transposition of frameworks after EU exit, NFUS suggests that it is important UK and devolved ministers become more effective at jointly finding solutions and making decisions. NFUS is interested in the concept of a strengthened Joint Ministerial Committee, or an emulated Council of Ministers, which allows qualified majority voting and better dispute resolution procedures to minimise political infighting over these issues.

NFUS suggests that is a deficiency of the European (Withdrawal) Bill that there is no timeline or structure defined for the setting of common frameworks on the face of the Bill.

Funding

The UK Government's commitment to deliver "the same cash total in farm support to the end of the parliament" is welcome. Security of this essential funding is needed, and provides some element of certainty and stability for farmers and crofters in the short term.

The Secretary of State for Environment, Food and Rural Affairs has also clarified in writing to NFUS that: "The commitment to continue to commit the same cash total in funds for farm support until 2022, the expected date for the end of the Parliament, includes all EU and Exchequer funding currently provided as farm support under both Pillar 1 and Pillar 2 of the Common Agricultural Policy".

However, questions do remain on how this money will be delivered to Scotland after 'EU exit day' in 2019. Clarity is needed from HM Treasury on whether the funding will be delivered as it was previously, or by other means – such as the Barnett Formula. Post-2022, NFUS strongly argues that agriculture must continue to receive the same quantum of funding as it currently does under the CAP. This budget must be ringfenced to agriculture and rural support, but delivered via new approaches that enable even greater return for the taxpayer.

It is the NFUS position that HM Treasury should finance the new agricultural policy on a UK-wide funding framework, but with the devolved administrations given the policy tools and levers to ensure the agricultural policy works for all four parts of the UK.

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