



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 14 September 2011

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RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
4th Meeting 2011, Session 4

CONVENER

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

DEPUTY CONVENER

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

COMMITTEE MEMBERS

*Graeme Dey (Angus South) (SNP)
*Alex Fergusson (Galloway and West Dumfries) (Con)
*Jim Hume (South Scotland) (LD)
*Richard Lyle (Central Scotland) (SNP)
*Jenny Marra (North East Scotland) (Lab)
*Aileen McLeod (South Scotland) (SNP)
*Elaine Murray (Dumfriesshire) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Ian Hudghton MEP (European Parliament)
George Lyon MEP (European Parliament)
Struan Stevenson MEP (European Parliament)

CLERK TO THE COMMITTEE

Lynn Tullis
Simon Watkins

LOCATION

Committee Room 1

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 14 September 2011

[The Convener *opened the meeting at 09:29*]

Interests

The Convener (Rob Gibson): Good morning, everyone. Welcome to the fourth meeting in 2011 of the Rural Affairs, Climate Change and Environment Committee. Members and the public should turn off their mobile phones and BlackBerrys, because devices that are left on or in flight mode affect the broadcasting system. There are no apologies, so far.

Item 1 is a declaration of interests from Richard Lyle MSP.

Richard Lyle (Central Scotland) (SNP): Thank you, convener. I am a local authority councillor and will remain so until May. I am a member of the Association for Public Service Excellence. That is all that I need to declare.

The Convener: Thank you.

Decision on Taking Business in Private

09:30

The Convener: I seek the committee's agreement to take agenda items 6 and 7 in private. Item 6 is consideration of candidates for the post of budget adviser; item 7 is an update on aspects of the committee's work programme. Do members agree to take the items in private?

Members indicated agreement.

Rural Affairs, Climate Change and Environment

09:30

The Convener: The committee will take evidence via videoconference from members of the European Parliament on the common agricultural policy, the common fisheries policy and other European issues that relate to our remit.

To ensure that the videoconference runs smoothly, I point out that because of the technical aspects of the link there will be a delay between members finishing asking a question and the witnesses hearing them—there will be a delay in the other direction, too. It is important that no one speaks over anyone, so we should be on our best behaviour. Members should speak only if I call them and should not interrupt colleagues or witnesses, because that will affect our ability to hear the answers. We have allocated roughly an hour for the videoconference.

I welcome Ian Hudghton MEP, and Struan Stevenson MEP. We expect George Lyon MEP to arrive later.

Struan Stevenson MEP (European Parliament): Good morning.

Ian Hudghton MEP (European Parliament): Good morning.

The Convener: Good morning. Let me introduce the committee members. I am Rob Gibson. Starting from my right, we have Alex Fergusson, Annabelle Ewing, Aileen McLeod, Graeme Dey, Jim Hume, Jenny Marra, Elaine Murray and Dick Lyle.

We have a number of questions for witnesses. We might have to interrupt the discussion on the CFP when George Lyon arrives, because I understand that he has to leave early. I am sorry about that; we will make the most of the discussion.

Before we start, I welcome Jean Urquhart MSP, who has joined us.

We understand that the political groups in the European Parliament have not yet decided which elements of the CFP they will take on board and develop. Can either of the witnesses give us an update?

Struan Stevenson: Yes. There is a big dispute about the allocation of the six separate reports that the European Commission published on 13 July in respect of CFP reform. We met an impasse when we first discussed the matter in July. We hoped to allocate the reports to the various political groups before the summer recess, but there was a

dispute between the two main groups in the Parliament—the European People’s Party group, which is the centre-right group, and the Progressive Alliance of Socialists and Democrats in the European Parliament—over the points system, which is the byzantine way in which we usually auction reports. The socialists claimed that they had more points than the EPP, but the EPP said that because the Commission had withdrawn a report that it had bought at a previous auction for two points, those two points had been restored, giving the group more points than the socialists.

That might all sound trivial, but I am afraid that it has caused a complete logjam and there have been emergency meetings on the matter. The co-ordinators—the people who represent the different political groups in the Parliament and take decisions on these issues—have had an urgent meeting this week here in Strasbourg. However, I was told this morning that the situation has still not been resolved. Time is moving on. We really have to get these reports allocated quickly, or the Commission will say that it cannot possibly implement the CFP reforms on 1 January 2013, which is its target.

Ian Hudghton: This was a good old-fashioned rammy right at the start of the process, which may give some indication, again, of how controversial CFP reform will prove to be. The EPP group was trying to ride roughshod over the points system because it desperately wants to win the main legislative report in this package. Indeed, it had cobbled together a deal that would have given it that report, had the other four groups that were frozen out not objected. It was not a good start, and it was a pointer towards how much intense discussion there will be once we get down to the meat of this issue.

The Convener: Before I invite questions from other members of the committee, I make the point that we in Scotland want our MEPs to work together in the best interests of Scotland. I hope that that desire can cut across the animosities—if I may put it that way—between different groups in the Parliament. Such animosities do not serve Scotland well.

Struan Stevenson: I assure you that we always work closely together. Barely a week goes by in which we are not doing something in harness—all six MEPs representing Scotland—despite our political differences. We acknowledge that we are here to represent the interests of Scotland. You need not worry about that.

I am afraid that this dispute is more entrenched, however, and is between the socialists and the EPP. It looks as though the dispute will ultimately be resolved. On behalf of the European Conservatives and Reformists Group, I am likely to get the report on the common organisation of

the markets—a legislative report that is highly important for Scotland. I will, of course, be working closely with my colleagues in the preparation of that report—if, indeed, that is the report that I get.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I would like to kick off a session discussing the vital issue of relative stability. Everybody around this table knows about the issue, and obviously you do too, having spent much of your working lives in Brussels and Strasbourg dealing with it. I understand that relative stability—in particular, in relation to the retention of historic rights—could be under threat. Where is the threat coming from? Can we overcome it and, if so, how?

Ian Hudghton: As Annabelle well knows, this is a long-running and controversial point. As far as I am concerned, relative stability is a founding principle of the common fisheries policy. It must be protected. It offers one of the few protections that Scotland has from sweeping statements in the CFP along the lines of

“there shall be equal access to waters and resources”.

By the way, that idea is maintained in the new proposals from the Commission.

The Commission claims that it does not wish to upset the principles of relative stability. However, at the same time, the Commission is proposing a mandatory transferable system of fishing rights. The proposal also says that member states may transfer those rights to other member states. If there were to be a system of transferable rights, it would lead inevitably to centralisation of the control of those rights—not to mention land-based activities. If, across the European Union, there were to be international trading of those rights, you might as well forget relative stability because it would be fatally holed below the waterline, no matter what the Commission claims to be saying in favour of it. There is also the old claim made by certain Spanish MEPs and others 10 years ago, when we last reformed the CFP, that relative stability is discriminatory in a single market. We have to be prepared to argue the case for relative stability and to be extremely wary if not outright opposed to transferable fishing rights, which I believe pose a big danger at the moment.

Struan Stevenson: I thoroughly agree with Ian Hudghton about all of this. The commissioner, Mrs Damanaki, has stressed again and again that what are called tradeable fishing concessions—or what are also known as individual transferable quotas or tradeable quotas—will only be tradeable within a member state, not between member states. In fact, that is repeated in the text of the basic reform package. However, as Ian has already pointed out, article 32.2 of the proposed regulation says:

“A Member State may authorise the leasing of individual fishing opportunities to and from other Member States.”

This has caused a great deal of confusion. The Commission's explanation is that the provision should have been clarified as meaning that unused fishing concessions can be leased temporarily by one member state to another. I am not happy about that, because I think that the lawyers could have a lot of fun with it. On a recent visit to Vigo in Spain, I spoke to the chief executive of one of the biggest fisheries companies in the whole of Europe and he said, "Of course we want international tradeable quotas and of course we will buy all your fishing rights in Scotland. Why shouldn't we, if we can afford it?" I told him that we were wholly opposed to such a move because once those rights have been bought from fishermen who are willing to sell them because they need the money, all the catches will be landed in Spain. Peterhead, Fraserburgh and the rest of our fishing ports will collapse. There is no way we can allow that to happen, which means that in all our amendments we have to clarify exactly what article 32 represents. We have a lot of work ahead of us to ensure that relative stability is protected.

Ian Hudghton: There is a bit more to it than that. Article 31.2 of the proposed regulation states:

"A Member State may authorise transfer of transferable fishing"

rights

"to and from other Member States."

That use of "may" shows that the issue is not just the leasing of unused concessions. Because of that wording, the Commission has claimed that it is not recommending that there be international transfers. Nevertheless, it would be easy for a member state or an MEP to lodge an amendment to change that "may" to "shall". Indeed, that is quite likely to happen.

Annabelle Ewing: Thank you for those very comprehensive answers.

Does your intelligence on the ground suggest that a majority support the retention of relative stability as it is understood at this time, or will it be very difficult to ensure its retention?

Struan Stevenson: As Ian Hudghton mentioned earlier, we know that we are always going to be up against the Spanish. My hunch is that they will come in hard and fast to ensure that "may" becomes "shall" and to make possible the transfer of tradeable fishing concessions between member states.

I understand from speaking to the Westminster Parliamentary Under Secretary of State for natural environment and fisheries, Richard Benyon, that at the most recent meeting of the agriculture and fisheries council the Irish were not being particularly helpful on the matter. That made me

anxious, because we always rely on solidarity with Ireland when we are confronting some of the southern member states. I am trying to find out exactly what the Irish position is and why on earth the Irish would want to support the Spanish—if that is the case. I think that there will be a big fight on this one.

09:45

Ian Hudghton: I agree. My impression is that there might not be a formal challenge to the principle of relative stability, in the sense that no one will propose that it be ditched or removed. However, that will not matter if, by other means, a system of tradeable rights is brought in, because relative stability will be finished off anyway by market forces. I have heard even Spanish MEPs say that they no longer seek to upset the principle of relative stability, and my concern is that that could be because they think that there is another way to deal with it.

Aileen McLeod (South Scotland) (SNP): The Commission talks about decentralised governance and says of its proposal:

"It will end micro-management from Brussels so that EU legislators will only define the general framework, the basic principles, the overall targets, the performance indicators and the timeframes. Member States will then decide the actual implementing measures, and will cooperate at regional level."

We know from the Scottish Government's press release that the Government thinks that the proposals for regionalisation are a welcome start, but do not go far enough. Scottish experience in recent years shows that when the Scottish Government, the industry and stakeholders work together innovative changes that promote sustainable fisheries can be made. I welcome your views and comments on the Commission's proposals in that regard. As they stand, will they do anything to improve the governance of the CFP? How are the discussions likely to go?

Struan Stevenson: Regionalisation lies at the core of the CFP reform package. If we do not get regionalisation and meaningful devolution of day-to-day management policies, we will be stuck with the centralised micromanagement from Brussels that has bedevilled the CFP for decades. Damanaki herself has repeatedly said that we have made a mess of the CFP through micromanagement from the centre and we must have a basket of management options from which member states can choose, so that each state can use the most appropriate management option for their fisheries basin. She has talked about a basket of options including, for example, the conservation credits scheme on which we have been working successfully in the North Sea and

options for days-at-sea management policy, from which states would be able to choose.

We understand that the problem is that the Commission's legal service, which has the backing of the college of commissioners, has said to Damanaki that the Commission is the guardian of the treaties and that the CFP is a common policy; therefore, meaningful devolution of power from Brussels back to the member states is a breach of the treaties.

I believe that Damanaki has reluctantly had to draw back from what she originally proposed and that she is quite anxious about the matter. When we complained, Damanaki said to us that there is now not enough regionalisation in the published proposals and that we will have to insert meaningful devolution of power by amendment. She said that we should be very careful, because our amendments will be scrutinised by the Commission's legal service to ascertain whether they are competent. However, our amendments, if they are approved in committee and ultimately in the plenary here in Strasbourg, will have been scrutinised by the European Parliament's legal service. What this looks like is that we will end up in a dispute that may come before the European courts because the two legal services will be fighting against each other. I am glad to say that Carmen Fraga Estévez, the Spanish chair of the fisheries committee, said to me at the last meeting last week that she is 100 per cent behind regionalisation and that if we cannot win this battle, there is no point in reform of the common fisheries policy.

Ian Hudghton: I welcome that everyone in the wider European Parliament claims to support regionalisation. There is general agreement among Scotland's representatives here that maximum decentralisation is what we want. If I had my way, this reform of the common fisheries policy would decentralise to such an extent that it would be tantamount to dismantling the common fisheries policy, which even the Commission accepts has failed in its objectives. However, at the same time as allegedly supporting regional management and decentralisation, the Commission is proposing an EU-wide mandatory discards ban and an EU-wide mandatory tradeable fishing concessions scheme, and it has confirmed equal access to water and resources in the common fisheries policy. If so many key factors are to be laid down centrally, with a toolbox handed out for detailed management, it does not amount to as much decentralisation as I would like. I would like the fishing nations in logical sea basins such as the North Sea to be given the power to get together and decide what future management would succeed in these fisheries, which are mixed fisheries and are complicated for that reason.

Struan Stevenson alluded to the progress made, largely instigated by Scotland, through Government, industry and non-governmental organisations working together to instigate bottom-up approaches to management that are showing the kinds of results that we want. These include reducing discards dramatically. We need to press people here who say they are in favour of regional management and decentralisation to go as far as possible.

I do not wholly accept the treaty problem as explained by the commissioner. I do not think she is trying terribly hard, but if we are to make progress it is necessary to get a good head of steam in the form of political will across the European Parliament and member states to make radical changes. If we can get that, a way will be found to deal with the alleged restrictions of the treaty.

Jim Hume (South Scotland) (LD): I want to explore the discards issue further. There are proposals to ban some discards by 2016. I am interested to hear your views on that proposal and whether it is likely to go through. Can you also provide an insight on the species that may be excluded from the discards ban?

Struan Stevenson: It is a lot earlier than that. The basic reform package intends a complete ban on pelagic discards by 2014. That is mostly mackerel, herring and mid-water species. By January 2015, it will extend to demersal species such as cod, hake and sole and by January 2016 it will be extended to haddock, whiting, plaice and similar stocks.

That has all been accelerated by Hugh Fearnley-Whittingstall, the celebrity chef, who is taking a wee bit of a simplistic approach to the issue. His petition to ban discards generated more than 600,000 signatures in the United Kingdom alone. He has now taken his programme to other European member states, which has panicked the Commission into looking for instant solutions for what they see as a major problem with the general public. The citizens of Europe quite rightly do not like the thought of good, fresh, healthy fish being dumped into the sea.

The problem is that the management policies that the Commission has put in place force the fishermen to dump fish. Fishermen do not like dumping good healthy fish either, but if they land fish that are undersize, or for which they do not have a quota, they will face criminal prosecution. They have even been jailed and fined huge amounts of money in the UK, although not in every member state.

I had a conversation with Hugh Fearnley-Whittingstall before the summer and told him that he should be careful not to cause a knee-jerk

reaction from the Commission so that it introduces a one-size-fits-all ban on discards throughout the EU. That would be the worst solution of all. We need to take a careful approach and look at the management systems that we put in place to stop discards.

We certainly need a land-all policy, but not in the case of some species such as nephrops. If we insist on landing all species that are caught, we will end up with a bigger nephrops mortality rate than we have at present, because nephrops can be returned to the sea alive. Thankfully, the Commission has recognised that, so the CFP reform package has derogations for nephrops and some other species that have a good chance of survival when they are put back in the sea. We must be careful and take a cautious approach. I am glad to say that that appears to be what the Commission's proposals embrace.

Ian Hudghton: I think that everyone agrees that discards are a scandal, and it is true to say that a substantial amount of discarding is directly caused by the unworkable regulation of the CFP, which, under the current quota system, measures only fish that are landed, not those that are caught.

To go back to bottom-up approaches, one of the purposes of our own catch quota scheme is to tackle the discard problem. It has succeeded in that to a large extent. It is easy to simplify that on a television programme or in a press release by saying that it is a scandal that must end, but it is much more difficult to put together a regulation or scheme that will actually work, particularly in mixed fisheries. The reason why the targets for pelagic species are the earliest is that they are, in effect, relatively clean fisheries that have hardly any bycatch that needs to be discarded. It is a case of measuring allowable catches and the effort and so on. However, the North Sea fisheries in which our white-fish fleet works are mixed fisheries and therefore very complicated. In Scotland we are making some progress on that and it should not be thrown away just to allow the European Commission or the European Union to feel good because it has instigated a discards ban—which will not work.

Graeme Dey (Angus South) (SNP): One of the aims of establishing tradeable fishing concessions is to reduce the capacity of the EU fleet. What scale of reduction is envisaged? Is there any indication of the extent to which the Scottish fleet might be impacted?

10:00

Ian Hudghton: You are right to highlight that point. When, before he demitted office, the previous commissioner first announced that the Commission was looking at tradeable

concessions, he strongly stated that he and the Commission wanted to let the market decide on capacity issues. In other words, the Commission was giving up on trying to enforce capacity reduction on certain member states that had not tackled the problem in the way that Scotland already had. That is why I take exception to some of the sweeping general statements that are made in favour of common fisheries policy reform, such as, "Too many boats are chasing too few fish." That is true as a sweeping, general EU-wide statistic. People say that multiple stocks are in danger. Again, that is true on an EU-wide basis. However, the trouble with having a tradeable rights scheme as a method of tackling overcapacity is that, although it will tackle overcapacity to some extent, it will not discriminate. It will inevitably centralise the ownership and use of fishing rights and boats into increasingly large companies and, probably, increasingly large vessels. It will probably also centralise activity on land in the pursuit of greater economic benefit for the owners. All that will be detrimental to Scotland's interests.

In the past 10 or more years in Scotland, and indeed the UK, we have had multiple scrapping schemes, which have been funded and to some extent have tackled the overcapacity that we may have had. I am not saying that there are no issues with that, but I certainly do not want to see wholesale market forces in effect destroying some of our coastal communities.

One practical issue was highlighted in relation to Iceland at a seminar that Struan Stevenson and I attended yesterday. Iceland has had tradeable rights for some time, but even in that relatively compact economic unit there has been a noticeable centralisation of the on-land activity away from the smaller rural ports and into two main centres. If we had EU-wide tradeable rights, why would a boat owned by a large conglomerate catch fish around Scotland and land it in Scotland only to put it on ice and in a lorry and drive it to mainland Europe? I predict that the boats would just land the fish in mainland Europe.

Struan Stevenson: In fact, the situation is worse than that. We were told by the expert yesterday at the conference that, when Iceland decided that it would sell its quotas, it initially specified that the quotas could be held only by fishermen in specific fishing communities—we are talking about Icelandic villages. Those quotas were then bought by bigger companies in Reykjavik, and then a huge financial conglomerate from New York bought the Reykjavik concessions. The company in New York then went bankrupt, and the Icelandic Government now apparently does not know where all its fishing quotas are. That is the disaster that can occur.

To go back to Graeme Dey's questions, it seems that the Commission is looking for a 20 per cent reduction in the overall size of the EU fleet. Damanaki has said that she does not have enough money in the fisheries fund to pay for decommissioning under the old scheme that we used to compensate fishermen for decommissioning their boats—a scheme that worked successfully in Scotland, where, as Ian Hudghton said, we have met all the targets. In the past 10 years, about half of our white-fish fleet has been scrapped and decommissioned and has disappeared, so it is not surprising that some of the fish stocks are beginning to recover.

We have done that work, but other member states such as Spain have not decommissioned to that extent. Looking at a 20 per cent cut across the board, Commissioner Damanaki is hoping that the market will achieve that through tradeable concessions, rather than her having to pay money from the European Commission budget for decommissioning. Frankly, that process is filled with great risk. Again, we have to be very careful in the reform package that we propose amendments to protect us from the indiscriminate sale or centralisation of quotas.

The Convener: I should point out to our MEP colleagues that George Lyon has sent us a note saying that he is not coming. We have several more questions on fisheries.

Elaine Murray (Dumfriesshire) (Lab): I share the witnesses' concerns about the approach to discards not being correct because the Commission has been panicked by a celebrity chef's discovery of an issue that fishermen and politicians have been discussing for a long time. There is concern that, if the approach is not managed correctly, we will create markets for unwanted catch such as smaller or non-quota fish and that if we are to prevent discards, we should be using methods such as gear change to ensure that we do not catch non-quota species in the first place. How can the process be managed to ensure that we create sustainable fisheries rather than markets for catch that should not have been caught in the first place?

Struan Stevenson: Ian Hudghton talked about the successful application of the catch quota scheme. First, we have to incentivise fishermen. Under the conservation credits scheme that we have been operating in the North Sea, fishermen are given extra days at sea if they stop discarding. Such incentives work quite well, according to the skippers with whom I have spoken. Skippers have to fit closed-circuit television, so what happens is monitored and there is no way for them to get round a complete avoidance of discarding.

There is a limit on the number of days that fishermen can spend at sea, so they do not want

to fill their holds with undersized or out-of-quota fish, which they will have to stain when they reach the quayside because they cannot sell them on the open market—the fish then goes for fishmeal. It is of no benefit to fishermen to steam back to port with a catch that is not of high value. Fishermen are therefore incentivised to introduce technical measures such as square-mesh panels that avoid catching undersized fish. They will try to move out of areas where they are catching immature fish.

Such approaches seem to be working credibly well and I think that they are the future. Meanwhile, because of the rising cost of the fishmeal that we import from Peru and other places, the fishmeal industry is desperate to get its hands on anything that would normally have been discarded but under the new system will have to be landed. For the system that we introduce in Scotland, we must look carefully at approaches such as staining the fish, to ensure that they do not go on the market and we do not create a market for them, giving the fish to the fishmeal industry and paying a certain level of compensation to the fishermen. We must respect the fact that fishermen, given their high fuel costs and limited days at sea, will want some compensation for landing the stuff—maybe £50 per tonne, which is below market value and would not incentivise fishermen to target immature fish.

Jenny Marra (North East Scotland) (Lab): I want to move on to climate change, convener. Do you want to continue with the discussion on fisheries?

The Convener: Members might want to raise more issues to do with fisheries. Does Alex Fergusson have a question?

Alex Fergusson (Galloway and West Dumfries) (Con): I have a more general question, which I can ask later.

The Convener: I will ask about aquaculture, which also falls within our remit. Proposals for multiannual national plans for aquaculture seem, on the surface, to be generally acceptable. Do the MEPs want to comment on the proposals?

Ian Hudghton: We cautiously welcome the European Union's support for Scotland's aquaculture industry. The welcome is cautious because I would certainly not want aquaculture or inland fisheries to be managed by the common fisheries policy which, for all the reasons that we now know, has not worked in the past for sea fisheries. We welcome the recognition of aquaculture's importance, but we need to carry out a lot of work on and research into how best to support its development in a sustainable fashion. Again, that is largely being driven from Scotland. We have a good story to tell about how our

aquaculture industry has developed, is developing and can develop in future so I am a bit cautious about the extent to which we should regulate from Europe instead of supporting our own initiatives, financially or otherwise.

Struan Stevenson: The CFP reform package offers a big opportunity. The Commission is talking about the need to create an aquaculture regional advisory council. Scotland led the way by setting up the very first RAC, which was in the North Sea, and our model was then used to roll out RACs across the whole EU. We should do the same with this aquaculture proposal. We need to get in fast, create an embryonic RAC for the aquaculture industry and use our experience and best practice to lead the field in Europe on the future of the fish farming sector. Otherwise, another member state—perhaps Greece, which has a very large aquaculture industry, Italy or even Ireland—will set up the aquaculture RAC and headquarter it there, and we might then find ourselves being asked to comply with ideas and regulations that do not sit well with our experience. We should try to seize this opportunity.

The Convener: So the object is to ensure that a one-size-fits-all system is not set up. You also think that it would be possible for Scotland to take the lead by setting up an RAC. Do you want to say anything more about that, Ian?

Ian Hudghton: If an aquaculture regional advisory council is going to be set up, we should grasp the opportunity and ensure that Scotland's voice is heard. It is reasonably obvious that we should take every opportunity to use these forums to support, explain and, indeed, sell to the wider world what we are doing on aquaculture and everything else. As I say, though, I am a bit cautious and think that we should guard against some of the ways in which aquaculture and inland fisheries could be brought into the CFP.

Alex Fergusson: I am not quite clear about whether the aquaculture RAC is an actual proposal in the reforms or whether it is simply a good idea at this time. Where exactly are we with it?

Struan Stevenson: It is a proposal in the reform package. The reforms play quite well to the aquaculture sector. In recent years, we in the Parliament have been very critical of the Commission for taking its eye off the ball in this sector and allowing countries such as Vietnam, China and Chile—which, of course, is one of Scotland's main competitors in the salmon industry—to take a global lead. In recognition of the heavy criticism that we have made, the Commission has focused a lot on aquaculture in the CFP reform package.

The Commission's previous reform of the CFP included the creation of regional advisory councils, I think that it was Aberdeenshire Council that quickly set up the initial forum to look at the establishment of the North Sea RAC. We should be working on exactly that now and preparing the ground for an aquaculture RAC, perhaps headquartered in Scotland. Given that the Commission intends to implement the proposal, we should offer that to the Commission as a fait accompli. I think that the Commission would regard that as progress.

10:15

Jenny Marra: I have a question for Struan Stevenson about emissions reduction targets. I understand that, in July, some Conservative MEPs stated their opposition to an increased EU reduction target of 30 per cent by 2020, citing concerns about putting the EU at a competitive disadvantage if businesses choose to relocate elsewhere to emit at a lower cost. Do you not consider that the economic opportunities that are offered by investing in a low-carbon economy are more sustainable in the long run than continuing to support more carbon-intensive business? How long are you going to wait for someone else to move first?

Struan Stevenson: How long have you got? I could happily speak about that for the next hour and a half.

The Convener: Five minutes!

Struan Stevenson: We have to go and vote shortly.

I am afraid that I agree with the eminent professor who was cited in the press in Scotland this week as saying that Scotland's target of 100 per cent of its energy coming from renewables by 2020 lacks any credibility, and it will not work. It is putting all our eggs in one basket when we know that we need base-load back-up for when the wind is not blowing, or indeed, when it is blowing too hard, which also happened in Scotland this week.

We know that Germany, which has more wind turbines than any other country in Europe, has not decreased CO₂ emissions by a single gramme. We now have hundreds of giant turbines bristling across the landscape of Scotland, with thousands more to come, apparently, yet our CO₂ emissions went up last year by 19 per cent compared with only 11 per cent in England. You have to look again at the Scottish National Party Government's policy on emissions, because it lacks credibility—the experts are telling you that. The policy is driven by a field of subsidies that are handing a lot of money to wealthy fat-cat energy companies and landowners, and taking money out of the pockets of electricity consumers, who see their bills rising

between 10 and 20 per cent. It is the biggest transfer of money from the poor to the rich that Scotland has seen since the Darien scheme.

Jenny Marra: I do not think that my question was completely clear. There are a number of issues with the SNP's target of 100 per cent renewable energy by 2020. My question was about our 42 per cent emission reduction target in the Climate Change (Scotland) Act 2009. It is understood that, if the EU moved to a 30 per cent emissions reduction target from its current 20 per cent, that would be helpful. Conservative MEPs voted against that and I was wondering why.

Struan Stevenson: The simple reason is that, as quickly as we move to impose that sort of target, other countries, such as China, which is opening a new coal-fired power station every day of the week, will take the jobs straight from Europe into China. Until we get a global agreement and everyone is trying to achieve the same targets, there is no point in our pioneering the hair-shirt approach, because it is not workable. It will simply export jobs out of the European Community to other countries abroad.

The Convener: I would like to take up this issue again at another time. There are different views on the issue, and whether one considers certain professors to be eminent is another matter.

We have had questions about the CFP but, before they go to vote, could the witnesses each say a bit about what issues they see coming up on the horizon for the CAP?

Ian Hudghton: Clearly, CAP reform is as important to Scotland as CFP reform. It is obvious that we need to be in on the ground and ensure that our interests are defended. We know that reform of the less favoured area scheme is now folded into CAP reform. We will have to ensure that we do not lose the devolved right to treat LFA as we have been doing, which is in a way that suits Scotland.

There is a load of issues that come into CAP reform with which we need to be involved. One of the issues is flexibility in direct payments. In recent times, Department for Environment, Food and Rural Affairs ministers and, indeed, Treasury ministers have surprised their colleagues around here by calling for an end to direct payments. We hope that the Scottish Government is tackling the issues in tandem with other devolved Administrations to ensure that our interests are not lost within a DEFRA minister's slightly different line.

We must fight to ensure that progress that we have made in areas such as animal welfare is recognised and that we are not penalised for the failure of others to meet set targets. We need to find ways in which to encourage the CAP to

support new entrants to farming, which is a big issue in Scotland and, indeed, elsewhere. We know that the CAP will be greened, which is the buzz word around here. That sounds like a good idea, but much of Scottish agriculture is already relatively green compared with many other agricultural industries that will be looked at from here. It will be important, among other matters, to have local input and the right to vary provisions to suit Scotland's specific geography and climate.

Struan Stevenson: We must recognise that, 10 years ago, the CAP accounted for 70 per cent of the entire budget for running the EU. As we sit here today, the figure is now 42 per cent, or €50 billion, so we are still talking about a massive amount of money. However, it has diminished rapidly at the same time as the EU has been expanding rapidly.

We now have the accession of huge agricultural countries such as Poland and Romania, which have massive farming sectors. That means that there is a lot of pressure on the CAP budget. We now have a Polish presidency of the EU and, when the President of Poland spoke in Strasbourg yesterday, he told us that he believes that there must be a more equal distribution of the CAP between the old and the new member states because the old member states—France, Germany, the Netherlands and Belgium—get a bigger share of the CAP budget than new member states such as Poland. He wants to see a level playing field.

The movement of funds from pillar 1, direct payments, to pillar 2, rural development, is inexorable and will continue, partly because, once the funds have been taken out of direct payments, it is much easier to reduce the budget. The pressure over the next two decades will be relentless to reduce the budget until it is down to a shadow of what it is at present. Remembering that if our farmers did not have the single farm payment, they would not be able to survive in the current environment, we must prepare ourselves for the shock of a rapidly diminishing CAP budget in the years ahead. We must watch carefully how the money is moved from pillar 1 to pillar 2 through modulation and other mechanisms. That is the key fear that farmers must be prepared to confront.

I hear the division bell ringing now, so I am afraid that we have about two minutes left before we must head to the chamber.

The Convener: Thank you very much for the time that you have spent with us, Struan and Ian. You have given us a good insight into the CFP. No doubt, we will return to the subject when more is known about it. Thank you.

Struan Stevenson: Thank you.

Ian Hudghton: Thank you.

10:26

Meeting suspended.

10:29

On resuming—

Subordinate Legislation

Wildlife and Natural Environment (Scotland) Act 2011 (Commencement No1) Order 2011 (SSI 2011/279)

Wildlife and Natural Environment (Scotland) Act 2011 (Commencement No 1) Amendment Order 2011 (SSI 2011/287)

The Convener: I remind members that we are still in public session, even though no members of the public are present. Item 4 is subordinate legislation. The committee is asked to consider two commencement orders. If there are no comments on the orders, I invite members to agree to note them. Is that agreed?

Members *indicated agreement.*

Pollution Prevention and Control (Scotland) Amendment Regulations 2011 (SSI 2011/285)

The Convener: No motions to annul the regulations have been received. If members have no comments, does the committee agree that it does not wish to make any recommendations on the regulations?

Members *indicated agreement.*

The Convener: That ends the public part of the meeting and we will now move into private session. I thank the members of the public who attended the earlier session.

10:32

Meeting continued in private until 10:54.

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