

## RING-FENCE CAP FUNDS FOR THE ENVIRONMENT

*Think-tank outlines Rural Development Policies beyond the mid-term review*

Even if European Governments agree to implement the Mid-term review of the CAP, more radical reform will be needed to protect rural development, according to a report from the Foreign Policy Centre. Vicki Swales, Head of Agricultural Policy for the Royal Society for the Protection of Birds, argues in *The New European Rural Policy* that the environment will continue to suffer unless funding is ring-fenced for its protection. The report calls for **seventy-five per cent of the CAP budget** to be spent on environmental and rural development measures – far more than the 4 billion shift from production subsidies suggested in the mid-term review. It also recommends the “nationalisation” of rural development subsidies – in which costs are shared between national Governments and the EU – to be reversed. Poorer EU states are often unable to provide match funding, she argues, endangering many redevelopment projects.

The pamphlet sets out a reform agenda to move beyond the measures outlined in the European Commission’s Mid-Term Review of the CAP:

- **Require all farms to undergo a thorough audit. This would outline potential environmental business opportunities and identify farm projects that could attract EU rural development funding.** Without an audit, the move from production subsidies to rural development payments will make budgetary transparency even more difficult.
- **Ring-fence a proportion of RDR budgets for environmental protection.** Though two thirds of the UK budget is spent on agri-environment measures, countries like Spain and other Southern European Countries devote most of their resources to agricultural modernisation and not enough to environmental management.
- **Increase rural development funding for accession countries:** Poland will receive just Eur 171 million annually, Hungary Eur 38 million, and Czech Republic Eur 22.45 million – a fraction of the resources needed.
- **Increase the proportion of Environment and Rural Development funding coming from the Central CAP Budget and reduce the amount coming from national funds.** Currently, EU funding must be matched by the same amount from member states. This means that some member states, particularly from Southern European countries, are struggling to find match funding. Though the Mid-Term Review proposals suggest that Brussels should fund 60% of agri-environment support, this should be raised in time to 75% for all measures.
- **Allocate rural development budgets according to environmental and rural development needs rather than on the basis of previous expenditure.** In the 2000 allocation, those countries with a track-record of investing in rural development were disproportionately funded: Germany got 15%, France got 16% and Italy 13%. At the same time, the UK with 6% and Greece with 3% were relative losers.
- **Extend eligibility for rural development payments** to all rural dwellers. Currently, it is confined to farmers.

**For briefings, interviews or a copy of the pamphlet,  
call Rob Blackhurst on 0207 401 5355**



**Vicki Swales said:**

“Until substantive shifts in funding occur, the aspirations of a rural policy for Europe will remain unachievable”

**NOTES FOR EDITORS:**

1. Vicki Swales is Head of Agricultural Policy for the Royal Society for Protection of Birds. She was a member of the Government’s Hills Task Force in 2000 and is currently an Independent Director on the Board of Assured Food Standards overseeing environmental issues.
2. The Foreign Policy Centre was established in 1998 by the Prime Minister Tony Blair and then Foreign Secretary Robin Cook.
3. *The new European rural policy: can it replace the CAP?* is the second output from the Future of European Rural Communities Project, chaired by Lord Haskins. It follows *How To Reform The CAP* by Jack Thurston, former special advisor in MAFF. The next paper in the series will be *The Future of Farming in Europe* by Chris Haskins.