



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 12 June 2013

Session 4

---

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.scottish.parliament.uk](http://www.scottish.parliament.uk) or by contacting Public Information on 0131 348 5000

---

**Wednesday 12 June 2013**

**CONTENTS**

	<b>Col.</b>
<b>COMMON AGRICULTURAL POLICY AND NEONICOTINOIDS</b> .....	2369
<b>SUBORDINATE LEGISLATION</b> .....	2408
Animal Health (Miscellaneous Fees and Amendments) (Scotland) Regulations 2013 (SS1 2013/151) .....	2408
<b>CROFTING (AMENDMENT) (SCOTLAND) BILL: STAGE 2</b> .....	2409
<b>PETITIONS</b> .....	2412
Wild Salmon and Sea Trout (Protection) (PE1336).....	2412
Trout Stocks (Effects of Farmed and Hatchery-reared Trout and Salmon) (PE1450) .....	2413
Inshore Fisheries (Management) (PE1386) .....	2413

---

**RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE**  
**21<sup>st</sup> Meeting 2013, Session 4**

**CONVENER**

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

**DEPUTY CONVENER**

\*Graeme Dey (Angus South) (SNP)

**COMMITTEE MEMBERS**

\*Jayne Baxter (Mid Scotland and Fife) (Lab)  
\*Claudia Beamish (South Scotland) (Lab)  
\*Nigel Don (Angus North and Mearns) (SNP)  
\*Alex Fergusson (Galloway and West Dumfries) (Con)  
\*Jim Hume (South Scotland) (LD)  
\*Richard Lyle (Central Scotland) (SNP)  
\*Angus MacDonald (Falkirk East) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Rt Hon Owen Paterson MP (Secretary of State for Environment, Food and Rural Affairs)  
Paul Wheelhouse (Minister for Environment and Climate Change)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

Committee Room 5



## Scottish Parliament

### Rural Affairs, Climate Change and Environment Committee

Wednesday 12 June 2013

[The Convener *opened the meeting at 10:00*]

#### Common Agricultural Policy and Neonicotinoids

**The Convener (Rob Gibson):** Welcome to the 21st meeting in 2013 of the Rural Affairs, Climate Change and Environment Committee. Members and the public should switch off any mobile devices, as they can affect the broadcasting system.

Agenda item 1 is an evidence session on the common agricultural policy and neonicotinoids with Owen Paterson MP, who is the Secretary of State for Environment, Food and Rural Affairs. I very much welcome him and his official, whom I am sure he can introduce to us. I do not know whether Owen Paterson wishes to make a short opening statement, but we will welcome whatever he decides to do.

**Rt Hon Owen Paterson MP (Secretary of State for Environment, Food and Rural Affairs):** Good morning, everyone. Thank you very much for inviting me to the committee. It is a really good idea that we have these sessions, and I hope that this will be the first of many. Let me introduce Martin Nesbit, who does sterling stuff—working under the title of “sherpa”, I think—in the detailed negotiations on international issues, particularly the CAP. I very much hope that we will shortly reach a conclusion on the lengthy CAP negotiations, which are of course extremely complicated.

I begin by setting out where I see the priorities for the Department for Environment, Food and Rural Affairs, although I will try not to take up too much of your time. I came in in September with a clear remit from the Prime Minister to grow the rural economy. My two absolute overriding priorities are to grow the rural economy and to improve the environment; I do not see the two as mutually exclusive.

Within that remit, there will be many areas of direct DEFRA activity—obviously, many of those are devolved—that is of benefit to all of us. For example, I see the roll-out of broadband to the most remote corners of the United Kingdom as being probably the most dramatic step that we could take to improve the rural economy since the stirrup, the canals, tarmacadam or the railways.

Broadband will be just a huge benefit, as will improving our mobile phone system. In England, we are also very much involved in flood schemes. There are direct activities in which DEFRA is involved, spending Government money.

Working with ministers in the devolved Administrations, we have a huge role in helping to grow the farming and food production sector, which is our biggest manufacturing industry across the UK—that should not be forgotten. My priorities in that area relate to the fact that 22 per cent of the food that is eaten in the UK is imported but could be produced here. Yesterday, I visited Highland Spring, which is a glorious example of a completely indigenous business that is actively pushing out imports. I am told that one of the main French brands is no longer for sale in the UK and that UK brands have overtaken foreign bottled-water brands. I am delighted to say that Highland Spring is the leading brand on that. That provides a really good example of how we can progress on import substitution, on which I will hold a summit shortly.

We can also help on exports. Of course, in Scotland you have in Scotch whisky the most magnificent leading product—it is a huge help for all UK products as it leads the way on quality, reliability and caché. When we went to Shanghai, the caché of Scotch whisky was really evident. We took the largest ever delegation of exporters to Shanghai and the biggest food show in China. The Diageo sales house in Shanghai was really interesting as it showed how Scotch whisky is right up there with other, lesser, products such as cognac. It is a real help for us to have a leading product that helps to sell UK products abroad. Of course, we also found that around the world there are paperwork problems to do with regulation and health certification. There is a real role for DEFRA, working with UK Trade & Investment and other bodies, in helping to promote exports around the world.

I am conscious that much environment policy is devolved but I am absolutely clear that we cannot improve the environment if we do not grow the economy. Some of the most catastrophically damaged environments that I have ever seen were at the back end of the Soviet Union, such as in Albania where the brooks ran black with oil just after the ghastly Hoxha regime had been removed—I was there very shortly after Hoxha went. I am absolutely emphatic that we will not improve the environment if we do not have a prosperous economy.

I am looking at how we overcome the sterile battle in England between economic projects and environmental assets. For example, if a bypass or a building project might impinge on a water asset where there are famous amphibians, bats or

ancient woodland, the first step is to mitigate. If you cannot mitigate, you say that the environmental asset has a value and, in order for the economic project to go ahead, that value has to be replicated or, I would hope, improved elsewhere. The idea of offsets is something that I have seen in Australia and I am very taken with. We will produce a Government paper on that shortly.

We also have a whole range of schemes that come mainly under the aegis of pillar 2 funds. On the CAP, my broad view, bringing together both the economy and the environment, is that down the road—and my views on this have been slightly exaggerated—I would like to see decisions on food production decided by the market. It was very interesting to see in New Zealand how that country, having taken away the distortion of a heavily regulated and subsidised system, now has an absolutely booming agricultural sector. For instance, New Zealand's sheep population has come down dramatically, from 70 million to 30 million, without any fall in the exports of sheep meat. There are lessons there, although not all of them are entirely applicable.

I am fully aware that there are parts of the UK where people cannot survive on food production alone. On top of that, there is no market mechanism to compensate landowners and farmers for the benefit that they provide. On all the good that they do—such as mending stone walls, keeping predators down and keeping the bracken down—rides a huge tourism industry, which is very important here. There is a clear role for taxpayers' money to be spent compensating landowners and farmers for the public benefit or public good that they provide, for which there is no obvious market mechanism. There are different schemes up here, but in England we have pillar 2 schemes that I think provide a very valuable service. We will never be like New Zealand, in that there will always be a clear role for some public intervention where it is not possible for people to survive on food production alone and where there is an enormous benefit in managing and improving the countryside.

Let me move on quickly to my other two priorities, which are to protect the UK from animal disease and to protect the UK from plant disease. We have obviously worked closely with the devolved Administrations on animal disease. We have a particularly horrendous problem with bovine tuberculosis—thankfully, that does not affect you too much—and that is where my main efforts are concentrated at the moment. We also have things such as the Schmallenberg virus, which is a horror that turned up last year, so we need to be constantly vigilant. There is a real role for all of us to work together, including with the Irish Government. We have very close relations

with the Irish Government—I was in Dublin with Simon Coveney recently—and there is real merit in our seeing how we can ensure that, for instance, our information technology systems are compatible so that we can work together on such areas.

On plant disease, a very good example—under horrendous conditions—is the awful problem that turned up with Chalara, for which there is no known cure. The disease blew in on the air into East Anglia and partly up the east coast, but it also came in on young stock as a result of the bizarre trade whereby we sent seedlings to Holland and then brought them back. Looking back, I think that that was crazy, given that people knew that the disease had been in that area for some time. In a unique operation, we surveyed the whole of the UK by breaking it down into 10km squares. We worked closely with your minister on that—there was absolutely full co-operation.

I appointed a task force to look at how we protect the UK's plants and forests. There are real lessons in biosecurity to be learned from Australia and New Zealand, but we do not have the same starting point. The task force has reported that one of the first things we should bring in is a risk register. If you consider the Chalara outbreak, for instance, there must have been evidence, such as pieces in horticultural magazines in Poland back in the late 1990s, which someone could have picked up if they had been instructed to. There is a lot of work to be done, but I also want to meld in the lessons that we have learned on biosecurity, to which attitudes in Australia are completely different. For example, I saw small, second-hand JCBs being completely stripped down and fumigated at the container base at Sydney port. The whole attitude to imports is very different there, but even within the constraints of European Union rules, there is an awful lot more that we can do.

I stress that we worked closely with your minister on the horsemeat scandal, which was an issue of absolute fraud, and he was tremendous. He and Alun Davies AM came down to London and we had a summit with food businesses. We work closely with the devolved Administrations. We respect their position and we agree with them on far more than we disagree on, although there may be some exaggeration of the differences.

On the CAP negotiations, my officials work closely with Scottish and Welsh officials prior to a meeting. Just before the council—an hour before, when we are right up to speed—I go through the agenda and my speaking notes, and on several occasions when Richard Lochhead has asked me to change things, we have changed the text. That is how closely we work. The negotiating position is obviously down to the UK minister, but the

devolveds are always invited. Richard Lochhead nearly always comes, and we consult through the day when necessary.

The week before last, the Irish held an informal council to which only the member state ministers were invited. I made a point, late in the afternoon on the first day, of having a telephone conference with the devolved ministers, in which Richard Lochhead was involved, to bring them up to date on what had happened that day so that I could get their comments. We offered to hold another telephone conference the next day, but it was agreed that we would do so only if something exciting came up, and nothing particularly exciting came up.

My next point will probably come up, but I just want to mention it. I have been conscious of Scottish requirements. Richard Lochhead makes them very clear, and I think that we have pretty much got an awful lot of what he wanted. Our most important achievement is one of the first things that we asked for in one of my last moments speaking in the council: regional decision making. I am fully aware of how important that is, and it was an absolute priority for us as UK negotiators. It was not popular with some other member states—you should not underestimate that—but we got it through. That means that, if we can get the reform through over the next few weeks—we are now into the trilogue stage with the Parliament, which is very complicated—it will be a Scottish CAP. That is my real message: we got agreement that the decisions will be made at the regional level.

That is a quick canter round where we are. I am delighted to be here—I hope you have noticed that I spell my name the correct way—because my grandfather came from Hamilton, my father went to school up the road at Loretto and I used to do a lot of business here when I was in the leather trade. It is great to be back.

When I was doing the fishing paper, I had a huge amount of help from the Scottish fishing sector—I look forward to coming back again on that. However, this is not my first visit: I was here a few weeks ago, when I went to Nigel Miller's farm, and I shall be back for the Royal Highland Show the week after next.

**The Convener:** Welcome to the committee. I am sure that we will deal with many of the questions that arise from your statement. We have heard what your objectives are. What is the rationale for supporting farmers through the CAP?

**Owen Paterson:** The CAP exists and we would like to see it move in the direction that McSharry and Fischler set in train. The days of significant public support leading to the production of unwanted food products are gone, and my whole

drive throughout the reform is to keep the CAP moving in the right direction. There are significant regressive elements, both in the council and in the Parliament, who would like us to go back to significant public support for food production. I think that that would be a big mistake. Given the current difficult circumstances in which many of our taxpayers find themselves, there would not be public support for significant subsidy of unwanted food products, but—and it is a big but—there is an absolutely clear role for Government help, through taxpayer funds, to support landowners and farmers where it is not possible for them to make a living from food production alone. That is the very broad drift of where I have tried to push the negotiations. I think that we have had some significant success so far in preventing some regressive ideas from being put back into the CAP.

**The Convener:** Do other European Union agriculture ministers share your views on regressive ideas?

10:15

**Owen Paterson:** It is fair to say that although EU ministers are very divided, we have built up a number of alliances with states on all sorts of issues. What is interesting is that we have allies on one issue who might not be quite so helpful on another. There is a group of us who are very much driven by my agenda and are very sympathetic, and we work pretty closely together. However, it is no secret that in some states there are calls for more taxpayer intervention, which I think would be a mistake and out of tune with the mood of the public and the taxpayer. I am very assiduous in mentioning the taxpayer and the food consumer in our debates, but I am afraid that some states do not mention them very often.

**The Convener:** The taxpayer, farmers and environment groups are all involved in the CAP discussion. What benefits are there for the taxpayer from your approach?

**Owen Paterson:** I think that it is massively in the taxpayer's interest to have a thriving farming and food production sector. There has been quite a lot of complacency in recent years about the availability of unlimited, safe, cheap food beyond our shores, which could be shipped here at the flick of an email. We should not be complacent about that. The world's population is moving from 7 billion to 9 billion. New Zealand, for example, is a huge food exporter and could feed 30 million people, but when you knock off the 5 million New Zealanders, there is food for only another 25 million people, which is only a round of drinks when we consider the populations of India and China.

We should not be at all complacent about food security when our self-sufficiency has gone down steadily in recent years. We have a real national interest in having a thriving food production sector and—to go back to my earlier comments—an environment that is not protected but improving. As a Government, we are clear that we want to leave the environment in a better state than the one we found it in. That was the clear lesson from the Lawton report, which we endorsed. Of course, up here, you have such things in spades. There is an enormous dependence here on incoming tourists, who would not come here if the Scottish landscape did not look as wonderful as it does.

**The Convener:** Indeed, but the Scottish Government promotes sustainable economic growth, which involves a variety of means of using our land. The taxpayer presumably benefits from sustainable economic growth, as do the farmer and the environment.

**Owen Paterson:** I entirely agree. We want to see a growing rural economy and an improving environment—I think that the two run together.

**The Convener:** With regard to the negotiations on the CAP, which as we all know have taken a very long time, the move from historic to area payments will be a significant change for farmers in Scotland. England has already adopted area payments. Other changes are modest rather than radical. Is a longer-term direction of travel for the CAP emerging? Can we see from what the Commission has proposed this time round where it will want to head post 2020?

**Owen Paterson:** Oof! You are asking me to look into a crystal ball, and I am rather concentrating on this round. We in England have had an absolutely horrendous time with internal convergence. The system that the previous UK Government brought through was fiendishly complicated and I think can give you real lessons on what not to do. I happily offer you an open invitation to come down and talk to our officials and the Rural Payments Agency to find out how not to do it. We have spent €590 million on what are politely called disallowances—to be blunt, they are fines for infringement of the overcomplex rules.

I very much hope that, as you set forth on the road from historic to area payments, you will take advantage of our experience and come and learn. I hope that you appreciate that, in the negotiations, we managed to get a change in the first year. Originally, the Commission wanted 40 per cent in the first year, which we thought was a bit rash and precipitate, and we got that limited to 10 per cent. That will help you. However, I appeal to the other parts of the UK—the three parts that have not done it yet—to come and see how we have done it

in England, because there are real lessons to be learned.

I am pleased to say that the RPA has now absolutely got a grip on things. We got an extraordinarily high proportion of our payments—well over 97 per cent—out in the first week of December. We now have a system that is working very well. As the constituency MP for North Shropshire, I have a huge agricultural interest, but I am trying to remember when I last had a letter complaining about the RPA. We have been through the process, which was initially really horrendous. When it started, it was absolutely ghastly for me as a local MP. I ask you to take full advantage of our experience and learn from it, and not to underestimate how difficult the process is. I believe that it is the right thing to have done, though. The anomaly whereby, by 2020, we could be making payments on economic activity going back to the late 1990s was ludicrous and, in the public's eyes, very hard to justify.

**The Convener:** Will you clarify that you expect area payments to be more or less working fully by the middle of the period from 2015 to 2020, rather than at the back end of it?

**Owen Paterson:** The area is pretty contentious and, to be honest, I am slightly standing back because it is a matter of intense interest for some other member states. I think that my main service for our devolved regions is that we have stopped the rush. The aim for 40 per cent in the first year was rash. We have made it clear that we would like to see things well advanced, but we do not want them to be done in such a hurry that everybody falls over. That is the most important thing—it needs to be done in a steady and rational manner. Broadly, however, the further down the road we can get by 2020—I am being deliberately inexact—the better, because it would be good to have a common base in relation to area payments.

Do not forget that some countries are opting out completely. Some countries are simply not going to have payments for whole swathes of their territory.

**The Convener:** We will come to that in due course. Claudia Beamish has a supplementary question.

**Claudia Beamish (South Scotland) (Lab):** Good morning, secretary of state. I want to take you back to your remarks about New Zealand. As I understand it, although I do not know a great deal about it, it was left to the market when there was a major shift towards having fewer sheep farmers there. Did the New Zealand Government put in place transitional arrangements to support farmers? I cannot quote the exact figures that you gave us, but it seemed like a major amount. I wonder how you see things happening here if we

are talking about a shift in production or radical changes for our farming communities.

**Owen Paterson:** Through this run, pillar 1 will provide significant sums of public money. It is easily the biggest part of the whole EU budget, and will continue to be so. The point that I have been making in the talks is that we should not be frightened of allowing decisions to be made by the market. I have great confidence in our farmers and our brands—you have here in Scotland some wonderful brands that are world leaders.

We have significant growth in many parts of the world, with significant population growth forecast, and there are enormous opportunities. We are still importing a huge chunk—22 per cent—of our food, which we could perfectly easily produce here. I am not frightened of having the market decide, but there is obviously not going to be a great leap into the free world of New Zealand because I also believe strongly that there is a role for state activity in compensating farmers for environmental benefit, on which rides the whole tourism industry, which I touched on.

If we look at New Zealand crudely, after a quick visit I noted that it had a tightly regulated agricultural regime with significant subsidies, and a very large population of sheep that were not of any great value. The figures are extraordinary. New Zealand went from 70 million sheep down to 30 million, but is now exporting more sheep meat because it has better quality sheep. It put the money into genetics, breeding and marketing. It was interesting to see that everything is focused on quality. They do not talk about milk volume, for instance; it is all about protein and kilos. The whole attitude is different. That is the way we should go, because there are enormous opportunities out there that we can take.

Perhaps New Zealand was lucky because of its landscape. It is fascinating that they created on the land that was vacated by subsidised sheep production a world-class wine industry. You could go down a road on a Sunday morning that had a dairy farm and a sheep farm on the left where the land was good, but on the rougher land to the right you would see a significant 20 million New Zealand dollars investment by a guy who used to work in the City of London, in a brand-new winery that was exporting its product.

That is what happens when you let the market take over: people find productive things to do with their land. We are miles away from that here, but we should not be frightened. I have great faith in the ability of our farmers, food producers and manufacturing industry to grab the opportunities. I do not want to see their efforts being hampered by overregulation or overdirection by what may be very well-intentioned but very distorting subsidy.

**Claudia Beamish:** Thank you.

**Jim Hume (South Scotland) (LD):** New Zealand has often been highlighted for having a free market with no Government interference. I, too, have visited New Zealand and I have an interest outwith Parliament in agriculture. I believe that the New Zealand Government wrote off farmers' debts when the subsidies were changed. New Zealand does not have the high animal welfare standards that we have, and I know that some parts of the wine industry there have difficulties because of the lack of a market. New Zealand also still has Government grants and initiatives—for example, an irrigation fund, growth partnership initiatives and sustainable farming funds. It is therefore perhaps just a little simplistic to say that there is absolutely no Government interference there. As you said, the New Zealand Government spends quite a lot on marketing its country's products. What it does is perhaps just a different way of doing what we do here.

**Owen Paterson:** I entirely agree with every word of that. However, I am not saying simplistically that the free market there means that everything else can go hang. There is significant Government involvement in Australia and New Zealand in animal research, for example. We went to Geelong in Australia to look at what they do there on animal diseases. There is a very significant Government activity in those countries.

My point is that I would like to see Government expenditure and effort directed similarly in the UK, because it would be better directed at disease research, biosecurity, training and agritechnology. We are going to bring forward an agritech paper, working with Vince Cable's Department for Business, Innovation and Skills, which we will announce very shortly. It is no secret that I am an enthusiast for our looking judiciously at the potential benefits of genetic modification technology, which is the kind of area into which I think public funds should go. I am trying to get away from the old 1960s and 1970s attitude that the way to have happy farming is just to pile money into unwanted product, which means that we end up with—we have all been through this—wine lakes, milk lakes and grain mountains. That is not the way ahead and it is not sensible use of money.

Jim Hume is right that the idea that the Australian and New Zealand Governments walked away from farming is absolute nonsense; farming is a strategic industry for them. However, I think that they spent their money cannily on their farming industries, which point answers Claudia Beamish's question properly. A lot of their money has been spent on research and marketing. There is huge support in that way and I think that that is a smarter way of spending public funds.

**Graeme Dey (Angus South) (SNP):** You have held New Zealand up as an example of a country that you feel has benefited from getting rid of agricultural subsidies, which you did in front of the House of Lords European Union Select Committee. At that meeting, you described England's wine industry as "splendid and wanting promotion". If you succeeded in getting rid of, or greatly reducing, agricultural support in the UK, is that where you would redirect the money that was saved—to support England's wine industry?

10:30

**Owen Paterson:** I am very happy to repeat myself; I have just said that there is a clear role for the Government to promote products. We were at Highland Spring yesterday; that meeting came about from a meeting that I had with some very interesting figures in the Scottish food and drink industry when last I was up here. They feel that there is a real role for the Government in helping to promote products. Following that visit, I am pleased to say that we have got Highland Spring supplied to one of our embassies. Why was our embassy buying local water, when it could buy Highland Spring? The Government can definitely help in that way.

If we look at other countries, we see that the French and the Italians are very active in such support. To touch on the previous question, do not underestimate how active the New Zealanders and the Australians are in promoting their industry.

As I said, I took the largest delegation to China, which consisted of 40 companies. Some of those were splendidly entrepreneurial; it is impressive, and really cool, to be selling tea to China. However, some people were there first, such as Mr Walker and his shortbread. Completely unasked, we went into Tescos in Shanghai and there was Walker's shortbread. Good for them, I say; they are a proper entrepreneurial business that got there first.

There is a definite role, therefore, for national governments in helping to promote products. When we talk to marketing teams it is clear that it is a pull to hold a reception at a British embassy; it brings people in. You can bring in marketing people to meet buyers, and they can meet potential agents and wholesalers. There is no question that that is not a priority for us.

**Graeme Dey:** You have clearly put a lot of thought into what you are talking about today. Have you also thought about the timescales to which you would work?

**Owen Paterson:** As I say, we are deadly serious. We should not be complacent about the pressure on food production. We need to get our act together now—we need productive and

successful agricultural and food production sectors. We cannot depend on cheap easy food being out there. The National Farmers Union predicts that our grain production will be down this year because of the miserable weather that we have had. If we look at the latest reports from *Farmer's Weekly*, there is going to be a big harvest in the States, which is helpful. Some grain prices have come back a bit.

We must have an absolutely clear goal to produce more food here. We have a massive open opportunity in that 22 per cent of the food that is eaten here is not but could be produced here. Why do we have a £1.2 billion dairy deficit, and an almost 100 per cent dessert deficit? Entrepreneurial companies are stepping into the gap, which is tremendous. As I often say, in my patch I have Müller, the yoghurt company, which has gone from zero to 1.7 billion pots of yoghurt in 20 years, because people are eating healthily. Müller produces quite a lot of cream; it has been dumping 95,000 tonnes of cream on the world commodity markets. Herr Müller very sensibly has pulled the plug on that and is saying, "We're not messing around—we're going to produce butter." He is spending £17 million on a butter plant. That is direct import substitution; he might export some, too, which would be good. There are real opportunities to grasp if we allow people to be entrepreneurial, if we get out of their hair and help to promote what they do when we go abroad.

**Angus MacDonald (Falkirk East) (SNP):** I have listened carefully to you this morning. Given your statement that your long-term policy is to reduce drastically direct support and to rely on the market, do you agree that if Scotland remains in the UK and the UK leaves Europe, Scotland's farmers will get no direct support? Under the Barnett formula, Scotland's farmers would get no budget consequentials, given that the UK would not be providing direct payments to farmers.

**Owen Paterson:** There is a pretty good rule on this occasion, which is not to answer a hypothetical question. You have piled about three or four hypotheticals on each other. You must not caricature what I am saying. I am saying that there is no great public support out there. We are talking about taxpayer's money, and taxpayers are under pressure with their food bills and their family income. There is no great sympathy for subsidising a simple activity. I think that there is public sympathy for improving the environment. We can look the British taxpayer in the eye and say that the schemes that you have here in Scotland and our pillar 2 schemes deliver real benefit to the public. They can go and enjoy the countryside because it is improved.

There is a clear gain for our nation if we have an advanced agritech industry; if we use the very

latest techniques and technology, if we have highly trained farmers and if we help to promote that by clever marketing. An awful lot of that will require Government money. That is a better way of spending public money.

The countries that have freed things up—we have touched on two; Australia and New Zealand—have significant activity that helps farming, but they direct their funds better. You must not have this simplistic caricature that suggests that I am just saying, “Walk away, end the subsidies and abandon farming”: not a bit of it. I am saying that there will always be Government activity and taxpayers’ money will be spent. I just think that we should target it at areas of intervention that will be of real long-term benefit. We should not just maintain the status quo.

What worries me about the pillar 1 money at the moment is that it is just flat. It enables people to carry on and it probably just keeps land prices artificially high, which makes it difficult for young entrants. Intelligent targeted use of that money would be much better—looking to the future with regard to research, marketing, and everything that I just touched on.

**The Convener:** On the process, will we stick to the timetable and get the CAP reform agreed by the end of this month?

**Owen Paterson:** I could ask my betting man at the *Racing Post*, but I would say it is 60:40.

I take my hat off to Simon Coveney, the Irish Minister for Agriculture, Food and the Marine. We get on really well with him. It is a huge help having someone who understands the industry and who comes from a country that has a huge interest in successful CAP reform. He has really grabbed the issue since the Irish took over the presidency in January. We were all beaten about the head to come up with a compromise. I have had to swallow all sorts of things that I am not entirely happy with, which you have probably picked up from my comments. However, the most important thing is that the uncertainty is bad for the UK. This long and rambling negotiation has to come to a conclusion. People have to know where they are.

Broadly, the compromise that the Council of Agriculture Ministers came up with—sometimes through gritted teeth—if brought through as final policy, will be an improvement on the current arrangements. It would continue the trend that was set by McSharry and Fischler, which is my absolute benchmark of a successful reform. It is a bit near the bone in some places, but overall it would be an improvement.

We now have the incredibly difficult arrangement that has come in since the Lisbon treaty, in which we have to work with the European Parliament. There are some widely

differing views, some of which are definitely opposed to mine. It was a very good idea of Simon Coveney’s to get everyone together with the representatives of the European Parliament in Dublin a couple of weeks ago. The European Parliament members were quite struck—some of them were stunned—by the determination of big countries, such as us and Germany and France, to get a deal. We have all made compromises—we all really want to get a deal. That was the most important lesson that they took back to the European Parliament.

We do not want to go into more months of wrangling with the European Parliament—we do not want to rehash all the arguments and we have already thrashed the thing to death. We will all convene in Luxembourg soon and there is a good chance that we will get the reform through. We really need to get it through then, because otherwise we run into much more important timetables—the Bavarian elections are in September and the German federal elections are in October. We would then have to wait for a new German Government to be set up and we would then be slithering into the next Euro election and a new European Commission.

It is very much in our interests to get a deal in order to end the uncertainty and to push on. As I said, I think it is 60:40 that we will get the reform through. If it gets through, it will very much be a tribute to the Irish presidency, which really got a grip on the issue. Of course, Commissioner Ciolos has a real interest in the matter as well. He has been plugging away at it for months and months, and his position will weaken if we do not get the reform through in June, because then we are looking—as I said—towards the German elections and a new Commission.

**The Convener:** Angus MacDonald has a question on internal issues in the UK.

**Angus MacDonald:** How has the UK Government been working with the Scottish Government to develop common positions on CAP reform and why does the Cabinet Secretary for Rural Affairs and the Environment feel that he has not been involved in discussions to the extent that he has been involved in the discussions on the common fisheries policy reform?

**Owen Paterson:** I would not entirely agree with him; Richard Lochhead and I see each other regularly. He comes to every agriculture council meeting and, as I explained earlier, we have a pretty clear process. Our officials talk in depth with Scottish officials beforehand, a text is drawn up—we have an agenda, so a speaking note is agreed on pretty well every question. There are opportunities for Scottish officials to put in the cabinet secretary’s ideas and to suggest matters that we might want to raise under “any other

business"; we raised neonicotinoids once on that basis. We have a sit-down an hour before we go in—it is deliberately right at the last minute so that we are absolutely up to date—and have a proper discussion. On several occasions, suggestions have been made to me and I have amended my notes.

To be fair, I say that we have delivered an awful lot of what was wanted. Given the different circumstances here, the key thing for Scotland was surely to get regional decision making. That was contentious and there are key member states that are very uncomfortable with it. You should not underestimate the fact that we have made it a major plank. It was one of the first things that I asked for and, in the dying moments of the last council, it was one of the last things on which I insisted.

I have joined up with Belgium. We have written a letter with the Belgian minister ensuring that the text is absolutely clear that all four pillars will be covered by regional decision making. That pretty well answers nearly all the questions on the detail because it will be a Scottish CAP from now on. You will be able to design it according to the requirements of Scottish interests.

**Angus MacDonald:** Yes, but the Scottish Parliament implemented the previous two CAPs. There is clearly some disagreement, because we know that you have refused Scottish ministers access to bilaterals and trilaterals at EU agriculture negotiations, but Scottish ministers are allowed into fisheries equivalents. Why are the Scottish ministers able to participate in fisheries negotiations to a greater degree than in agricultural negotiations?

**Owen Paterson:** Fishing is a bit different because the interests of all four parts of the UK are similar. In agriculture, all four parts are bit different.

Also, the agriculture issues are quite contentious. Without being brutal, the sheer physical circumstances of a bilateral mean that, when we are talking to the French or Germans in their languages, we do not have very long. There is not time to go into translation and I get more done by talking to them direct and then reporting back, as I do with Richard Lochhead. If he is there, we have a meeting back in the office of the United Kingdom permanent representation to the European Union and I will tell him what has happened.

All the ministers are very busy and there is not time to go into translations with some of them. We have to crack on, have a direct conversation with them and then come back. You must not underestimate the trouble to which I go to keep Richard Lochhead informed.

I know that he was not happy at not being invited to the informal council. That was not my decision; it was the Irish presidency's decision. Only member state representatives were asked. However, I was punctilious in taking time out—we had it all booked carefully in advance—for a proper briefing session with the devolved ministers so that they had the opportunity to hear what had happened and to make known their views.

I go to great efforts to keep Richard Lochhead involved. You really must not feel that he is excluded in any way. The fact is that only one person takes the UK seat and that, obviously, has to be the UK minister.

**Angus MacDonald:** I am sure that you would agree that fisheries negotiations can also be highly contentious. However, he is allowed to attend those. There we go.

**Jim Hume:** Mr Paterson mentioned

"the four parts of the UK"

and said that there will be regional decision making and flexibility for devolved Administrations. From your negotiations with Northern Ireland, Wales, England—of course, that is you—and Scotland, how far advanced are each of the devolved Administrations? How near are they to coming up with a complete plan under their powers that fits the policy?

**Owen Paterson:** That is a good question. You had better address it to those Administrations. I do not run agriculture in Wales, Northern Ireland or Scotland. However, they should be clear that it is in the text—we have made it an absolute priority—that member states will be allowed to decide at what level decisions will be made. Should the reform go through, we will decide that decisions will be made at regional level and there will be complete decision making in Scotland on matters agricultural to do with the CAP on all four pillars.

Get cracking; get working out how you will devise a Scottish CAP because it will be entirely in your hands; it will not be in mine.

**Jim Hume:** I am fully aware of that, but I wonder how advanced your talks with various cabinet secretaries and those responsible for agriculture within the UK—

**Owen Paterson:** I have to be honest with you. I have not—

**Jim Hume:** You are the overseer of it all, if you like.

10:45

**Owen Paterson:** No, I am not. It is important to understand that I am not a sort of nanny watching over the whole thing. We are making it clear that,

as was agreed all along, regional decision making is a UK priority. We have got what we wanted into the text and it is looking good—it is the responsibility of duly appointed ministers in each of the devolved Governments to ensure that they are prepared. I have therefore taken it as read that preparations are going ahead at senior level here in Scotland, but it is not for me to ask about that; that is Richard Lochhead's responsibility.

**Richard Lyle (Central Scotland) (SNP):** One of the keys to the CAP reform was getting the agreement of the European Parliament on the deal on the EU budget that heads of state and Government made in February 2013. What is the latest on that? You mentioned betting odds earlier; what would the odds be on that?

**Owen Paterson:** The horse has passed the post; it has been decided. There was a vote in the House of Commons, when Opposition parties—SNP and Labour—voted for a sharper decrease in the budget. The Prime Minister had an incredibly difficult balance to hang on to the rebate, which is a massive bonus to Scottish taxpayers, and indeed to all UK taxpayers, and an agreement has been set, so the sums are known and the totals have all been published. That is not an issue for the agriculture council; it has been decided by heads of Government.

**The Convener:** Are we happy with that? The Opposition parties in the UK Parliament were arguing that such things as visits to Strasbourg and excessive bureaucracy needed to be cut, but the question about the size of the EU budget will work through into agriculture. Will it get its fair share of cuts or will its share be greater?

**Owen Paterson:** That question should be addressed to the leadership of the Scottish National Party and the Labour Party, which voted as they did to reduce the budget. I cannot comment on what their thinking was, and I am afraid that I did not attend every minute of the debates to hear their arguments. The fact is that the heads of Government have now settled the budget; it is done. The task of the agriculture ministers' council, on which I sit, is to work out how the CAP will be arranged in order to spend those funds.

**The Convener:** Are those funds, on average, cut to the same level as other EU budget heads, or has agriculture been cut more?

**Owen Paterson:** The figures have all been published. I have the pillar 1 figures here. In 2014 the figure will be €3,548.6 million, in 2015 it will be €3,555.9 million, in 2016 it will be €3,563.3 million, and in 2017 it will be €3,570.5 million. That shows a modest increase in cash terms over those years.

To answer your question, the issue has been settled by the heads of Government. It is not for

me to decide. The funds have been settled at a pretty senior level, and I do not see that unravelling now. If it is going to be unravelled, those questions should be addressed to members of the European Parliament.

**The Convener:** Thank you for that.

**Alex Fergusson (Galloway and West Dumfries) (Con):** Good morning, secretary of state. I hope that you will forgive me for saying that, if you come to the Royal Highland Show the week after next, as you intimated, you will miss it because it is next week—but we look forward to seeing you there.

**Owen Paterson:** I will be here next week, then.

**Alex Fergusson:** It is good to know that you are coming.

You have said that pillar 1 payments are likely to show a modest increase over the next period of reform. What is the situation with regard to pillar 2 payments in respect of the size of the budget and how it compares with previous reform periods?

**Owen Paterson:** Serendipitously, I have the figures here, as I thought that I might be asked that question.

On pillar 2, the figures for the next four years are: £350 million in 2014; £342.3 million in 2015; £334.7 million in 2016; and £327.3 in 2017. There is a modest decrease over the period.

**Alex Fergusson:** Are you able to clarify what criteria will be used to allocate the pillar 2 funds between member states? There is obviously a difference between using land area as a criterion and historical rural development spending.

**Owen Paterson:** I think that it is up to member states to decide how best to spend the money. One proposal that I am opposed to is modulation from pillar 2 to pillar 1—I really do not approve of that—but, as I have said, we will not win on absolutely everything that we want. In England, certainly, I am an enthusiast for the benefits that our pillar 2 schemes bring. I think that we can look the British taxpayer in the eye and say that we are bringing them environmental benefits that would not normally be provided through a market mechanism and which have real value. I think that good money is being spent on training and development in that respect, which, as I have said, is the general drift of where we should be going.

One of the problems that we face in the European council is that there is still too much residual thinking to do with maintaining the farming sector and supporting it with public money and not enough thinking about looking ahead and advancing the sector through developing technology and training. Some member states underestimate the value of pillar 2; we are further

down the road of using our pillar 2 money intelligently than they are.

**Alex Fergusson:** Nonetheless, you seem to have agreed a settlement that suggests a modest rise in pillar 1 spending. I have to emphasise that pillar 1 spending is incredibly important in Scotland, 85 per cent of which is made up of places that are designated as less favoured areas—that puts a different accent on the need for direct support. I am therefore grateful that you have managed to come back with a deal that appears to offer a modest increase in pillar 1 spending, up to 2020 at least.

**Owen Paterson:** I am grateful for your thanks, but the person whom you should thank is the Prime Minister, who negotiated the deal.

**Alex Fergusson:** He is not here.

**Owen Paterson:** I will pass on your thanks to him.

**Jim Hume:** The average pillar 1 payment per hectare in the European Union is around €260; in the UK it is €250; and in Scotland it is down at €107. There are good reasons for that difference. For example, as my colleague Alex Fergusson said, Scotland is 85 per cent LFA and 15 per cent not LFA, whereas England is almost the exact opposite. That has meant for some time that there is less productivity in Scotland and, therefore, a lower level of payment.

Now, however, the European council has agreed to move towards convergence and has said that member states should reach a level of at least 75 per cent of the EU average by 2020, which would be about €196 per hectare. In that circumstance, it looks like the amount coming to the UK overall would remain the same. However, how do you envisage that being distributed within the UK to the devolved Administrations? Would you look to make the payments in the UK converge so that Scotland receives at least 75 per cent of the EU average?

**Owen Paterson:** This will be a real conundrum for the Scottish minister once the reform is through. The anomaly—although it is not really an anomaly; it is a simple fact—is that, given that, as Alex Fergusson said, Scotland is 85 per cent LFA, there is a significant expenditure on large areas of less-productive land and we end up with payments to individual farmers that are, I think, the second highest in the EU.

That means that there is a conundrum with the variation in Scottish farming. Coming down from Auchterarder yesterday, I saw some of the most productive and well-kept arable land anywhere in Europe. The funding is a question of balance to be decided by the Scottish minister once the power has been given. That is what we are trying to get

through the process of regionalisation, which will give you absolute power to tailor the intelligent use of CAP money to your own requirements.

Alex Fergusson made the point that Scotland is 85 per cent LFA. Pillar 1 is therefore an important feature of the farming economy here. My view is that the issue is one for Scotland to sort out. That has been my theme throughout this meeting: it will be a Scottish CAP, so it will be for Scotland to work it out according to its circumstances.

I touched on other countries briefly earlier. Spain, for example, is going to exempt 19 million hectares, which is a pretty dramatic decision. As it moves from historical to area-based payments, whole areas of Spain will not be part of the scheme at all. That is a fairly drastic solution, but it is one that is tailored to Spanish circumstances.

**Jim Hume:** Let us consider the responsibilities. It looks as if what the UK receives, as the member state, will be pretty similar to what it received previously, because the UK level is very close to the average EU level. When that funding is divided up, do you foresee that you will give Scotland, England and Northern Ireland similar amounts to those that they have received in the past, which they can divide as they wish, or will you look at dividing up the money on a per-hectare basis across the UK as a whole, which would obviously benefit Scotland?

**Owen Paterson:** I have been approached—I think that that would be a diplomatic way of putting it—by all sides on the issue. I was at the Royal Cornwall show last week, where I received very strong views from representatives of English farmers, which were repeated—surprisingly—when I visited the Farmers Club.

I think that the simplest way to proceed is to continue on the current basis and to allow the divisions within the scheme to be decided at local level. There are discrepancies right across the system at the moment. There are big discrepancies in area payments across all the member states. Within the UK, the per-farmer payment was £25,751 in Scotland in 2011, but it was as low as £7,255 in Northern Ireland, so there are already big differences, depending on how things are carved up. If we were to look at the area payment, the picture would be very different: the area payment would be €130 per hectare in Scotland whereas it would be €339 in Northern Ireland. Whichever way we look at things, someone can claim that they are being disadvantaged. I am afraid that there is always a case for grievance.

The fairest way to proceed is to say that the current broad envelopes should continue up or down, according to the budget as set by the heads of Government. We have given what I think—in

comparison with what happens in other member states—is the enormous privilege of making it possible for matters to be decided locally according to very different regional circumstances.

**Alex Fergusson:** Secretary of state, you are right to say that, if one looks at the figures in different ways, it is possible to come up with all sorts of different things. Interestingly, if one looks at annual output, Scottish farms come second lowest in the UK. That highlights the fact that we have a very different geography to work in.

It is my understanding that, because Scotland's share of the payments drags the UK's level down, there will be what I will refer to as a convergent dividend from the EU, which I understand should come to between £50 million and £60 million. That will be brought to the UK simply because the Scottish figures make it possible. Do you accept that there is therefore quite a strong case, which the NFUS makes, for that money to be transferred directly to the Scottish share-out of the overall budget?

**Owen Paterson:** I will need to look at that in detail. I do not remember Nigel Miller raising that number with me when I saw him a few weeks ago, but I think that all—

**The Convener:** We would be very happy if you would like to write to us on that.

**Owen Paterson:** Yes, I will look at the issue. My broad comment would be that there are various ingredients that lead to our current position of getting the UK global payment that I have outlined. It would be very easy to pick out a special English characteristic or a special Welsh characteristic that might lead to an extra payment here or there.

Given all the ways in which one can pick a grievance by choosing a particular figure and interpreting it in a certain way, we think that the simplest thing is to carry on with the current broad basis under the national envelope but to stress that the division of what is in that envelope will now be down to devolved Governments, which will have a clear power to take decisions according to local circumstances.

11:00

**Alex Fergusson:** With respect, I point out that the division of the overall EU package will be taken at UK level and thereafter it will be up to individual devolved Administrations to put together their own CAP—as you have rightly put it. That said, I am delighted that you will take this issue away and look at it, and I am sure that we would all be grateful if you could write back to us once you have done so.

**Angus MacDonald:** Secretary of state, it will probably not surprise you to learn that I have another grievance. [*Laughter.*]

Given that we are discussing discrepancies throughout the UK, I want to turn to the subject of meat levies. Since 2008, DEFRA or the body promoting meat in England has kept approximately £6.4 million of levy income from livestock reared in Scotland but slaughtered south of the border; indeed, I believe that the figure is now £1.4 million per annum. Do you accept that the current meat levy collection system is unfair, and do you think that it is right for a levy paid on an animal born and reared in Scotland to be used to promote produce south of the border?

**Owen Paterson:** A couple of weeks ago, we had a meeting with devolved Administration ministers at which this issue was discussed. David Heath is looking into the situation in some detail, but I do not think that it is quite as black and white as you have described it.

It is obvious that, with the reduction in abattoirs north of the border, significant amounts of stock will be slaughtered south of the border. That said, we will look at how the levy is spent, because I think that a significant amount of the promotion of beef or mutton, or whatever it is, benefits producers north of the border and that the sales of significant volumes of what is not absolutely top-class or premium-brand meat south of the border are helped by UK schemes.

As I have said, the situation is not quite as simple as saying, "Well, although this Perthshire-raised bullock has been slaughtered south of the border, the levy should automatically go back" because there is absolutely no gain to the Perthshire farmer from the levy's being spent in that way. There might well be gains in our export promotion of the premium stuff and in helping to sell the middle-ranking material, most of which I would suspect—and we will need to look at this properly—stays south of the border where there might be no advantage in its being sold as a British rather than a Scottish product.

In short, we have had a proper discussion about the issue and we would like to resolve it. It is obviously contentious, and I know that Richard Lochhead is very concerned about it. As I have said, David Heath is looking at the matter but I honestly do not think that it is quite as black and white as you have made it out to be.

**Angus MacDonald:** I am glad that discussions are on-going. That said, there are of course untapped markets for the quality Scotch meat brand that the Scottish market would like to tap into on its own. The £6.4 million that has been lost so far would have helped us to do exactly that.

**Owen Paterson:** I do not want to get too parochial, but when my brother farmed here he used to sell his bullocks—which were absolutely super; he has a brilliant eye for an animal—at Chelford to an absolutely premium Scottish company in Inverurie, which then sold on the meat to top restaurants across Europe. That is the advantage of the UK; there are advantages in being able to trade both ways across the border.

**Jim Hume:** I want to explore that point further. I note that the UK is not 100 per cent self-sufficient in beef. However, because Scotland is more than self-sufficient, we have to export—if I can use that word—most of our beef down to England, where a lot of it is sold under the British beef label because it is, after all, British.

I am from farming stock and live in the south of Scotland, which you will not know. I note that there is a lot of trade that involves people buying cattle and sheep from south of the border and bringing them north. Levies will therefore be mixed up and intertwined. Are those fair points?

**Owen Paterson:** Yes—I agree. We have to be careful not to say that everything is mutually exclusive, because there are gains both ways. You are quite right; I just cited my brother as another example. We should not underestimate the trade of premium products from south to north that are sold as Scottish products.

The situation is not black and white. We should not take a simplistic approach and say that, because an animal was raised in Scotland and slaughtered in England and the money automatically goes to England, there is no advantage to the Scottish farmer. There are significant advantages, because the meat involved is not all premium product and an awful lot of it has to be sold to the multiples south of the border, where there might be—we need to look into this—an advantage in it being sold as British.

**The Convener:** That is a moot point, which we will no doubt come back to.

We move on to pillar 2 of the CAP. The final report of the Pack inquiry, which you will be aware of, showed that pillar 2 allocations per hectare vary widely across the EU. In the 2007 to 2013 programme, Scotland has the lowest allocation of EU funds per hectare of any member state. The shortfall was made up with modulation and a large allocation to the programme from national funds in Scotland. National funds are now much more constrained, and the Scottish Government had to reduce the national funds that it put into the 2007 to 2013 programme. How is the UK's pillar 2 allocation being weighed up among the four countries?

**Owen Paterson:** I think that I made it clear that I value our pillar 2 programmes. They deliver

advantage to all our taxpayers and they are well worth defending. Throughout the negotiations, I have made it clear that we would like to continue to be able to modulate 15 per cent from pillar 1 to pillar 2.

**The Convener:** Quite a number of member states secured a special uplift for pillar 2 funding. You did not press for that despite Scotland having the lowest allocation. Do you accept that it is too low for Scotland?

**Owen Paterson:** You should not forget that we were under pressure from Opposition parties to reduce the EU budget further than we actually did. If you look at what the Prime Minister achieved, you see that the figures show a modest reduction in pillar 2 over the years and pillar 1 holding up with a modest increase. The numbers have been decided, unless the European Parliament manages to unravel it, which I do not think that it will. Therefore, the overall budget has now been decided by the heads of Government, and it is for us to decide how to divvy it up.

I am clear that the pillar 2 schemes are of real value. It is unpopular with the NFU in England, but I believe that we should continue 15 per cent modulation from pillar 1 into pillar 2.

**The Convener:** I must press you on some of those points. I do not know whether you have ever visited a Highland farm or a croft in your tenure as Secretary of State for Environment, Food and Rural Affairs.

**Owen Paterson:** I have visited farms. My wife's family had property in Perthshire, so I used to go and see farms there on a regular basis, but in my current position I have not made a formal visit to a Highland farm.

**The Convener:** Or indeed to a croft. In those places, pillar 2 is vital. The taxpayer wants farming to protect the countryside and the environment and to provide environmental benefits, and an uplift in pillar 2 funds would be a huge help to that work in those places. Do you recognise all the scientific advice that shows that investment in the least favoured areas will lead to the biggest uplift for the environment, which you say is something that you cherish?

**Owen Paterson:** I have said several times in this meeting that I am absolutely clear about the advantages that pillar 2 schemes bring to the environment, which are to the benefit of all taxpayers. However, we came into power with the UK borrowing £300,000 a minute, and the Prime Minister has been absolutely in tune with the public mood in stating that there is not an appetite for a huge increase in the EU budget.

The figures have been settled; how they are carved up is now down to the Scottish minister.

Subject to the reform going through with the current text—that is still an if, as the chances are still only 60:40, as I said—we are heading for a position in which the Scottish minister will have the power to decide the types of pillar 2 schemes, the geographical areas that they are distributed in, and the carve-up of the total pot.

**The Convener:** How will you determine Scotland's share of the 2014-20 pillar 2 budget?

**Owen Paterson:** We have the budget: that was the question asked by Mr Lyle. The heads of state have settled that.

**The Convener:** But internally—

**Owen Paterson:** There are arguments within the European Parliament, but I do not see the settlement being unravelled. We are discussing it at official level, but the broad envelope is decided.

There needs to be a proper debate in Scotland about how those funds are carved up and how best to target them. I am fully aware that there are parts of the UK, and parts of Scotland, where people cannot survive on food production alone, and there is a real benefit in spending taxpayers' money in those areas. The trick is to ensure that the schemes are targeted accurately and benefit people in the most effective manner.

**The Convener:** If Scotland has the lowest pillar 2 funds in Europe, the UK has a part to play in rebalancing that from the budget that the member state has to spend on pillar 2. What are the criteria that you are using? You say that you see the value of pillar 2 and that we have an environment with the best potential for using those funds, and yet we have the lowest pillar 2 figures.

**Owen Paterson:** I think that we are beginning to repeat the debate that we had a little earlier about pitting areas against individuals.

**The Convener:** We want an answer.

**Owen Paterson:** You can pick the area payment, but other parts of the UK will pick the individual payment. Scottish individual recipients are the second highest recipients in the EU. We can play around with the figures, but the trick is to stop the blame game, to stop blaming Westminster for grievances and injustices, and to look at the fact that, if our reform goes through, you will have huge power to target public funds accurately at those parts of Scotland that you think best deserve them.

That is a very clear message. We can go on and on about how we got here. You can quote the area payment figures and representatives of other parts of the UK will quote other figures—and you should not underestimate how vigorously they do that; people come to me the whole time saying, "What are you doing paying all this money to Scotland

when they're getting over £25,000 per head?" Frankly, it is a sterile debate.

We have all inherited a complex system, and there is not one person round this table who would start the CAP from where it is now. There are all sorts of anomalies between member states, as we have outlined in the past hour, and there are clearly anomalies within the UK. The trick is to look ahead. I hope that we will get an agreement the week after next and that Scottish politicians will be able to design a CAP that targets the pillar 2 funds at the most vulnerable and at the most deserving cases in Scotland. That is really where the effort should be concentrated.

**The Convener:** Thank you for that.

**Angus MacDonald:** I am looking for a way to simplify the argument. Do you accept that Scotland should receive 100 per cent of any uplift in UK pillar 2 allocations, given that the UK qualifies for the uplift only thanks to Scotland?

**Owen Paterson:** I would have to look at that proposal through the prism of how it would be taken in the other three areas—England, Wales and Northern Ireland.

**Angus MacDonald:** My point is that we have qualified for the uplift only because of the position in Scotland, so 100 per cent of that money should come to Scotland.

**Owen Paterson:** Yes, but there will be other aspects within the UK that have led to other consequences within the total budget.

We can always pick out one particular area of activity—which might be Scottish or English—that might have led to something happening. As I have tried to explain, I think that the trick is to get beyond that. We have decided the broad outlines of the budgets, and the key thing for you to get your heads around is how you target those funds at the most deserving causes in the Scottish agricultural sector. After all, you are the people best qualified to do that.

**The Convener:** I think that we understand that perfectly well.

11:15

**Nigel Don (Angus North and Mearns) (SNP):** Good morning. I must apologise for having had to go to another committee, although I am delighted to say that I have come back with a fairly successful outcome.

You will forgive me if this was covered earlier but, staying with modulation, I have to say that I am slightly confused. Is the total of pillar 1 and pillar 2 funding that will come to Scotland decided at Westminster and then we decide how much of it is pillar 1 and how much is pillar 2?

**Owen Paterson:** No. The total UK allocation has been decided by the heads of state. I have suggested that the current arrangement for carving that up could be interpreted as being unfair by someone in almost every part of the UK. I propose that we carry on with the formula, but I stress that you should be concentrating your efforts on finding out how you might carve that up to Scotland's best advantage.

**Nigel Don:** So you will give us a number for pillar 1 for Scotland and another number for pillar 2.

**Owen Paterson:** I have heard very loudly and clearly this morning members' unhappiness at the per hectare payment, but when I visited the Royal Cornwall show, I heard very loudly and clearly English farmers' comments about the shocking anomaly of how much more individual Scottish farmers get. Wherever I go, someone will air an grievance. What I am saying is that heads of state have agreed the broad pillar 1 and pillar 2 envelope and that we have a formula. Our officials are looking at the details of that, so it is not absolutely set in stone but we are looking broadly at sticking with the current arrangements while suggesting that your time would be best deployed in designing a Scottish pillar 2 to help your most disadvantaged agricultural areas.

**Nigel Don:** Thank you. That has clarified the issue in my mind and I apologise if we are going over stuff that has already been explained.

You said that you agreed with the idea of 15 per cent modulation from pillar 1 to pillar 2, but I suspect that there is no risk that anyone up here would want to go the other way.

**Owen Paterson:** But there is! It is appalling. This might come up, but there are some member states that want to go from pillar 2 to pillar 1. That is regressive and indeed goes against everything that I have been talking about.

**Nigel Don:** But I do not think that anyone up here would want to do that.

**Owen Paterson:** I am delighted to hear that.

**Nigel Don:** There is, however, a debate over whether any modulation should be subject to match funding. George Lyon MEP explained that the council's position was to allow member states to have a 15 per cent modulation from pillar 1 to pillar 2 without match funding, whereas the Parliament's position, as he understood it then, was that there should be match funding from Government. What is your position in that respect?

**Owen Paterson:** I totally agree with George Lyon—we definitely want 15 per cent modulation without match funding. You should not forget that the European Parliament does not raise any money; it is very good at hollering left, right and

centre for expenditure on all sorts of good causes but it does not have to raise money for that or look the taxpayer who has to pay out that money in the eye. As I have said, we must bear the taxpayer in mind. After all, our taxpayers are having a tough time and are facing difficult family budgets. In fairness to myself, I am about the only minister who consistently raises their concerns at council. All sorts of producer interests in the Parliament are clamouring for money left, right and centre and do a very good job of representing their interests, but I am a UK minister, I have to sit in Cabinet and I have to bear in mind the needs of our taxpayers, who, after all, pay for all of this.

**Nigel Don:** I am grateful for that clarification.

**The Convener:** Jim Hume will now ask about changes to pillar 1.

**Jim Hume:** What are your thoughts on the outcome of the shift from historic to area payments and how fast do you think Scotland will have to move in that respect?

**Owen Paterson:** That is still being thrashed out. As I have said, I think that we have done a service in stopping the rather too headlong rush to get 40 per cent done in the first year; the figure is now 10 per cent, and a very complicated formula is being worked out for where we should get to.

My broad view is that everyone should pay close attention to what happened in England and do this in a steady and methodical manner. Obviously, it will be anomalous if significant parts of the CAP are paid on an historical basis in 2020, as that historical basis will be economic activity before the year 2000. That would look very odd and would be hard to defend in the eyes of the taxpayer.

My broad drift in the negotiations is that I am very keen that we do not rush this too much, but there should be a clear determination—Commissioner Ciolos̄ is very sensible about this—that we should move as far as we can towards an area basis for 2020.

**Jim Hume:** The Irish talked about quite a long transition and the minister here has talked about quite a short transition. In your experience, should it all be transitioned by 2020? You said that you would find it difficult to argue for the basis being the same in 2020.

**Owen Paterson:** Politically, it would be hard to look our taxpayers in the eye and say that we will pay out significant sums of public money on the basis of economic activity that is more than 20 years old. Why should people receive funds on that basis?

There is also the issue here of slipper farmers and wanting to bring in new entrants, which is a real anomaly that we very much recognise. It is

very unfair that there are people who want to come in and get absolutely nothing.

The further that you can go, the better, but please come and learn from our example about how not to do it. There is a very clear lesson from us: if you make it too complex and do it too fast, there will be vicious fines—

**Jim Hume:** Would you like to suggest a rough timeline: five years, 10 years or two years?

**Owen Paterson:** No, because we are still negotiating with other member states. I would like everybody to get as near as possible by 2020 without falling over. Does that help?

**Jim Hume:** Yes, I can read into that. I will come to slipper farmers in a moment. What is the state of play between the Parliament and the council on the CAP greening requirements?

**Owen Paterson:** The big service that we have, I hope, done is to have made it very clear from the beginning that “ericaceous” must be in the text. That was very important and we raised it very early on.

I have made it clear to Commissioner Ciolos that we will respect his three criteria, but we in England want to design our system to deliver his outcomes as simply as possible.

I could not believe it—we were absolutely stunned—when I came into DEFRA and found that we were sending such huge sums back: €590 million is completely unacceptable. At every stage of the negotiation I have said, “Please let us devise our own system and keep it as simple as possible. We fully respect and accept your proposal”—because Commissioner Ciolos is absolutely determined about it and has been completely forthright from the beginning—“but please let us devise our own system to deliver your outcomes, using our own inspectors, mapping and IT systems, so that we can make it as simple as possible.”

There was very real alarm among English farmers, which I hope that we have managed to assuage, that we would impose a very complex system that would gild the lily—or gold plate and all those other phrases. I want to deliver the three outcomes as simply as possible, and I think that probably you will want to do that up here.

**Jim Hume:** Thank you. You brought up the issue of what might be called “slipper farmers”. How will the requirements ensure a minimum level of activity and how will that allow support to be restricted to active farmers?

**Owen Paterson:** That is an absolute classic. We are really chiselling away on things such as new farmers, which really should be decided voluntarily and locally. You are the guys who really

know who you want to bring into the industry, how those people should qualify and who to exclude. I am battering against details of that sort being made mandatory across Europe, because it would be a bit of a blunderbuss. I am pushing the whole time to keep that voluntary.

**Jim Hume:** Are you saying that a minimum level of activity should be up to—

**Owen Paterson:** If it is voluntary, it is down to you: you decide. You are fully aware of the problems that face slipper farmers here; you probably all have simple and sensible ideas on how you could use public funds to compensate them and how to bring new entrants in. The age limit of 40 is totally arbitrary; it is nonsense. We have older people coming into the industry who do not qualify because of the age threshold and it is very unfair on them that they do not get any money at the moment. This is a classic case of where there is a need for regionalisation: we need to keep those decisions regional and keep them voluntary.

**Jim Hume:** If I may cut through the regional part, how would you see that happening in England? How would you see yourself stopping so-called slipper farmers in England? Perhaps the issue there is not so great.

**Owen Paterson:** It is not really such a big issue for us. I have to be honest: I am doubtful of the value in England and that what might be quite a modest payment would bring people into the industry. Will people really make a life decision around a modest payment that is made just because they count as a new entrant? I would prefer to spend the money on ensuring that our new entrants are properly clued up, can read accounts and have studied how to run a business.

**Jim Hume:** Okay, thank you.

**The Convener:** It is difficult to find anybody under 40 to ask questions about that at the moment.

**Claudia Beamish:** Approximately 40 per cent of Scotland’s farmland is estimated to be under high nature value farming systems. As such systems provide a high level of public and environmental benefit, has DEFRA been doing anything on Scotland’s behalf to ensure that adequate support is available for land managers through national envelopes and to allow a percentage of pillar 1 to be used to support that type of farming for the environment?

**Owen Paterson:** That is a good question; however, I think that all that is devolved. How those funds are divided up is down to Scotland. I do not think that I have been involved—a question was asked about that earlier. It has always been a goal for us in the negotiations to have all decision

making done at regional level. It is not for me to get involved in the mechanics.

**Graeme Dey:** Secretary of state, you have talked today about regional decision making and a Scottish CAP. May I seek clarity on whether that extends to coupled payments? I know that you articulated your own position on that. Do you recognise the need to support beef production in Scotland in order to maintain a critical mass and because it is integral to the food and drink sector? Will you and DEFRA respect the views of the Scottish Government and, indeed, of the industry on the need to continue the beef calf scheme?

I ask because, as I understand it, sections of the media have speculated that, because the UK is a member state, DEFRA has a de facto veto and would be able to not pass on notification of the scheme to Brussels.

**Owen Paterson:** Coupled payments are a good example of how I have handled differences of view. I am fully aware of the value put on the calf programme here and I would like to see it; it would be helpful if I went to see a farm in action. I have asked for a number of figures on how the programme works, but no one has given me a clear answer, so next time I am up I had better visit a recipient to hear what is happening on the ground.

My view is very clear. As I said right at the beginning, I believe that it is better for us to target our spending of public money on technology, development, training and so on—the pillar 2 stuff. My gut feeling is that subsidising production would probably lead to unwanted products that would have to be dumped somewhere. Clearly, we have a difference of opinion on that. The circumstances in Scotland are different, and people have explained to me the merits of the calf scheme.

We held out for a long time on zero coupled payments: we did not want them. I listened to Richard Lochhead and to a couple of other member states. In the final throes in the last couple of days, as a gesture—to show that we had listened—and against my gut feelings, I said that we would accept 5 per cent across the board, but there must be a level playing field. That was not as far as Richard Lochhead wanted me to go and it was certainly not as far as some members of the Parliament wanted to go. Elements of the Parliament were still hollering for 15 per cent plus 3 per cent—that is, 18 per cent. By any terms, that would be a significant subsidy.

We ended up with 7 per cent and 12 per cent as the council's compromise. I was not at all happy; I had gritted teeth, as you can imagine. However, I had to accept some things that I did not like in order to get the compromise through. I think that Richard Lochhead is equally unhappy, because it

is not a level playing field and it does not go as far as he would want. However, the example shows that I listened and that we moved our position to be constructive in the negotiations.

I am not absolutely sure where that will end up. Simon Coveney is pretty robust, I think, and there is a coupled scheme in Ireland. Having spoken with him—Ireland has the presidency of the Council—I think that he will probably dig in at 7 or 12 per cent. Going to 15 plus 3 per cent in some cases really would be going too far.

On the other bit of your question, that would be a decision for the Scottish minister. If he wanted to go for the coupled payments and to keep the calf scheme going, he would have decision making on all four pillars, so it would be down to him. It would come out of his pillar 1 budget, so it would be over to him.

11:30

**Graeme Dey:** So, to summarise, the speculation is misguided.

**Owen Paterson:** Yes. You must not underestimate the lengths that I have gone to to get regional decision making, so I will have to accept that there will be some programmes here that I might not personally approve of, such as the calf scheme. I will talk to Scottish farmers and I will probably hear a lot about it, for example at the Highland show next week—I intend to come back quite soon. I suspect that, although I do not favour the calf scheme, they will make a very good case for its having real value.

**Graeme Dey:** Thank you. That is useful.

**Claudia Beamish:** Secretary of state, you have already touched on this, but can you clarify the UK Government's position on the capping of payments for individual farmers? What will the outcome be in the eventual deal? If it is voluntary, will the cap be introduced in England?

**Owen Paterson:** I do not think that we should have capping. It will just lead to people taking unnecessary administrative measures to get round it. There is always a way around such things, no matter how cleverly the text is drafted. If we want large efficient units, I am happy for them to receive funds as laid down across the board, regardless of the size of the unit. Capping is just a big distraction. For some member states, it is a really big deal and a big issue in the negotiations, but I am against it. I want people to concentrate on the market and not have to steer their business around various administrative obstacles.

**Claudia Beamish:** But, with respect, surely one cannot justify not applying any regulation or cap simply because somebody might try to avoid it—that does not seem a very strong argument to me.

I appreciate the issue around the contribution that larger farmers across the UK and Europe make to their local economy. However, surely there should be a limit to what they receive, because we are talking about taxpayers' money.

**Owen Paterson:** Yes, but if people think that they can prosper and be efficient and compete in a worldwide market, the size of their units and businesses and how they organise them should be entirely down to them and should be based on the business requirement, not the administrative requirement. If, to get round the capping, they have to break their business up into different units and put it under different names, I am sure that that will be terribly helpful to a few solicitors who are doing the title deeds, but really it is just a big distraction. I would like such a farmer to concentrate on his stock and genomics and the technology that he uses, and to train up his staff in the best way possible. That is a far better use of his time than messing around with arrangements to get round an anomalous attempt to limit the payment. I would like people just to get on and be efficient.

**Claudia Beamish:** But surely there would be a way of looking at whether farms have been broken up because of capping. My point is that you have stressed that this is taxpayers' money and raised concerns about what it goes into, and a lot of UK taxpayers would argue that there should be a limit to how much subsidy any individual business gets.

**Owen Paterson:** That is a point of view that I absolutely do not agree with. We want to have a successful, efficient, prosperous, effective farming industry, which should be driven by the requirements of the farming business. It is absolutely not for me as a politician to boss businesses around and decide what those requirements should be. This is a classic case of getting out of people's hair, to use a phrase of mine. Setting an arbitrary limit seems to me to be wholly unnecessary and probably regressive, and is interference in how someone runs their business.

You are touching on the live wire of how we justify the significant amount of taxpayers' money that is spent. That is why, down the road, I believe that the money should be aimed progressively more at training, technology, development and the environment. That will not happen in this round though. In this round, we will have a significant pillar 1 that, to be blunt, will go towards paying people to carry on as they are.

**The Convener:** There has been quite a bit of discussion about the formula for the distribution of money in pillars 1 and 2. Will you write to us saying when and how that will be achieved?

**Owen Paterson:** As I said, talks are going on about that at official level. I am happy to write to you on it and on the figure of £61 million on which Alex Fergusson touched. Would it be sensible to wait until we have got through the June council, when we might have a better idea of exactly where we stand?

**The Convener:** That would be fine.

**Owen Paterson:** It is in a couple of weeks' time and I am happy to give you a résumé. I am happy to come back, if you want me to come and talk to the committee again.

**The Convener:** That is very likely.

**Owen Paterson:** Seriously, it is a very good idea that I keep in touch with you.

**The Convener:** Indeed.

We move on to neonicotinoids.

**Richard Lyle:** I was interested in the points that you made about the move towards technology and about the environment. The ethos of what you have said has been to improve the environment, defend farmers and improve what we are doing. I must compliment you on the good work that the UK Government is doing on honey bees. However, it is doing far less on wild bees. Do not we need a proper, joined-up plan to deal with all the causes—the extreme causes, I suggest—of bee decline in all species of bee, not just the honey bee?

**Owen Paterson:** Absolutely. That is exactly what we are doing. We have made the matter a major priority in our discussions.

I have talked to Ian Boyd, our chief scientific adviser, who is from the University of St Andrews. He has made it clear to me that pollinators are absolutely fundamental to our farming industry and plant environment. However, he has also been sensible and very clear that we should look at the evidence.

His considered opinion is that the proposed ban of the three neonicotinoids was based on laboratory trials that exaggerated the dose between two and 10 times, which could have been compounded by the fact that bees like a diluted sugar solution. He is not at all convinced about the validity of the lab trials and wants us to look at the results of our field trials, which were conducted last summer, mainly on bumblebees.

In the council, I raised it under "any other business" and asked that no precipitate action be taken, but that the Commission wait for the analysis of our data, and that there be further field trials throughout the European Union. We had significant support for that.

For instance, Hungary has 2 million hectares under sunflowers, rape and maize, all using neonicotinoids extensively. The Hungarians have a strict regime. There are strict conditions for use, such as that the ground must be damp and that, to stop any dust, there must not be any wind. It also has a significant honey industry, so there is a massive vested interest in having a large and thriving bee population. I have talked to the Hungarians at council and we have had confirmation in writing that their honey production has been about 20,000 tonnes a year and has stayed steady. Their considered opinion is that their bee populations have actually increased.

Ours was not a simplistic argument. There was a huge public campaign. I had 85,000 emails to my patersono@parliament.uk address and I think that we had 72,000 at DEFRA, and although the interest was intense, there was not a lot of evidence thrown in. I made it clear that we should not take a precipitate step against technology that is fairly recent without a clue as to what the replacement would be.

When the next council meeting came along, our field data had been published, but Ian Boyd was clear that our analysis had been done speedily and that we needed more field trials, because the ones that had been done were limited to one part of the UK. It would have been helpful if field trials had been done in other countries. Austria had done quite a lot of work on the issue and I have already touched on Hungary. Italy was also concerned about the issue. When the vote came, it was unfortunate that there was no qualified majority for a ban and no qualified majority for our position, which was to hold back and conduct more field trials.

The Commission has gone ahead with a ban. Now we are in a mess, because we need to conduct more field trials and the options for our farmers are either to drop crops completely or to use pretty unpleasant alternatives, which might well be licensed and legal but which are not environmentally friendly products, such as pyrethroids, carbamates and organophosphates. Those are old technologies that go back to the 1950s and 1960s.

It was a mistake just to introduce a snap ban on neonicotinoids without considering the alternatives. Of course, although we talk about making farming efficient and using technology, the result will definitely be a significant reduction in production. On the day of the vote, I was in Warwick talking to the NFU. There are guys there who are big users and who were talking about a reduction in production of 30 to 40 per cent.

I do not think that the issue has been well handled. What I would like, and am pushing for, is for the Commission to allow continued field trials

to get real data on real bees in real fields so that we can make what I think would be a much more rational decision.

**Richard Lyle:** I have another question, but I know that you have to go shortly. Your answer explains to me why we abstained and then voted against the moratorium. Thank you for that information.

**The Convener:** Graeme Dey can ask a brief supplementary, but we will be wrapping up pretty soon.

**Graeme Dey:** I will be brief. I absolutely take the secretary of state's point about the alternatives and I accept that there is a concern about the alternatives to neonicotinoids. Are you aware of the findings of a study by the University of Dundee on the decline in bee populations, which chimes with the experiences of soft-fruit farmers in the constituency that I represent?

**Owen Paterson:** Yes—there are all sorts of important studies. We certainly take account of things such as the Dundee study. However, to go back to Mr Lyle's first question, we will shortly launch a major strategy on bees. We cannot overestimate the importance of bees to our whole agriculture industry and our plant health, so we absolutely have to find out what is going on. Some beekeepers say that the situation is all down to the weather. As I said, the Hungarians are emphatic that they are happy that extensive use of neonicotinoids is compatible with a thriving and increasing bee population and a substantial honey industry.

The case is not black and white; it was screamingly obvious that we needed more evidence. Therefore, I welcome stuff like the study that you mentioned from Dundee and I would like far more studies to be done. That was the frustration that I sensed from the Hungarian minister and certainly the Austrian minister, who had done quite a lot of work on the issue. The Austrian minister, Niki Berlakovich, came under significant attack at home and in his Parliament for opposing the ban, because he wanted to carry on doing more fieldwork. That is what we should do, which is why I am still talking to the Commission about that. We need to carry on doing field trials because, however legal and licensed the alternatives might be, using them is slipping back to older technologies, which could be damaging to the environment.

**The Convener:** We have to finish now but, as you mentioned at the beginning that you are a supporter of the extension of GM crop technology for human consumption, and as we are reminded in the *Daily Mail* today that you are making a speech next week on GM crops being safe, I point out that we have a question under aquaculture

about the physical dangers of GM salmon from the USA breeding with trout, which is an example that might become more well known.

However, to keep the discussion on agriculture, and just as a parting thought, what do you think the worldwide perception of Scotch whisky would be if malting barley was being grown in fields that are next to fields of GM oilseed rape?

11:45

**Owen Paterson:** That is a good question. I think that the public mood is moving rapidly on the matter. There are 17 million farmers cultivating GM crops on 170 million hectares—in other words, 12 per cent of the world's arable land or seven times the geographical area of the whole UK—and I really have not heard of a single health problem in any human being. Trillions of meals made directly from GM products have been eaten and we know perfectly well that it is getting increasingly hard in this country to buy non-GM animal feed; 85 per cent of animal feed here is of GM origin. As a result, I think that you would find it pretty well impossible to go on to the streets of Edinburgh and buy a meat product that was not from an animal that had eaten a GM product at some stage in its life—and we are all completely healthy.

I also note that 87 per cent of the world's cotton crop is GM. Hands up, anyone around this table who feels uncomfortable with that.

**The Convener:** We are talking about food, so let us stick to that.

**Owen Paterson:** Sure. I will talk about food.

**The Convener:** We are not talking about cotton.

**Owen Paterson:** You asked me directly about public perception and not one of you has put your hand up to say that you are uncomfortable about wearing a shirt made from GM cotton. I think that the public mood has moved on. GM production around the world is now so vast that it is being accepted in the public mind. Some scientists say that it is actually safer.

As for the example of genetically modified salmon, I have made it emphatically clear that we will have to bring the public with us and respect all the careful controls that are being set up. However, the fact that we have this block is most unsatisfactory. The appalling potato blight problem that we had as a result of last year's wet weather had a very real cost to not only our farmers but our consumers, who, because we lost so many potatoes, have had to pay higher prices.

Cautiously and judiciously, I would like to begin to work with our European colleagues. Having talked to the German minister about this, I know

that there is huge opposition to such moves in Germany; however, in other countries, the populace is much more relaxed about GM. I am not talking about making a sudden great leap, but I am absolutely clear that if we do not begin to make progress on the matter, Europe will slip further and further behind. The danger is that, as we have seen with neonicotinoids, we fall back on outdated technologies that are not necessarily environmentally friendly and are significantly less efficient. People are talking about Europe becoming the museum of world farming: I do not want that to happen.

**The Convener:** I realise that you have only a very short time left, but I must point out that other European countries have no problem with getting non-GM soya; it seems to be a problem only in this country. I also cite the evidence that we received on the Aquaculture and Fisheries (Scotland) Bill, with which we have just dealt. It is important that you recognise that we in Scotland take the issue of food labelling and authenticity very seriously because people want to know that the product is absolutely uncontaminated by anything such as glyphosates and so on, that might have an effect on the environment. You might think that GM food is safe, but the by-products of GM cultivation are not.

**Owen Paterson:** I am terribly sorry to end on a discordant note, but I wholly disagree with you.

**The Convener:** That is fine.

**Owen Paterson:** I recently talked to a major Dorset farmer who has significant farming interests in the USA. He told me that he had got rid of all his spraying equipment in the States because all his product is GM and he does not have to spray any more. The fact is that GM technology has very significant environmental advantages.

As for our worries about neonicotinoid sprays and other such materials, I simply note that those things have gone in other countries because it is not necessary to spray some of those products. There are also massive gains to be had in terms of diesel usage and soil compaction. It is not a black-and-white question with regard to the environment; the technologies can, if used judiciously, have very significant gains.

Moreover, if we do not embrace technologies, we will not be able to feed the 7 billion to 9 billion people that there will be in the world. We need only look at Norman Borlaug and the green revolution. When I was at school in the 1960s—now you know how old I am—there were very significant worries about famine in some Asian countries; indeed, China was not able to feed itself after the gang of four fell. The green revolution had a massive benefit for hundreds of millions of

human beings because in those days people wisely embraced the new green technologies. We cannot shut our eyes to the advantages of technologies; we need to go into them carefully and judiciously and with proper controls and regulations, but simply turning our backs on them would be a very big mistake. It would be bad for the future of our own industry, very bad for developing countries and—this is the key point—very bad for the environment.

**The Convener:** We will just have to agree to differ on that. I would be happy to talk about the issue for a lot longer—it might well be the subject of a future meeting between us—but I realise that you have to attend another meeting and, unfortunately, some of our questions had to be truncated as it was. At the end of his first visit to the committee, I thank Owen Paterson for attending with his team and we look forward to seeing him again.

**Owen Paterson:** Thank you very much. I very much look forward to coming back.

**The Convener:** We will have a five-minute break to allow the room to be cleared for the next item.

11:50

*Meeting suspended.*

11:57

*On resuming—*

## **Subordinate Legislation**

### **Animal Health (Miscellaneous Fees and Amendments) (Scotland) Regulations 2013 (SSI 2013/151)**

**The Convener:** Agenda item 2 is a negative instrument. Members should note that no motion to annul has been received in relation to the regulations. I refer members to the paper on the regulations. Members will note from the recommendation that there is a minor question about the use of “EU”, which should be “EC”. What is the Subordinate Legislation Committee called now?

**Nigel Don:** The regulations were considered by the Subordinate Legislation Committee, but it is now the Delegated Powers and Law Reform Committee.

**The Convener:** We are glad to hear about that new name.

Do members agree that we do not wish to make any recommendation on the regulations?

**Members** *indicated agreement.*

## Crofting (Amendment) (Scotland) Bill: Stage 2

11:58

**The Convener:** Agenda item 3 is the Crofting (Amendment) (Scotland) Bill. I welcome the Minister for Environment and Climate Change, Paul Wheelhouse, who is the member in charge of the bill, and the officials who are accompanying him.

We have no amendments to deal with but, under the standing orders, we are obliged to consider each section and schedule and the long title, and to agree to each formally. We will take the sections in order and consider the schedule immediately after the section that introduces it and the long title last. Fortunately, the standing orders allow us to put a single question when groups of sections or schedules are to be considered consecutively. Unless members disagree, that is what I propose to do.

**Alex Fergusson:** Can I ask a general question before we begin the formal process?

**The Convener:** A general question on—

**Alex Fergusson:** A general question of the minister. Will that come up in the process?

**The Convener:** It will not come up during the process. If it is a short question and the minister is prepared to take it, I am happy for Alex Fergusson to ask it.

12:00

**Alex Fergusson:** I can assure you of a short question, convener.

Good morning, minister. I am sorry to complicate the process. Given the issues that have been raised by Sir Crispin Agnew, in particular, about some parts of the bill not matching up with others, if I can use such loose terminology, why have you not seen fit to lodge amendments to address his concerns?

**The Minister for Environment and Climate Change (Paul Wheelhouse):** We are aware that there are a number of alternative views about the form and content of the bill, as was discussed during the stage 1 debate. We are aware of those views and respect the opinions of Sir Crispin Agnew and Derek Flyn and others, including Brian Inkster, but we believe that the bill provides the necessary clarity and legal certainty that the owner-occupier crofters and other stakeholders are looking for to allow them to decroft their land. The commission will have the power to consider such applications after the bill is enacted.

The Scottish Government considered the detailed drafting issues that were raised; I can promise the committee that we have gone over them in some detail. However, as it is drafted, the bill achieves its purpose. A number of key witnesses to the committee, such as Sir Crispin Agnew, and the Crofting Commission, through David Balharry and Derek Flyn, all agreed that the bill delivers on the purpose that the Government has set out of giving owner-occupiers the ability to decroft.

The Scottish Government is committed to drafting in as plain and accessible a manner as is consistent with achieving the necessary outcome. We all know that crofting law is horrendously complicated: that message came across loud and clear at last week's debate, and I do not disagree with that conclusion, which was reached by many members. As I said during the stage 1 debate, the key issue is that the provisions in the bill, in its current form, are as close as we could get them to the provisions for tenant crofters. That will enable us to deliver similar treatment, which we all want. I cannot prejudge what the committee will say, but the nature of the debate so far seems to indicate that we want to give owner-occupiers provisions that are similar to those for tenant crofters where appropriate. Obviously, some aspects, especially on land tenure and right to buy, had to be modified, but we are talking about the general provisions. In order to do that, we have kept as close as possible to the original wording of the provisions for tenant crofters.

The bill has therefore taken a particular form. I appreciate that some people are concerned that it could have been simpler, but then there might have been more room for doubt that the provisions were meant to be the same as those for tenant crofters. By taking the view that we have, we have managed to minimise that possibility. I hope that that answers Mr Fergusson's question.

**Alex Fergusson:** It does, and in much more detail than I was expecting; I thank you for that. I just want to clarify that my reason for raising the point was not to question the purpose of the bill or its likely outcome but to look for confirmation, which I think you have given me, that you looked at the technical drafting points that were raised by Sir Crispin Agnew, which were not really questioning the outcome of the bill but questioning whether separate parts of the bill worked together in a way that goes beyond my ken. You have told me clearly that you have looked at all that and are satisfied with the way in which the bill is drafted, and I am quite happy to accept that. It is good to have that on the record.

**The Convener:** As there are no further questions at the moment, we will move on to the stage 2 process.

*Sections 1 and 2 agreed to.*

*Schedule agreed to*

*Sections 3 to 7 agreed to.*

*Long title agreed to.*

**The Convener:** That ends stage 2 consideration of the bill. I thank the minister and his team for their brief visit, and I am sorry that you were kept waiting, but we think that it is important. I hope that we are not going to have any arguments with the business managers and have a two and a half-hour debate on the bill at stage 3, as members, even with their knowledge of crofting, might be stretched to fill that time.

**Paul Wheelhouse:** I concur with your view, convener.

**The Convener:** Thank you, minister.

## Petitions

12:04

**The Convener:** Agenda item 4 is consideration of four—I am sorry; three—petitions. It is getting to that stage of the day. I urge members to have in front of them the relevant paper.

As part of our work programme, we agreed to look at petitions PE1336, PE1450 and PE1386 to see whether we could decide that we had dealt with them. I am open to suggestions from members about what they think the outcomes should be. Various options are given in paper RACCE/S4/13/21/4.

### Wild Salmon and Sea Trout (Protection) (PE1336)

**The Convener:** PE1336 is about farmed salmon and sea lice. What do members suggest that we should do?

**Claudia Beamish:** I am not sure whether it amounts to a declaration of interests, but I feel that I should highlight the fact that I am a sea trout champion.

We have had a lot of evidence on sea lice from a range of groups and individuals, as the paper highlights. It is my view that because we will continue to monitor the situation and to request further updates, and because a range of groups from the Scottish Government will look at the issue and the minister has given a commitment to keep it under review, it might be appropriate to close the petition.

**Alex Fergusson:** I will be brief and say that I concur with that, but I am afraid that I do not think that the issue will go away. I noted with interest that Marine Harvest has announced that it is to seek certification. Part of the certification process will eventually involve publication of farm-by-farm weekly sea lice data. That gives even greater prominence to the question that was raised during our evidence taking: why is the rest of the industry not prepared to go along with that? I am perfectly happy for us to close the petition. I accept that we have had a huge amount of debate on the issue, but it ain't going away; it will come back.

**Jim Hume:** I concur with my colleagues. As the paper notes on page 2,

“the Minister has given a commitment to keep the issue of sea lice reporting under review”.

As the scrutinising committee, we should ensure that the minister does that. It should be an action point that we keep in the back of our minds that we ensure that the minister keeps the issue under review. If he does not, I am sure that some of us

will raise that in the future, but I am sure that he will.

**The Convener:** I get the sense that members want to close the petition but want to keep monitoring the issue. We should probably incorporate that in our work programme so that we can do so regularly. Do members agree?

**Members indicated agreement.**

### **Trout Stocks (Effects of Farmed and Hatchery-reared Trout and Salmon) (PE1450)**

**The Convener:** PE1450, by Mr James Mackie, asks that scientific studies be conducted to monitor any changes in the behaviour, density, longevity and survival rate of, and the genetic and DNA markers in, wild sea trout and brown trout in rivers that are stocked with farmed brown trout and hatchery-reared Atlantic salmon. Do members have a view on it?

**Richard Lyle:** Now that the Aquaculture and Fisheries (Scotland) Bill has been passed by the Parliament, we know that it will not result in the production of the specific data that the petition seeks, so I suggest that we write to the Scottish Government to ask it for an update and any other views on the petition, and that we reconsider the petition when that information has been received.

**The Convener:** Very good. Should we keep the petition open while we do what the paper suggests, or can we close it, given what will happen as a result of the Aquaculture and Fisheries (Scotland) Bill?

**Richard Lyle:** I suggest that we keep it open until we receive the information from the Scottish Government.

**The Convener:** Do members concur?

**Members indicated agreement.**

### **Inshore Fisheries (Management) (PE1386)**

**The Convener:** PE1386, by Richard Munday, is about static gear-only inshore fisheries, particularly in Loch Torridon. Members will recall that we took evidence on it. We have a number of options for deciding what to do. Do members have a view?

**Nigel Don:** My instinct is that, unlike the situation with the previous petition, we have a Government response. When we have a Government response, it seems to me that the right thing to do is to send it to the petitioner to see what they have to say about it. That is the right process. We do not necessarily want a very long game of ping-pong, but I suggest that it would be appropriate to let the petitioner have his say at this point.

**The Convener:** You feel that that major document of two and a half pages is something that the petitioner should comment on.

It has been suggested that we keep the petition open and write to the petitioner to seek their views on the information that the Scottish Government has provided. Is that agreed?

**Members indicated agreement.**

**The Convener:** Investigation of such an issue might form a useful part of our away day activities. I do not know whether that would be possible, but it would be good to see on the ground how marine protected areas and inshore fisheries are likely to work. I leave that as a possibility for the work planning day. I am sure that the clerks will have their own ideas about what we should do. Ultimately, we can decide.

**Alex Fergusson:** Quite, convener.

**The Convener:** I thank members for their consideration of the petitions and their comments on them.

*Meeting closed at 12:11.*



Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

---

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on  
the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

For details of documents available to  
order in hard copy format, please contact:  
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

e-format first available  
ISBN 978-1-78351-308-6

Revised e-format available  
ISBN 978-1-78351-327-7

---

Printed in Scotland by APS Group Scotland

---