



WHY FARMING MATTERS IN THE ELECTION

2010 EDITION



www.whyfarmingmatters.co.uk



www.nfuonline.com



www.nfu-cymru.org.uk

FOREWORD

PETER KENDALL



Following the next general election we may well be facing a very different political landscape. This presents the agricultural and horticultural industries with an opportunity

to reiterate why farming matters, not only to sitting MPs and prospective candidates of all parties, but to the country at large.

This manifesto focuses on the short to medium term issues that the industry, in partnership with Government, must address. It also proposes some practical and easily implementable policies that, if adopted, will deliver a number of benefits for the country and countryside and which will clearly demonstrate political parties' commitment to this most essential of industries.

Peter Kendall
President



INVESTMENT FOR THE FUTURE



For farmers to have the confidence to invest in their businesses for the long-term, a supportive and robust investment framework must be in place. At the core of this must be a renewed recognition within Government of the importance of agriculture and food production. Farming is at the heart of an agri-food industry that accounts for 6.5% of total UK economic output. Yet for much of the time since Defra was created in 2001, there has been a perception among farmers that agriculture has suffered from a lack of advocacy and representation within Government, demonstrated by an alarming turnover in farming Ministers and the complete absence of food production from the current roster of Public Service Agreements.

Defra has sometimes been guilty of placing the environment in competition with production, promoting environmental protection as the primary rationale for public intervention, ahead of an approach that balances the need for productive agriculture alongside environmental delivery. Such thinking can hold back farmer confidence. While there is evidence of a shift in attitude in this regard, it has not always been matched by action. Defra and its delivery partners must continue to recognise that the challenge for farming in the UK is to produce more while impacting less, to meet the ever-increasing global demand for food while recognising that a healthy and thriving natural environment is a key facet in achieving this. This impetus must not come from Defra alone; the need for a sustainable increase in food production must be recognised as a policy priority across Government.

This challenge facing farming can only be met by nurturing self-confidence within UK agriculture, by fostering trust amongst farmers and growers that Government exists to support the agricultural and horticultural sectors, not to hamper them, and by creating an environment that will encourage investment, innovation and new entrants, thereby securing farming's future.

The Facts

- Of the 30 Public Service Agreements emerging from the 2007 spending review, including the two which Defra lead on, not one involved food production.
- The agricultural sector still faces tough economic conditions, with commodity prices falling drastically over the last 12 months and input prices showing worrying volatility.
- Since the onset of the economic downturn agriculture has shown itself to be resilient, with a 36% increase in farm income during 2008, serving to highlight the long term investment prospects of agriculture and its value to the UK economy.
- Farm diversification remains an important channel for many farmers to maintain profitability, with some 51% of farm businesses in England having diversified beyond their typical agricultural activities. The success of such enterprises remains precarious, however, with the number of farm businesses diversifying up by 10% in 2007/08, while at the same time 7% of the diversified enterprises that operated in 2006/07 were discontinued.

Policy

The NFU would like to see:

- Defra given lead responsibility at the next spending review for a Public Service Agreement focused solely on productive agriculture, and a vigorous reappraisal of Defra's priorities, placing food and farming back at the heart of its operations.
- A full capability review of Defra's executive agencies and an examination of their roles, function and areas of duplicated work.
- The reinstatement of the Agricultural Buildings Allowance (ABA) to allow agricultural buildings the appropriate tax write-off period, as well as the Furnished Holiday Lettings (FHL) rules, and the exemption of agricultural development from the proposed Community Infrastructure Levy (CIL),
- Loan guarantees for renewable energy schemes and incentives for farmers wishing to invest in new markets such as bio-energy and small scale renewables.
- The prioritisation of protecting productive farmland from flooding or coastal erosion when considering options for managing our fluvial and coastal defences.
- Substantial improvements in the delivery of rural development funding for farmers to support farm modernisation and to improve competitiveness, collaboration and diversification.
- The promotion of agriculture and horticulture as priority career paths within school and further education and support for young people entering the industry, through mechanisms such as Freshstart Academies and continued provision of County Council tenanted estates.



ENVIRONMENT



Farmers maintain, protect and enhance a large part of the UK's landscape and biodiversity. With over three-quarters of the UK land area in agricultural management farmers and growers carry a unique responsibility for managing the countryside. Understanding and managing the industry's environmental footprint remains a key priority, but so too will be providing new environmental services

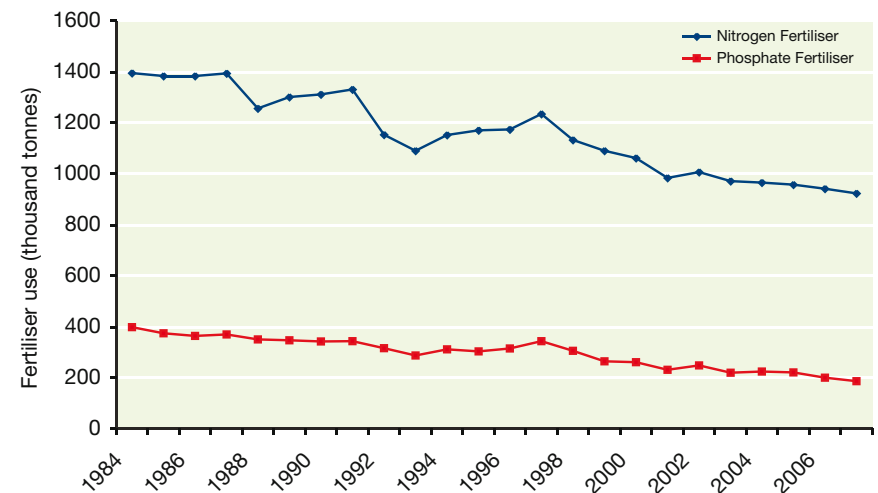
such as restoration or creation of key habitats and flood management. Some of these changes will be the necessary consequence of EU environmental policy (e.g. Water Framework Directive) or climate change but all must be implemented within a countryside in which food production and environmental protection go hand in hand.

UK farmers and growers are proud to share responsibility and offer strong leadership to deliver environmental improvements. Voluntary approaches, with farmers working in partnership with both regulators and environmental groups, should be seen as a credible alternative to regulation when considering how best to address environmental impacts. Most recently in England, the Campaign for the Farmed Environment, an industry-led initiative to address potential habitat loss associated with the abolition of set aside, set ambitious targets for farmers to create new habitats. Government acceptance of this and similar future measures must form part of the new understanding that is required if future positive environmental outcomes are to be delivered.

However, all too often UK farmers have been forced to fight against impractical, burdensome legislation that duplicates what is already in place. Most recent examples include the proposed Soil Directive, the Pesticides Thematic Strategy and the Integrated Pollution Prevention and Control (IPPC) Directive. We expect the UK Government to push back at European environmental regulation which brings costly and time consuming burdens to its farmers for little environmental gain.

Globally, agriculture can provide much-needed solutions to climate change. UK farmers are keen to play their part not only in adapting to climate change to provide food for future generations, but also helping to mitigate its effects through carbon sequestration and renewable energy generation.

Fertiliser use in England & Wales 1984 - 2007



Source: Defra

The Facts

- There are around 188,500 km of public rights of way in England, and since 2000, the public has gained additional access to around 935,300 hectares of open country and common land.
- The area of farmland entered into conservation agreements in England at the end of 2009 now exceeds 6.13 million hectares – 66% of the agricultural landscape.
- Since 1994 many species of countryside bird have increased in numbers, including reed bunting (31%); tree sparrow (15%); goldfinch (39%); whitethroat (31%); greenfinch (27%); jackdaw (40%); woodpigeon (22%).
- UK consumption of fertiliser and nutrients has reduced over 10 years by a total of 34%, helping nitrate concentrations to drop by 13% between 2000 and 2005. Pesticide usage in Great Britain reduced by 37% between 1997 and 2006.
- Farmers use less than 1% of the total amount of water abstracted in England and Wales for spray irrigation.
- Methane and nitrous oxide emissions from agriculture in the UK have fallen by 17% and 23% respectively since 1990.
- 98% of biofuels coming from UK feedstocks meet environmentally sustainable standards and can reduce greenhouse gas emissions by over 50% when compared to fossil fuels.

Policy

The NFU would like to see:

- Better co-ordinated public environmental policy that reconciles differences between the various priorities of society. Where regulation is necessary it must focus on outcomes and not process, delivering a measurable enhancement of the environment.
- Continued access for all farmers and growers to Environmental Stewardship agreements, with continuity and simplicity in scheme types.
- The development of new mechanisms for public goods, such as public tenders or easements, outside agri-environment agreements (e.g. flood management or habitat creation).
- A shared and robust public sector roadmap for renewable energy production on farms utilising anaerobic digestion, biomass, by-products, wind and solar.
- Fairer and lower administration costs for Climate Change Levy and IPPC.
- Recognition and support for sustainable UK biofuels and bioenergy, and no back-sliding on the UK's contribution to the EU Renewable Energy Directive.



SCIENCE AND TECHNOLOGY



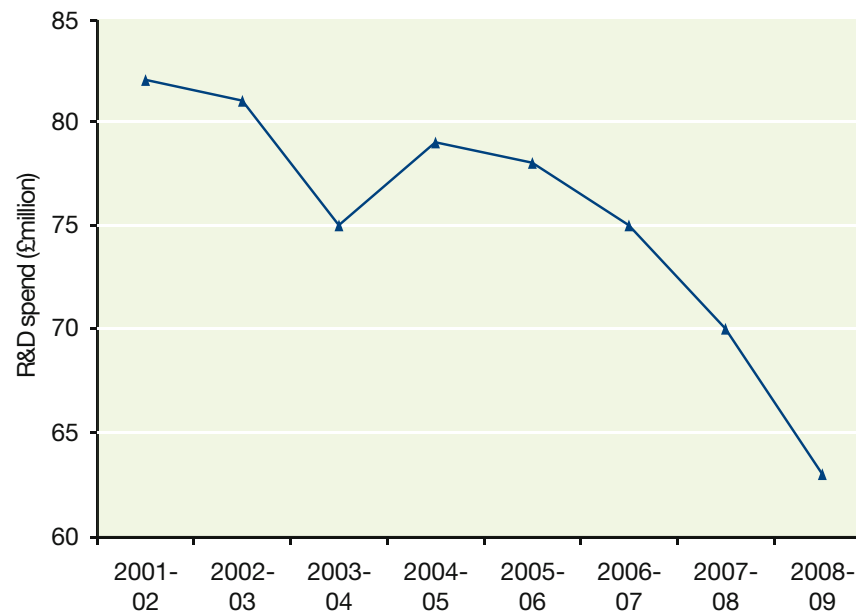
As national and global populations expand, the challenge facing UK farmers for the 21st Century is to increase productivity, maximising their outputs while minimising inputs in order to provide affordable, high quality food in a manner that is increasingly sustainable. At the same time, farmers across the world must adapt to the demands of a changing climate.

History clearly demonstrates the link between scientific advances and agricultural and horticultural production, and we should be in no doubt that research and development are absolutely vital if farmers are to increase productivity in a sustainable fashion. Recent decades have seen a serious running down of investment in agricultural science, a shift in focus away from production and application, and the undermining of resources and facilities for knowledge transfer, which would allow farmers to benefit from research and development on the ground. The Environment, Food and Rural Affairs (EFRA) Select Committee's 2009 report on food security closely echoed NFU concerns, stating bluntly that "more money needs to be spent on public sector food and farming research in the UK".

Private investment in agricultural R&D also has a role to play, and the NFU works to encourage private companies to continue their valuable work in areas such as plant breeding, crop protection and animal health. Nevertheless, public sector investment fulfils a unique, essential role in taking a long-term view of the needs and challenges of UK agricultural production.

The NFU has welcomed the establishment of the Food Research Partnership, the Technology Strategy Board's Agri-Food Innovation Platform and the new Biotechnology and Biological Sciences Research Council (BBSRC) focus on research for food security, translation and partnerships. Nevertheless, we will continue to stress to the Government that this renewed interest must be sustained in the long-term to ensure a strong supply of highly skilled and motivated agricultural scientists. The UK has a duty to maintain and build world class expertise and facilities in this area, and to ensure that developments and breakthroughs are effectively translated into results out in the fields and on farms across the country.

Total Defra agricultural R&D spend



Source: Veterinary Laboratories Agency

The Facts

- Global population is estimated to increase to over 9 billion by 2050, with the UK population forecast to increase 18% to 72.4 million.
- Despite Government estimates that UK wheat yields could increase by 68% by 2050, current trends show a slow down in yield growth, with annual increases in wheat yields dropping from around 4% in the 1980s to 1% in the current decade. This corresponds to a real-term reduction in the government departmental R&D budget of 45%.
- UK public and private investment in R&D is 1.9% of GDP, dwarfed by Japan, US and Germany, and well behind the EU target of 3%. Research Council funding has been increasing but only 6% is applied research.
- Lameness costs the UK sheep industry £31 million per year, but little is known about the bacterium that causes footrot. Research in this area is vital for the long-term viability of the sheep sector.
- Over 10 years of research on the bluetongue virus resulted in world-class expertise that enabled scientists to predict when and where it would hit the UK, to diagnose the disease once here, and to advise on ways to manage it through vaccination.
- Aphids, which have been monitored by scientists for over 40 years, cause £100s of millions of crop losses every year. It has been shown that they are appearing earlier in the year, and research will not only help to control this pest but also to understand the effects of climate change on UK crop production.

Policy

The NFU would like to see:

- Between £50 and £100 million per year of new government money, on top of existing agricultural research budgets, in line with the Royal Society's recommendation of a £2 billion 'grand challenge' over 10 years.
- A research focus on resource use efficiency, genetic improvement of crops and livestock, control of pests and diseases, reducing waste and increasing by-product use in farming systems.
- A clear cross-Government strategy to achieve a shift in the focus of public-funding back towards increasing efficient production and translational research, including support for the role the Agricultural and Horticultural Development Board can play in promoting translation of agricultural research into practice.
- Recognition of the UK's diverse maritime climate and varied farming systems through the setting up of targeted, sector-specific centres of excellence across the country, with facilities for large scale and long term trials and demonstrations to farmers and growers.
- A robust Government stance in Europe to ensure GM legislation is firmly based on science and does not hinder the ability of British farmers to compete, both through development of UK-relevant crops and full access to essential high protein feeds.
- The ring-fencing of Climate Change Levy funds for renewable energy research and savings for those agricultural and horticultural sectors that contribute the most.



COMPETTIVENESS



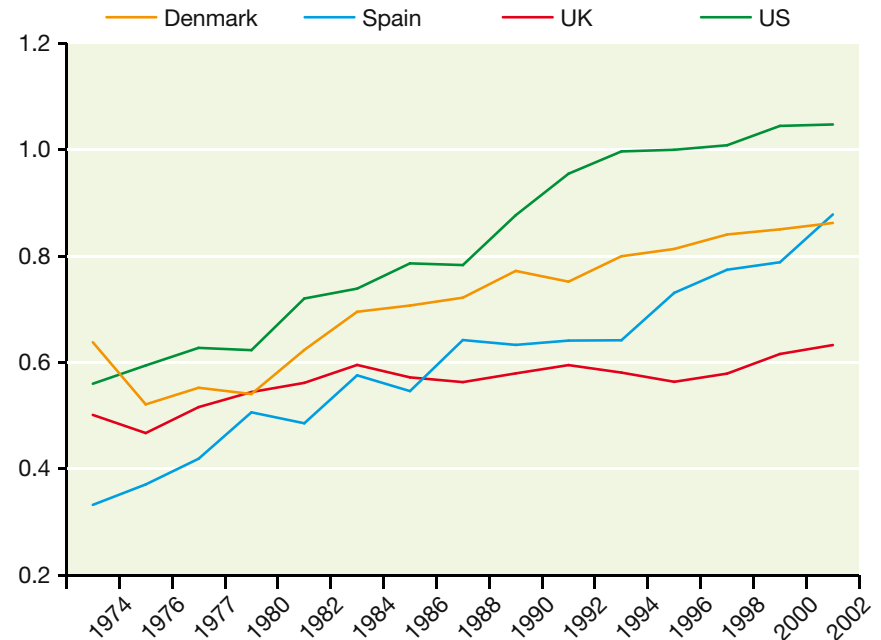
Competitiveness is key to UK agriculture and horticulture making a significant contribution to the UK economy and in the delivery of overall world food security. The global nature of the food system means that farmers and growers must not be hampered by local barriers such as burdensome regulation or lack of labour.

Reducing the regulatory and hence the cost burden on farming businesses will help farmers and growers to compete fairly within Europe and beyond. Farmers have embraced the concept of 'better regulation' but, to date, feel that little has been achieved on the ground, with no perceptible reduction in existing regulatory burdens. In contrast, in recent times where Government has felt the need to regulate, the industry has proposed voluntary solutions and for the most part these have been adopted successfully.

Historically UK horticulture has relied on migrant labour but increasingly, with the accession of new member states to the EU, migrant workers have made a growing contribution to the permanent and skilled workforce. Employers have hired migrant workers as it has become increasingly difficult to recruit a domestic workforce in recent years. The Seasonal Agricultural Workers Scheme (SAWS) has been especially important and has provided a pool of labour for the horticulture industry for the past 60 years. Under current proposals this excellent scheme will cease to operate after 1st January 2012 and growers will be faced with extreme labour shortages which are likely to lead to crops not being harvested.

The Agricultural Wages Board, the independent body that fixes minimum wages for workers employed in agriculture in England and Wales, is costly and bureaucratic and, increasingly, the legally binding orders it makes are confusing and act as a barrier to employment and professional development. Its abolition will not only reduce costs in Government but also help to put UK agriculture and horticulture on a more competitive footing. Furthermore, agricultural workers will continue to be protected by the National Minimum Wage.

Total factor productivity - International comparison 1973 to 2002



Source: Defra

The Facts

- Although the productivity of UK agriculture has increased by 55% since 1973, productivity growth has fallen behind other countries since the early 1990s.
- Defra's total administrative burden is calculated at £460 million. Compliance costs are ten times this amount.
- A survey of NFU members in 2008 revealed that 98% disagreed that the Government understands agriculture well enough to regulate while 77% felt regulation had become more demanding.
- In 2005, 81% of soft fruit growers, 67% of top fruit growers and 60% of field vegetable growers employed seasonal labour from abroad.
- The Agricultural Wages Board costs Defra some £500,000 per year to administrate.
- In 2005, Defra committed to a 25% reduction in regulatory administrative burdens by May 2010; to date it has only achieved 19%.
- In 2007, farm machinery thefts rose by 41% in England and in 2008, red diesel thefts rose by 30%.
- Approximately 25% of farmers who use the internet still do so via a dial-up connection. From April 2010, the online filing of VAT returns will be made compulsory for all businesses with a turnover greater than £100,000.

Policy

The NFU would like to see:

- The development of an early warning system which monitors agricultural output relative to our key EU competitors, so that potentially damaging trends and their causes are identified and addressed before they affect the UK's abilities to secure its food supplies.
- More rigorous rural-proofing of Government legislation.
- Regulation as the last resort, with the Government reflecting on whether its interventions will reduce the competitiveness of UK agriculture and more frequent consideration of the use of voluntary measures where appropriate.
- A Government commitment to carry out a cost-benefit analysis early in the life of proposed European legislation which affects agriculture. The Government should champion the use of regulatory impact assessments at all stages of EU decision-making.
- A new SAWS, with high welfare and educational standards, which checks workers on arrival and departure thereby responding to the broader concerns over immigration voiced by society.
- The abolition of the Agricultural Wages Board given that the provisions flowing from the National Minimum Wage Act 1998 are sufficient (saving £500,000 PA).
- A comprehensive review of the impacts of crime on farming businesses including theft, fly-tipping and illegal encampments.
- Provision of reliable and fast broadband coverage for all areas of the UK so that farming businesses can participate fully in the future of a digital Britain.



SUPPLY CHAINS



The UK food system is one of the most advanced in the world, where consumers have access to a vast range of products. Farmers and growers are an integral part of the supply chain, constantly striving to deliver what the consumer wants. The food system in its current form works well, but the NFU feels that consumers are increasingly being let down by public and private sector customers.

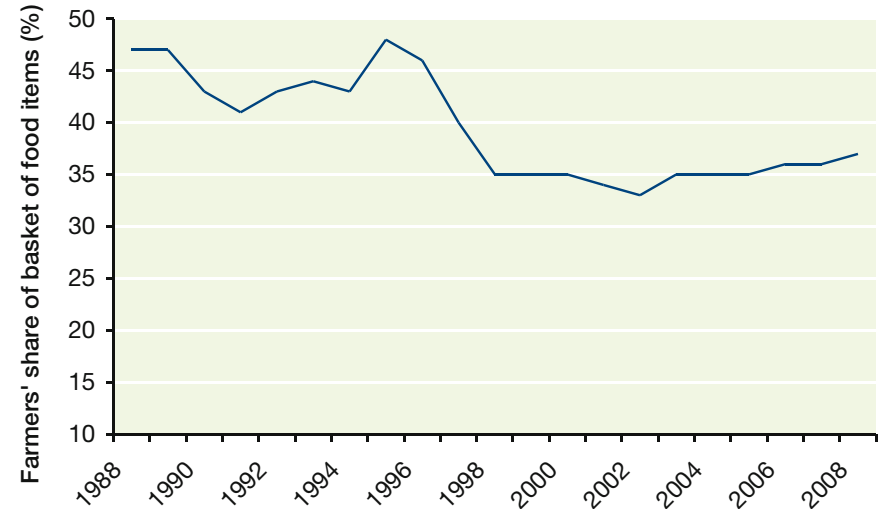
In some sectors, farmers, food processors, and retailers have worked together to create better supply chains where true partnership arrangements exist. However, such arrangements are the exception rather than the rule and all too often suppliers are the victims of unreasonable behaviour which damages their business. The final report of the Competition Commission investigation into the grocery market revealed that, if left unchecked, the transfer of excessive risk and unexpected costs by grocery retailers to their suppliers, through various supply chain practices, will have an adverse effect on investment and innovation in the supply chain, and ultimately on consumers.

The current rules governing country of origin labelling mean that consumers can often be misled by food packaging labels and the voluntary approach to better labelling has not delivered as it should. A more robust Government approach is required if this is to be rectified. Country of origin is now a significant driver of product choice in the retail environment and consumers should be provided with clear information so they can make informed choices.

The Government, in purchasing £1.8 billion of food and catering services, can also drive positive change as it procures food for hospitals, schools and the armed services. However, the various public procurement strategies in place to date have failed to properly address the issue of lower standard food being served by public sector caterers.

Farmers, their customers, and consumers deserve a properly functioning food chain with the principles of fairness, transparency and sustainability at its core. The abuse of market power, poor labelling practice and poorly developed public procurement policies need to be tackled to develop stable, long-term relationships and deliver improved consumer protection.

Farmers' share of retail price



Source: Defra

The Facts

- The UK agri-food sector accounts for a total estimated gross value added (GVA) of nearly £80 billion, equating to some 6.5% of the total economy. Agriculture contributes £5.8 billion in GVA terms and an estimated 531,000 people are employed in primary agricultural production.
- Farmgate share of retail prices has diminished over the long-term. In the decade to 2008, farmgate share of a basket of food items averaged 35.2%. In the decade to 1998, the share averaged 43.1%.
- 74% of food shoppers support the listing of the country of origin on pack while 89% feel that a meat product labelled as British or “produced in the UK” should mean that it is from an animal reared in Britain.
- Country or place of origin is now a recognised driver of product choice and has grown in the last four years, with 23% of consumers citing provenance as a reason to buy.

Policy

The NFU would like to see:

- The establishment of a proactive and robust Grocery Market Ombudsman to police the new Grocery Suppliers Code of Practice while protecting the anonymity of complainants at the earliest opportunity.
- UK support for efforts by the European competition authorities in tackling abuses of dominant positions in the food chain at EU level.
- Government encouragement for grocery retailers to adopt more responsible procurement practices with suppliers such as dedicated supply chains.
- Clear and unambiguous country of origin labelling made mandatory on meat and meat products.
- A revised public procurement strategy policy which places the sourcing of food produced to British farm assurance standards at its heart.
- A more joined up food policy with the establishment of a food and farming industry steering group to inform its development.



ANIMAL HEALTH



A robust animal health policy and its effective delivery are vital to successful livestock production. As such, proposals for a new independent body in England to govern animal health have been received with cautious optimism by the NFU. For too long policy in this area has been unduly influenced by political factors. By separating animal health from political interference the result will be better policy,

based upon sound science and expertise. This common sense approach should reduce the likelihood of major disease outbreaks, affording clear benefits to livestock producers and consumers.

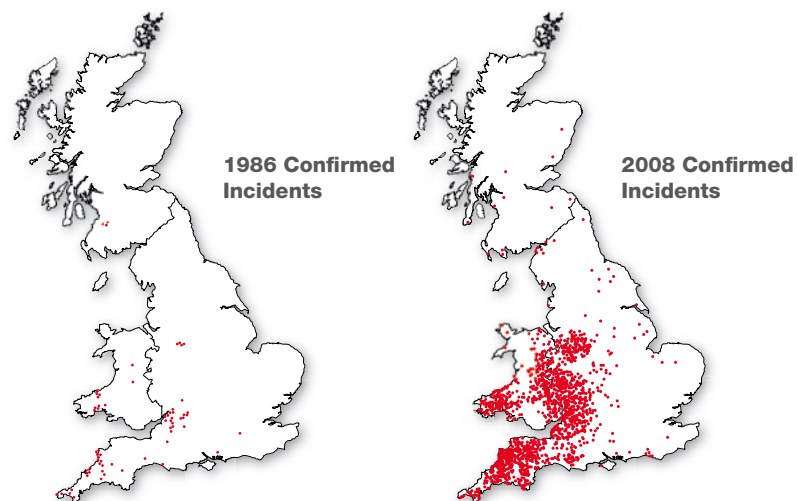
However, the industry is facing increasing pressure to share the cost of animal health, a determination which appears to have cross-party support. Current proposals suggest that the livestock sector should contribute 50% towards the current budget for exotic disease surveillance and preparedness. While the NFU accepts that livestock keepers have a role to play in reducing the spread of a disease once it is confirmed in the country, they should not be held responsible for managing the risks associated with the introduction of exotic disease. In this respect, the Government must be held financially accountable for any disease entering the UK system through either animal imports, vectors (such as birds) or bio- security failures (such as the foot-and- mouth outbreak from the Government's Pirbright facility in 2007).

Bovine Tuberculosis continues to spread within and beyond hot spot areas across many parts of England and Wales. News of a pilot badger cull in Wales has to be seen as a positive step, but in England, the announcement of a vaccination project has done little to alleviate the concerns of farmers whose very livelihoods are under

threat. Year on year, the numbers of cattle slaughtered continues to rise and the costs of dealing with bovine TB are spiralling out of control. Urgent action must be taken to tackle this disease and stop it spreading into new regions and becoming endemic nationwide.

The new rules on compulsory individual movements recording and EID (electronic identification) for sheep constitute another significant and contentious issue for the livestock sector. This regulation, which was implemented at the beginning of 2010, incurs massive costs on the industry and fails to deliver any substantial disease control benefits over and above the present measures. The NFU believes that a cost-benefit analysis must be carried out as soon as possible, as this will illustrate that the regulation is not fit for purpose and is in need of urgent review.

Spread of Bovine TB



Source: Veterinary Laboratories Agency

The Facts

- In 2008, the UK's livestock sectors generated an output worth £9.2 billion at market values.
- The 2001 foot-and-mouth epidemic is estimated to have cost the Government £3 billion, and the farming industry, tourism and the wider rural economy over £5 billion. The 2007 outbreak is estimated to have cost livestock producers over £100 million and Defra around £50 million.
- The National Audit Office has stated that livestock farmers are not the sole or even the main beneficiaries of our freedom from exotic disease. With year on year growth of around 38%, meat and animal products now account for some 13% of the UK's total food and drink exports.
- Government expenditure on managing bovine TB in England has cost the taxpayer an average of £76 million per year since 2005. Up to the end of 2008, close to 120,000 cattle have been slaughtered after testing positive for TB, and numbers are increasing year on year, with 22,200 slaughtered in 2006, 27,700 in 2007, and 39,900 in 2008.
- The three policy options considered for EID implementation in England could cost between £65 million and £164 million. Typically this could amount annually to £2,283 for upland farms and £1,621 for lowland farms.

Policy

The NFU would like to see:

- The establishment of an independent body with powers to decide and implement all aspects of animal health and welfare policy.
- An assurance that, under this new body, the livestock industry holds no financial responsibility for the risks associated with exotic animal diseases.
- The speedy implementation of a bovine TB eradication plan, which effectively tackles all sources of the disease.
- An assurance that continued investment in the development of a badger vaccine will not come at the expense, or delay, of other valid control methods or the development of a vaccine for cattle.
- A commitment to carry out a cost-benefit analysis and review of compulsory EID at the earliest opportunity.



COMMON AGRICULTURAL POLICY



2010 will be an important year in shaping the future of the EU's Common Agricultural Policy (CAP) after 2013. The CAP has seen massive reform in the last 20 years and the European Commission is expected to come forward with a Communication proposing further reforms in the autumn.

The CAP remains a contentious issue owing to the scale of the policy, the proportion of EU expenditure that it accounts for and the distribution of support across the EU and its farms. Nevertheless, in the face of volatile markets and inequitable supply-chain relationships, CAP payments make up an important element of farm incomes. Furthermore, while CAP expenditure accounts for half a percent of EU gross domestic product, agriculture generates almost 2% of GDP across the region and underpins over 10% of the EU's GVA in terms of the food industry, not to mention the wider public benefits that are delivered through the policy by way of environmental goods, animal welfare and landscape management.

In the next phase of reform, the CAP budget will face some significant demands. Many governments will want to reduce the total EU budget owing to economic pressures. There may also be a desire to redirect EU spending away from agriculture to other European policies. Within the CAP budget itself there will be calls to shift spending from Pillar 1 (the single farm payment) to Pillar 2 (rural development programmes) and to see payments increasingly linked to the delivery of public goods. There is also intense pressure for some equalisation of the single farm payment across Europe, especially from the new Member States.

The British Government is facing some vital policy choices for the CAP. The negotiating stance of successive British Governments has been to start from the radical position that the policy should be scrapped as soon as possible. Defra and the Treasury's joint Vision for the CAP after 2020 advocates the elimination of all forms of direct income support, with remaining support channelled through the so-called Second Pillar, which covers the delivery of public environmental goods and services. This is an extreme position and the policy and tactics pursued by UK governments on the CAP have only served to marginalise and isolate the UK from serious policy making at EU level. UK politicians and diplomats must take a more pragmatic approach to ensure that they can represent the interests of UK farmers more effectively.

The Facts

- The CAP plays a vital role in the food security of 500 million EU consumers.
- The CAP represents over 40% of the EU's annual budget, yet accounts for less than 0.5% of total EU GDP and a mere 1.09% of total expenditure by EU national governments.
- Over 90% of direct support payments are now decoupled from production across the EU, meaning "single farm payment" is not conditional upon what is produced, and encouraging farmers to respond solely to the signals of the market. It also means that the bulk of the CAP is regarded by the World Trade Organisation (WTO) as "non-trade distorting".
- Rural development policies are growing in importance. In England, some 19% of direct payments are 'modulated' to support rural development and agri-environment schemes which support environmental enhancement of farmland.
- The EU is the largest market for agricultural exports from the developing world, even larger than the USA, Canada, Japan, Australia and New Zealand combined. This is due to the unique duty free and quota free access to the EU market that is afforded to the world's poorest countries.

Policy

The NFU would like to see:

- A Government negotiating strategy that is pragmatic and geared towards serving the interests of British farming.
- A CAP continuing to be financed from the European budget, avoiding unbearable trade distortions caused by "re-nationalisation" of spending.
- A CAP that is focused on improving the competitiveness and productivity of the EU farming sector, maintaining decoupled direct payments which provide income stability, and fostering measures under Pillar 2 that seek to develop farm performance, both economically and environmentally.
- A simpler, more common policy, where decoupling and any reduction in direct support apply evenly across the EU. At a global level, WTO negotiations should dismantle distortive support systems elsewhere in the world.
- Measures to ensure the market functions fairly, and that European competition policy is reinforced in order to prevent abuses of dominant positions.
- A radical revision of the 2nd Pillar of the CAP, ensuring that its future budget is funded centrally and not by "modulation", and is earmarked to help farmers improve their marketing and competitiveness.
- A revision of rural development expenditure which ensures a considerable increase in the objectively unfair 1.3% of the central pot which the UK currently receives, and an end to the present contradiction whereby farmers are expected to be more entrepreneurial despite rules prescribing that payment be made solely on the basis of cost.
- Higher, permanent payments to farmers in less favoured areas, in recognition of the significant social and environmental benefits they generate.

NATIONAL FARMERS' UNION

Agriculture House
Stoneleigh Park
Warwickshire
CV8 2TZ

Tel: 024 7685 8500
Fax: 024 7685 8501
www.nfuonline.com

NFU GOVERNMENT & PARLIAMENTARY AFFAIRS

4th Floor, Kings Buildings
16 Smith Square
London
SW1P 3JJ

Tel: 020 7808 6600
Fax: 020 7808 6610
www.nfuonline.com

