



Northern Ireland  
Assembly

## Research and Information Service Briefing Note

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# Overview of coupled beef support – Scotland visit

## 1 Background

The 2003 CAP reforms were marked by the decoupling of income support from production. Despite these moves there was a recognition at European Commission level that certain Member States/Regions wished to continue with coupled support for key agricultural sectors which faced particular challenges. Scotland was one such region and the agricultural sector which the Scottish sought to provide coupled support for was beef.

The production of beef is identified as being '*...at the heart of Scottish agriculture*' and in 2013 the sector had an output of £825m. As a whole the beef industry alone accounts for 26% of Scottish agricultural output and is the '*...single biggest sector within the Scottish agricultural industry, with almost 12,000 holdings draw(ing) some income from a beef enterprise*<sup>1</sup>.

## 2 Coupled Beef Support in Scotland – post 2003

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<sup>1</sup> [A vision for the beef industry in Scotland. Beef 2020 Report, Scottish Government, 18th August 2014](#)

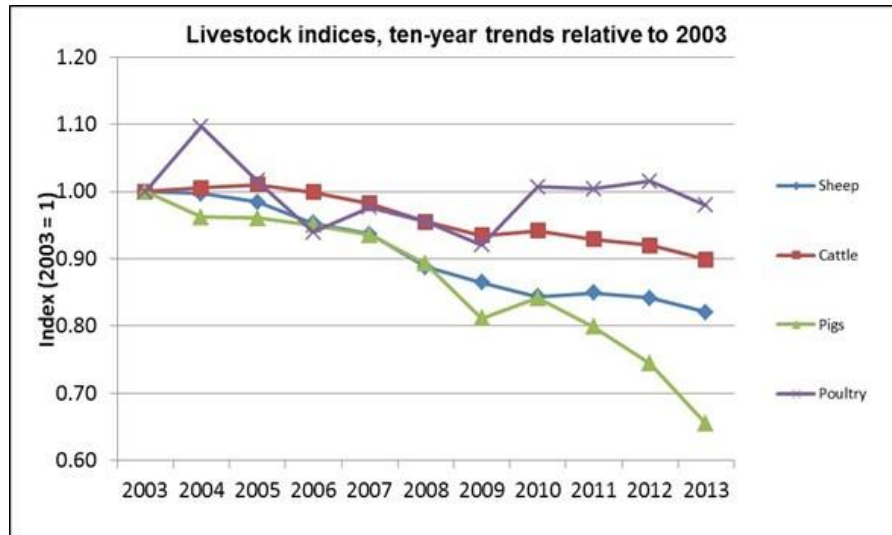
	<b>Scottish Beef Calve Scheme 2005-11</b>	<b>Scottish Beef Scheme 2011-14</b>	<b>New CAP Deal 2014-20</b>
Qualifying criteria	<ul style="list-style-type: none"> <li>• Male and female calves at least 75% beef bred</li> <li>• Must be born on land in Scotland and kept there continuously from birth for at least 30 days</li> <li>• Calves may be owned or leased</li> <li>• calves born on or after 2<sup>nd</sup> December 2004</li> <li>• calves must have a valid cattle passport</li> </ul>	<ul style="list-style-type: none"> <li>• Male and female calves at least 75% beef bred</li> <li>• Must be born on land in Scotland and kept there for at least 30 days</li> <li>• Calves may be owned or leased</li> <li>• Have not previously been paid or claimed under the Scottish Beef Calve Scheme or the Scottish Beef Scheme</li> <li>• calves born on or after 2<sup>nd</sup> December 2009</li> <li>• calves must have/had a valid cattle passport</li> </ul>	<p>Scottish Government have decided to continue to operate a coupled support scheme under the new CAP deal – fine details yet to be decided.</p> <p>Scotland intends to use 8% of its revised national ceiling for coupled support payments to the beef industry with up to a further amount up to 0.5% being used for further top up payments for the beef producers on the islands.</p> <p>Payments will be made for calves with 75%+ beef genetics which are born on Scottish holdings</p> <p>Will also be introducing coupled support for the sheep sector</p>
Available support	<p>The payment rates for eligible animals will vary from year to year depending on the total number of eligible animals claimed in Scotland each year;</p> <p>The first ten eligible calves claimed in any calendar year will be paid at a higher rate than any subsequent eligible calves claimed in the same year;</p> <p><b>2010 payment rate was €125.40 or £104.37 for the first 10 animals and €62.70 or £52.19 per calf.</b></p>	<p>The payment rates for eligible animals will vary from year to year depending on the total number of eligible animals claimed in Scotland each year;</p> <p>The first ten eligible calves claimed in any calendar year will be paid at a higher rate than any subsequent eligible calves claimed in the same year;</p> <p><b>2013 payment rate was £139.20 (for the first 10 eligible animals) and £46.40 (per eligible animal thereafter)<sup>2</sup></b></p>	<p>No details as yet but <b>indicative information suggests rates of €100 per calf for mainland producers and €160 per calf for island producers.</b></p>
Total cost	SBCS had an annual budget of 29.8 Million Euros before modulation	SBS has an annual budget of 29.8 Million Euros before modulation	Unclear at this time
Beneficiaries	<ul style="list-style-type: none"> <li>• 2005 – 8,446 farm businesses</li> <li>• 2006 – 8,134 farm businesses</li> </ul>	2013 - 7,500 producers benefitted	Unclear at this time

<sup>2</sup> [NFUS Press Release 'Beef Scheme Shows Value in Coupled Support', 9th April 2014](#)

### 3 Impacts of Coupled Beef Support in Scotland

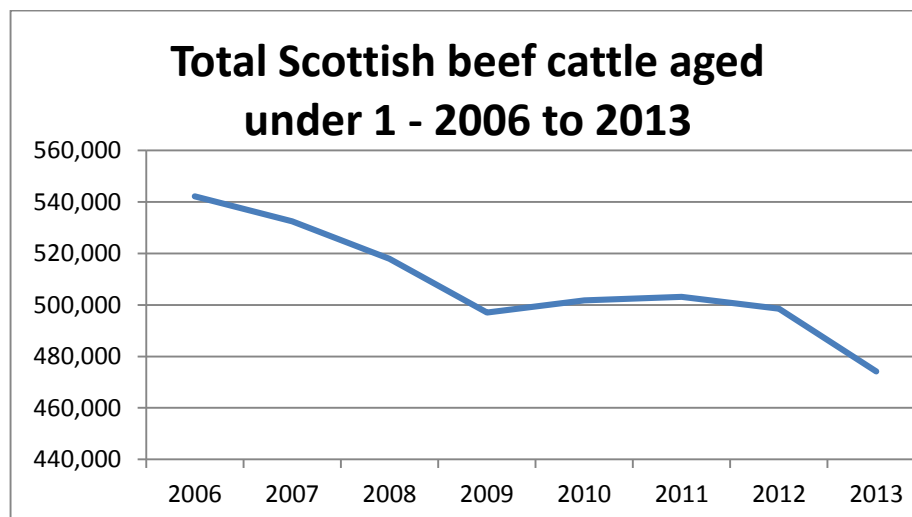
#### 3.1 Beef stocking levels

Figure 1: Livestock indices, ten year trends relative to 2003<sup>3</sup>



As set out in figure 1 there has been decrease in total cattle numbers of 10.1% over the 2003-2013 period, despite the existence of coupled support provisions.

Figure 2: Total Scottish beef cattle aged under 1 – 2006-2013<sup>4</sup>



As set out in figure 2, there has also been a 12.5% reduction in total beef calves (male and female aged under 1) between 2006 and 2013.

<sup>3</sup> [Summary information for chart 12: Livestock indices, ten-year trends relative to 2003a, 2013 Scottish Agricultural Census](#)

<sup>4</sup> [Data derived from Table 3. Number of cattle, 2006 to 2013: Data obtained from Cattle tracing Scheme, 2013 Scottish Agricultural Census](#)

### 3.2 Evaluation of the Scottish beef calf scheme

In terms of detailed analysis of the impacts of coupled support on the beef sector in Scotland, as special study completed on behalf of the Scottish Government's Rural and Environment Research and Analysis Directorate in June 2008<sup>5</sup> included the following conclusions:

- *The SBCS has failed to reverse the downward trends in cattle numbers in Scotland and has had a minimal impact on helping producers to retain cattle against the background impact of decoupling. This is principally because the SBCS is neither sufficiently targeted at fragile areas, nor does it provide an adequate incentive to influence production decisions;*
- *The impact of the SBCS on gross margins (GMs) varies by type of enterprise and the contribution of the SBCS to GMs increases as herd sizes reduce. The impact of ending support provided via the SBCS will be highest on hill suckler cow enterprises;*
- *Given that the SBCS does not offer enough support for farm businesses to cover their fixed costs, it is unlikely on its own to be effective in retaining beef cattle in the long run. Over time restructuring will have to occur to improve net margin, especially given additional pressure that may follow from liberalisation of EU trade in agriculture which is likely to render the SBCS even less effective in incentivising farmers to retain cattle;*
- *By attempting to control for other factors that may have influenced changes in cattle numbers over the period for 2005 this study finds that at most the SBCS would have helped to retain some 12,000 cows across Scotland.*

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<sup>5</sup> [Evaluating the Scottish Beef Calf Scheme, Special Study for the Scottish Government's Rural and Environment Research and Analysis Directorate, June 2008](#)