Northern Ireland Assembly

Committee for Agriculture and Rural Development

OFFICIAL REPORT (Hansard)

Greening the Common Agricultural Policy Seminar

6 March 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Paul Frew (Chairperson)
Mrs Dolores Kelly (Deputy Chairperson)
Ms Michaela Boyle
Mr Thomas Buchanan
Mr Willie Clarke
Mr William Irwin
Mr Oliver McMullan
Mr Robin Swann

Witnesses:

Mr Patrick Casement	Council for Nature Conservation and the Countryside
Mr Andrew Elliott	Department of Agriculture and Rural Development
Mr Norman Fulton	Department of Agriculture and Rural Development
Mr Gabriel Nelson	Department of the Environment
Ms Diane Stevenson	Department of the Environment
Mr Michael Hamell	European Commission
Mr John Hetherington	Premier Woodlands
Mr Wesley Aston	Ulster Farmers' Union
Mr John Thompson	Ulster Farmers' Union

In attendance:

Mr Simon Hamilton	Committee for the Environment
Mr Danny Kinahan	Committee for the Environment
Ms Anna Lo	Committee for the Environment
Mr Patsy McGlone	Committee for the Environment
Mr Francie Molloy	Committee for the Environment

The Chairperson: Good afternoon. On behalf of the Committee, I welcome you to the seminar on greening the common agricultural policy (CAP). Members from the Committee for Agriculture and Rural Development and the Committee for the Environment are represented here today. Both Committees have a mutual interest, given the cross-cutting issues surrounding agriculture and the environment.

We are also delighted to welcome various bodies and organisations that have an interest in this area to the seminar and to Parliament Buildings. It is a pleasure to have Michael Hamell from the European Commission here today to share his thoughts on the importance of environmental considerations and their impact on agricultural practices.

As most of you will be aware, the European Commission published legislative proposals in October 2011 regarding CAP reform, and those proposals are being considered by the European Parliament and Council. The Commission remains committed to delivery by 2015. The Committee for Agriculture and Rural Development has concerns that the greening components lack innovation and require further work to safeguard the agri-sector and the environment. The Committee also has concerns that the greening issue will make the CAP an environmental policy rather than a policy to support production and maintain a viable agri-industry in Northern Ireland.

There are concerns that the greening measures of permanent pasture, crop diversification and 7% for ecological focus areas will increase bureaucracy, encourage farmers out of farming and reduce food production and competitiveness, as well as having a detrimental effect on the wider agrifood sector.

The Committee for Agriculture and Rural Development takes the view that considerable work needs to be done to ensure that the greening proposals deliver environmental benefits, that they do not hinder the development of a competitive agriculture industry and that, if required, they must be capable of being implemented at no additional cost to the farmer, the taxpayer and the European Commission.

The proposals need careful consideration. That is why it is important for us to meet a wide range of people and organisations on whom the proposals will have an impact. This is your opportunity to raise issues of concern that you may have and to ensure that they are taken into account. Today's session is being recorded, and it is our intention to publish the video and the written record of the seminar on the Assembly website. Details of the website link have been included in your information pack. If you refer to the programme for today, you will see that following Michael Hamell's presentation, there will be an opportunity for attendees to participate in a question and answer session. If you wish to speak, I ask that you raise your hand, and, when you are presented with the roving mic, I ask that you stand and give your name and state which organisation you represent. Should you require the restrooms, Committee and security staff will be on hand to direct you. I refer you to the Gallery rules included in your pack, which advise that no mobile phones or food and drink can be brought into the Senate Chamber. Please note that no fire drill is expected today. However, if the fire alarm sounds, please follow the instructions of staff regarding evacuating the Building. Unless otherwise instructed, make your way back into the Great Hall and out the front doors. I thank you all for attending today and encourage you all to participate to make this a worthwhile event.

I will now hand over to Anna Lo, who is Chairperson of the Committee for the Environment.

Ms Lo: Good afternoon members, ladies and gentlemen. I will start by reiterating Paul's thanks to Mr Hamell for coming to the Assembly to share his knowledge and thoughts on CAP reform. From his position in the Commission in the directorate-general (DG) for the environment, his long association with environmental aspects of agriculture and his personal links to this island, I am sure that his insight will be invaluable to us.

I must also thank Paul and his Committee for inviting the Environment Committee to be a partner in this event. Protecting the environment has always been part and parcel of farming, but the last review of the CAP saw agriculture and the environment become much more integrated through cross-compliance.

The requirement to keep farms in good agricultural and environmental condition is aimed entirely at protecting soil, habitats and water, and five of the 18 statutory management requirements to which farmers must adhere in order to get their single farm payments are directly related to protecting the environment.

That link is important. Many people who are not involved in farming question why farmers get direct payments from Europe through pillar 1 of the CAP. However, by farming in compliance with those conditions, farmers are being recognised for creating or maintaining benefits that are considered valuable to society, such as landscape, biodiversity and clean water, but their value is not reflected in the market price of the goods produced.

Going further, agrienvironment schemes funded through pillar 2 of the current CAP have made a proactive contribution to our environment. Through those schemes, which cover 40% of farmed land here, farmers can proactively reduce their productivity to enhance or create new habitats, increase biodiversity and even help society adapt to climate change in return for a payment that makes up for their lost income.

However, proposals being put forward by the Commission to green the CAP could radically change that two-pillar approach. I know that not all environmental organisations feel that existing approaches have worked as well as they wanted, but most recognise the contribution made to the environment from cross-compliance, and even more so from agrienvironment schemes.

As we move towards CAP reform, we need to make sure that new measures do not undermine the benefits that the current CAP has brought for Northern Ireland's environment. At the same time, Paul's Committee will be monitoring what impact it will have on our farming community, bearing in mind that the agrifood sector is the single biggest contributor to the Northern Ireland economy.

I am sure that the Commission's intention in bringing forward these proposals is to bring about more sustainable management of our natural resources. As part of one of 27 members states, there is no denying that we are a small fraction of Europe. However, the importance of agriculture to Northern Ireland is proportionately higher than in the rest of the UK. Therefore, it is essential for us to get decisions concerning the new CAP right for us here in Northern Ireland. We must take advantage of our devolved status to do that, and I believe that events like today's will help us to achieve that goal. I hope that you enjoy the discussion, and I now invite Mr Hamell to make his presentation.

Mr Michael Hamell (European Commission): Good afternoon. First, I want to say how honoured I am to speak in Stormont. I spoke here once before at a side event about a year and a half ago, so it is nice to be getting nearer to the central Chamber. I will keep working until I get to the main Chamber, but that may be only in my mind.

Today, I want to paint a little picture of the philosophy behind where we are and where we are trying to go on the CAP, so whether you agree or disagree with the Commission's proposal, you will at least understand the approach that we are trying to take. That approach has sustainability at its centre. It also has a number of other aspects, and I will come to them.

First, I will provide a little bit of background. You will know most of it, but I want to highlight some issues. The first is that we have seven-year reforms, and this reform takes place at a most unfortunate moment, because it is at the peak of a very difficult financial period. This is a reform with a bigger list of players than we used to have. I have been involved in CAP reforms since I moved to the Commission in 1983. I have been through the milk quota, the stabilisation mechanism and several other reforms. At that time, agriculture was involved, the budget was involved, and, to some extent, our external trade relations were involved. In the 1990s, environment became involved, and that has been surpassed now by a whole lot of other areas, such as climate, energy, health and the social side. They all now play a part in the way in which we shape common agricultural policies. The commissioners for all those areas have a very big interest in how we shape the proposals that we make. That is good and bad. It is good because it makes for a more complete policy. From my perspective as DG environment's representative in the technical discussions, my contribution is more diluted now than it was 10, 12 or 15 years ago.

The other major change is that we now have co-decision, which means that the European Parliament has a role. Before, the European Parliament had an advisory rather than a central role, but it now has a central role. Having been involved from the environment side — we have been used to this for many years — we see that the Parliament quite often demands things that are different in emphasis from what the Council of Ministers demands.

The next thing that changes is the number of farmers. When the United Kingdom, Ireland and Denmark joined the European Community in 1973, more or less 10% of working people were working on farms. The figure is 1·5% now. If you take away the large number of very small farms in some of the new member states, the figure is even smaller. We are, therefore, talking about a very small number of economic operators who, of course, underpin maybe 10% or 15% of the economy, because of the knock-on effect on food production. Nevertheless, the CAP of 1973 and the CAP of 2014, 41 years later, are quite different things.

The other thing that strikes people more and more is the amount of demand that there is on land. We had a vision, always, of land: land was for farming; if it was not for farming, it was for housing and infrastructure in cities and towns. Now, it is clear that food is one part; energy is another part; the bioeconomy, which is certainly going to grow during the next 10 years, is another part; adaptation to climate change is another part; and recreation is another part. There are far more demands on land. I will put that in context for you. The amount of land, mainly agricultural land, that is taken in Europe every year and put into such infrastructure as urbanisation, housing, roads and factories is equivalent to the city limits of Berlin. That does not mean anything to you, but this might: every 10 years, we take an amount of land that is the equivalent of the country of Cyprus. That is a lot of land going out of agriculture permanently. To put it in a really practical way, it equates to enough loaves to feed the German population every year. A serious amount of land is taken out, and, for the most part, it is the best land, because it is near to the cities, and that is where people want to expand.

The Lisbon jobs agenda and, more so, the Council of Ministers demand that we simplify what we do. I should not underestimate the demands of the Council of Ministers to simplify what we do; I say that just as I show what is probably the most complicated of my PowerPoint slides. The slide shows 40 years of the common agricultural policy. A lot of what you see up until 1992, and even a bit further on than that, is the classic common agricultural policy. That is to say, we did not pay farmers, but we interfered and managed the marketplace. We managed the marketplace through our public intervention systems and our export subsidies. You can see that that was the dominant way in which we supported our farmers until 1993 or 1994. We managed the external boundary of the European Union, and we let what happened inside happen. There were a few little differences here and there, such as the sheep premium and some beef premium. Effectively, we were market managers.

The MacSharry reforms, the Fischler reforms and, now, the reforms of Commissioner Cioloş have moved us away from that. We now have a direct payment system and a rural development system. Look at the change. The common agricultural policy that was there 30 years ago does not exist today. It is unrecognisable today from what was there in the past. So, we should not expect the formulae that worked or did not work for long periods to stay in place. Time has moved on, and I will also move on. From the viewpoint of the environment, the common issues across Europe as far as we are concerned are the loss of habitats and biodiversity; the problems of soil, forests and water; and climate change. I will discuss those and give you a few figures here and there.

In general terms, you could count birds, bees and butterflies as the marker species of whether the environment is doing well or badly. They are easy to see and count: birds are at the top of the pyramid, butterflies and bees play a huge role in pollination, and people tend to like butterflies. There has been a trend of decline in each of those species over the past 120 to 130 year. It is not because of the CAP. UK researchers, in particular, have mapped their decline for well over 100 years and the great American researchers have mapped it for over 80 years. It is an area that we are worried about.

The second area of concern is soil, which might seem amusing to a Northern Ireland audience. You are lucky in the sense that the climate and the agricultural systems here keep very high levels of organic matter in your soil and keep erosion down. However, half of the soils across Europe have low organic matter levels, which has huge implications for climate change, and there are about 13 million square kilometres of erodible soil, of which about 20% has more than 10 tonnes of erosion each year. That is a lot of erosion. To come at it from a slightly different angle than just the loss of agricultural soil, that soil spills into rivers and causes problems for fish stocks, it spills into drains and means that councils have to clean out drains more often, and so on and so forth. It is not just an agricultural problem.

The next issue of concern is water, and we have some advantages and disadvantages on this island. The advantage is that we have a lot of water — that may be a disadvantage — but half of the cities around Europe face droughts over the next 10, 15 or 20 years as a result of climate change. You know the story in London, and it is the same story everywhere, with leakages and heavy demands on water. A lot of those demands come from agriculture, and, in southern Europe, 70% of the water demand is from agriculture. People tend not to like that figure, but I like it because I like to eat oranges, plums and fruit generally. If you want a healthy society, you cannot blame farmers for using water to produce.

The final issue of concern are the forests. The big issue for forests today is whether we can retain our European forests as carbon sinks, or whether those forests will become sources of carbon. That is important because we have Kyoto obligations and forests account for about 10% of those obligations. Forests absorb an awful lot of the problems that are produced by agriculture, industry and our daily lives, and those problems would be worse if they were not there. That reality will come under pressure in the next 10 to 15 years. We have old forests in Europe, and there will be a lot of activity in them. We must decide how we can manage the forests, so that they keep things right.

The next diagram in the PowerPoint presentation tries to put together all the pieces of the agricultural jigsaw. We will start at the place that I think politicians understand best: we have a budget, a market and income policy for farmers, a rural development policy and what are called the horizontal rules, although they are not so important in this debate.

To give you an idea of the volume of legislation, we have five pieces of legislation in front of the Council of Ministers in the European Parliament, which is probably more than 500 articles in total. It is not that easy to change one without changing three, and it is not that easy to change three without changing 33. You have to look at the whole proposal in a kind of glued form and, hopefully, see that you like the glue. If you do not like the glue, you have to be very careful that, when you unglue a bit, you do not unglue another bit that you did not mean to unglue.

We have those four parts. We also have a safety net for agricultural markets, which is quite small now. We have greening of the CAP. We have the issue of balanced distribution, which is not very important in this Chamber because this Chamber is part of EU 15. However, if you are from EU 12, you want an equalisation of support across Europe.

Before you take a view at some stage, remember that, in the run-up to the single market in the early 1980s, the United Kingdom, Ireland and Denmark were looking for exactly the same thing, having joined a little late. They said, "The French have a better deal than we have." I remember that, in the sheep market, which is where I began my Commission work, there were reference prices and so on. It took a long time to move the UK prices and Irish prices in reference terms up to those of the rest of Europe. Of course, there was some resistance from those who had more. We have to be careful that we move gradually towards an equal system for everyone.

The agricultural budget is within the overall financial framework for the period 2014-2020. Let us look inside that budget a little bit. For the market and the income policy — in other words, for the direct payments to producers — there is €317 billion. Within that €317 billion, there is approximately €90 million for greening. The rural development policy has just over €100 billion of — I have to be careful how I say it — EU money; that is money that has been paid from the national Exchequers into the EU pot. There are also additional funds for other elements that I will mention.

As regards rural development, if we assume the same ratios as in 2007-2013, that figure will be matched by another €130 billion or €140 billion of member states' money. To some extent, it will also be matched by a further — I would say — over €100 billion of farmers' and agricultural industry money. If you add the money coming directly from member states to the union money, you probably reach €560 billion or €580 billion. If you add the farmers' and the agricultural industry's money, you probably get close to €700 billion of total spending. So, that is a significant amount of money, and it is worth debating and fighting for.

I have tried to give a broad outline. The devil is in the detail, and, from my discussions with various people from outside and inside the Commission, I know that it is important to understand the concept of eligibility for support. You need to look at the various definitions of agriculture area, permanent pasture, grasses and herbaceous forages, a holding and the limitations on holdings. I will not insult you by reading those out, but it is important to understand that it is within that concept of definitions that you are eligible for support and that your responsibilities as a farmer lie.

It is also important to say that, when the arrangements have been finalised — I will come to that in a moment — there is an important role for the Commission to ensure that, in the detailed rules that will effectively decide on eligibility and so on, it gives the clarity in a long series of debates with member states at technical level so that we know what grasses and other herbaceous forages are, what permanent pasture is and what a holding is. It is also important that we treat those things in a fair and equal manner across the European Community, having due regard to the inevitable variations in agriculture itself. Therefore, even though I said that there are 500 articles, not all of them have the same interest. The articles that deal with definitions are probably among those that are most debated by civil servants in particular but also by parliamentarians and, eventually, Ministers. I would not like to throw that burden on Ministers, but, essentially, Ministers have to be happy that their civil servants have done a good job in that area.

Let me turn to cross-compliance. One of the criticisms that has been made of cross-compliance is that it was too complicated for farmers, and we received the very clear view of the Council and many parliamentarians that we needed to simplify cross-compliance for the next period. We have not heard criticism of the concept of cross-compliance, but we have heard criticism of the complexity, so the commissioners involved — the Commissioner for Agriculture and Rural Development, the Commissioner for Health and Consumer Policy and the Commissioner for the Environment — asked us, as their civil servants, to look at cross-compliance, to talk to people and to try to come up with a more simplified approach. The Commission has now taken much of our work and tried to go with a more simplified and more meaningful approach. We have reduced from 18 to 13 the legal standards that are to be fulfilled by farmers, and we have reduced from 15 to eight the standards on good agricultural and environmental conditions. Those are significant changes that should help people. It is not our intention to make life difficult or to lower standards. However, it has been our intention to make the standards clearer. Of course, the whole debate for the next year will, at least, have some elements of this in it.

One of the very important ones concerns landscape features, which is why I put it in the slide. We do not hold on to landscape features because it sounds nice; we hold on to them because they give a huge amount of benefits that have been lost over many years in many situations around Europe. It is often difficult in areas that have enclosed fields to realise how few areas have enclosed fields in Europe today. I live in Flanders, where we have virtually no enclosures. It is open landscape because, except for one part where there are dairy cows, most animals are indoors, and arable cropping is the main activity. You do not need field boundaries; therefore, the historical hedges and ditches have been closed over, yet they are the heart of a lot of the biodiversity that we have. We are not asking for the retention of landscape features out of some nice dream; we are asking out of very real concerns.

Some of the details apply to Northern Ireland and some do not because of one thing of another. The requirements of the nitrates directive apply under cross-compliance, and that should not be a problem anymore because we have been through two full rounds of action programmes, which are more or less embedded. The concept of buffer strips is already within nitrates. Irrigation is a huge issue. You have no idea of the emotion around irrigation, which is simply because of the water scarcity issues. Ground water protection particularly affects you because, of course, it concerns the abstraction of drinking water.

The Commission proposed that we will have the water framework directive as part of cross-compliance when it is implemented and the requirements for framers are known. There is a timetable for implementation of the water framework directive. Indeed, by now, every member state should have its river basin management plans in place, and those plans have an obligatory nature from the start of 2013. A few member states have fallen behind. The Commission is unhappy about that, and it takes its unhappiness fairly seriously. So, we are pushing for full implementation of the water framework

directive, and we are pushing very much the fact that, whatever requirements member states make on farmers, they should be clear and known to farmers, because it would be unfair on them if they are not.

We have very, very small parts of the birds directive and the habitats directive in cross-compliance. We have reduced quite a lot, and we have reduced on the basis that it only relates to the activity of the farmer in his farming activities, not the farmer as a private citizen and not things that we can never quite be sure about. For instance, taking eggs out of birds' nests — you would need to be a genius to catch the farmer and then you would need to be an even bigger genius to know whether he did it deliberately. So, we got rid of those kinds of things.

We have landscape features that we try to protect, and we have soil. I mentioned how important soil is becoming in Europe and around the world: soil organic matter; soil erosion; soil cover and the protection of wetland and carbon rich soils. Those are included there not through any perversity on the part of the Commission but because, in the case of soil, we are trying to keep it viable for this generation and the next.

In the case of water, we have obligations to the citizens under legislation. In the case of biodiversity, we have clear obligations that the heads of government have taken, not once, but twice, to halt the decline in biodiversity and, indeed, to develop ecosystem services. Our landscape across Europe is unique and we should preserve it. Then, we have the plant protection directive requirements, which will come in 2014. Incidentally, there is an existing obligation to have integrated pest management. That will be quite difficult to achieve, because we are now facing, with climate change, a whole new range of pests and pressures on our crop production. We do not want all the good work that has been done in one area or another to be wiped out by a less careful approach to pesticides.

I will move on to the most critical area, which is the greening proposals. When I listen to people's conversations, it is on this subject that they are most happy or most unhappy, depending on which side they wish to play. Thirty per cent of the envelope for direct payments will be for greening. That 30% is not removed from the other 70%, but is an intrinsic part of the 100%. You cannot opt out of greening.

The greening requirements have a direct effect at farm level; they do not have legislative elements. They come in three parts, which are really two. The first is the protection of permanent pasture on grassland farms, which is important in Northern Ireland. The second is the creation of ecological focus areas, or priority areas. I keep making mistakes on this; let me call them what I call them. We are talking about the creation of ecological focus areas and crop diversification on arable farms and, indeed, on permanent crop farms — permanent crops being olives, apples, nuts or whatever.

Why are we going down this road? That is probably the most difficult question for people who are looking at the Commission's proposals. On the earlier slide that I showed you on finance, you will have seen that, roughly, 20% to 25% of the EU's CAP money goes on rural development, and 75% goes on direct payments to farmers. Commissioner Cioloş and Commissioner Potočnik are very concerned that every farmer in Europe has an obligation to deliver for the environment. What if the Commission had said that it would increase rural development? We know that rural development is a voluntary approach — you can elect to join agrienvironment programmes or you need not join them. So, we would not achieve the aim of having every farmer delivering for the environment if we went down the road of rural development. Therefore, the Commission preferred to go down the road of looking at the biggest paying area of the CAP — the direct payments — and say that there are things that you must do.

Again, why are we going down that road? I mentioned the situation with biodiversity and that we still have problems with the species that we measure. I also mentioned the reality of our soil situation, which is not relevant here, and the pesticide use. We are trying to hit each one of those and make farmers go back to doing something that many of them always did but to make sure that everybody does it.

I will talk about crop diversification. You have to have a maximum of 70% of one crop on your farm and a minimum of 5% of a third crop. When I was young, that was called rotations. Across Europe, with maize and wheat, we have gone to very long-term monocultures, and the monocultures cause real problems in pesticide and water use as well as soil compaction, and so on. We want to change that.

Of course, you can always opt out of receiving EU funding, but if you receive EU funding, we want you to do that.

The ecological focus areas are designed to get biodiversity into better shape everywhere. Switzerland had ecological focus areas of 5% over quite a period since the 1990s, and it really only kept things ticking over. It has now moved to 10% and is beginning to see an improvement in its biodiversity. Our approach is to take a midpoint of 7%. Will that affect production? Barely marginally, in our view, because a large number of the features of a farm can be counted as part of the 7%. So, our estimate is that probably something in the order of 2% to 3% would be the biggest effect of introducing ecological focus areas.

We have had the permanent pasture approach since 2005. We are not changing anything there, so it does not add to the complexities of your life. It moves from being a regional to an individual requirement.

Here is a little bit of where we are now. There is a relationship to be developed between cross-compliance, greening and agrienvironment. The farmer has to do cross-compliance; greening, he now also has to do; and agrienvironment is paid when you go beyond those two elements and follow a programme. That is a change, because, in the past, it was cross-compliance plus some other little things and then you went to agrienvironment. In this case, however, you have to do cross-compliance and greening before you get to agrienvironment.

It is extremely important that you understand where we are trying to go with agrienvironment and just how much money the European Community, the 27 member states, the Commission and farmers have invested in that over the past 20 or so years since the MacSharry reforms of the early 1990s. The following is simply my own estimate and not a figure that I picked up from Commission documents. We have put €100 billion of public money, whether EU central funding or national funding, into agrienvironment in the past 20 years, from 1993 to 2013 more or less. That is my estimate. It may be a few billion out but it is not that far out.

The public would be entitled to ask us: where is the beef? How are things coming along? Are the bees and birds happier? Is the water cleaner? We have bits and pieces of good news but not that much, and, if you are a public accounts committee, for instance, that would make you question why we are spending money if we are not getting results. Our argument is that we are beginning to get some results, but we need to get more results, and this CAP reform is moving towards more results. However, keep the figure of €100 billion on agrienvironment alone over the 20 or so years since the MacSherry reforms in your mind.

I have done a very rough estimate of what it would cost to get the Environment Committee to say to the Agriculture Committee, "You are a beautiful group of people".

The Chairperson: That is a given. *[Laughter.]*

Mr Hamell: OK. This is at European scale, and this is what the scientific community generally tells us it will cost to put everything right. For the natura complex — the special areas of conservation or whatever they are called in different member states — we have about 25,000 sites around Europe. That is roughly 17% of the land area, of which one third is for agriculture, one third is forestry and one third is neither agriculture nor forestry. It would take about €4 billion to deliver that. To get the bird indicators, the bee indicators, and so on, it would probably cost us in the order of €6 billion or €7 billion, and, to get all the ambitions of the water framework directive into place, the figures given from estimates of member states and their river basin plans suggest that it will cost in the order of €30 billion. Furthermore, we have to reduce ammonia emissions and increase our soil protection. So, the ballpark figure is €40 billion every year to get the environment absolutely right. I have been working in the Commission for a long time and in other public areas before that, and I would like to think that that would happen, but I have long since lost naivety.

The question is: can the CAP help us to reduce that burden on society? That depends on the extent of the cross-compliance, the extent of the greening and the extent of the way that member states use rural development. The better they do that for the environment, the lower the cost to society will be. That political choice will eventually have to be made.

I want to move to rural development. I am sure that you are fed up with me talking, so let me speed up. Are we changing things radically on rural development this time round? In my view, we are not. We have developed quite good systems in rural development, and, if you think that things cannot be done, you should say that to us, the DG Agri or to your colleagues in the Department of Agriculture and Rural Development (DARD), because we think that we have delivered everything.

We have six areas of priority, and I will go back to the interests that are there now. Knowledge and innovation is a huge interest as is competitive agriculture. We should never back off the need to be competitive. There is, to some extent, an issue with the food chain. I will diverge a little bit. There is an overwhelming view today that we have to produce about 70% more food in the future to feed the nine and a half billion or 10 billion people that will be on the planet in 2050, and the UK has probably done the best work on that. The reality is that we waste about 30% of our food. That is nothing to do with the farmers, who have been reducing waste over many years, but 30% of our food is wasted in our supermarkets or in our fridges. We all know the benefits of not being afraid of sell-by dates. It happens in my house, and I am sure it happens in yours, that, once the chocolate is a day out of date, you do not have to eat it immediately, because the kids will not eat it, but you will. The food chain is a big area of interest, as are the environment, obviously, the low-carbon economy that we have to get to if we want to face the climate change issues, and more social inclusion.

What is changing? We are asking member states and regions — remember, rural development is probably the area in which regions have the most power — to take a more strategic approach that is linked to the priorities that have been established, either nationally, especially from our viewpoint — the EU perspective — and locally. It should be linked to targets, so, you do not just draw up where all the problems are and then say that we will give it to the early retirees, which is what used to happen. I am not talking about here but somewhere else. There will be national envelopes based on objective criteria and allocation — that is clearly going to be a political fight — and innovation partnerships, where we are very anxious to get more effort in taking excellent research right across Europe and having it on the farm.

I will not bore you with rural development measurements, but on this slide and the next, there are 24 different measures that are available under the rural development regulations. It is not for us in the Commission to determine which of those you use. You have to do that within the priorities of the European Union, the country and the region, but you are signed up, through legislation, for instance, to having clean water, you are signed up by your Prime Minister to biodiversity and you are signed up to dealing with climate change. You have flexibility within rural development about how you protect your diversity and so on within that. Of course, the Commission has a role in examining what you propose. I have been through that as the head of that issue as DG for the Environment for many years. More and more we are not in conflict with people but are trying to see the same issues together. For instance, how do we manage the water? I will not go through the list. They are all there.

I want to say a last word about innovation and then I will go through the timeline. We recognise, just as you do, that there is a gap between what happens in Hillsborough, for instance, and what happens on the farm. We are trying to make an effort across Europe to close that research gap. There are two examples that I think are relevant here. One concerns a group of Irish and American professors who came to see me about two weeks ago and said that, in terms of efficiency, the way that we feed our dairy cows is open to question. I am just reporting that; I am not claiming expertise. They think that we could improve the efficiency of the way that we feed our dairy cows by something in the order of 20% or 25%, which would have huge benefits such as reduced nitrate waste, reduced phosphate problems and reduced greenhouse gas emissions. Those would be beneficial things. We want to investigate with the scientists and then develop an innovation partnership, if that is what comes out of that route. That is one thing that is in our mind. What is in our mind immediately is soil protection, which, in my view, is a bit less important from your perspective.

A second issue that is coming more to the fore is about how sustainable the way that we use resources is. For instance, how much do we recycle phosphorous, whether from manure or urban waste water treatment and so on? We do not have unending supplies of any resource in the world. How do we improve that situation? We have been working with colleagues in the Netherlands. With the massive concentration of animal production there, we have been looking at how manure is processed: how the phosphorous is taken out; how its nitrogen is reused much more efficiently; how volumes are reduced so that a lot of water that is compatible with any required standards can be returned to the land or rivers; and how energy can be obtained from manure. Those are the kind of things that we need to achieve — if there is something good in such material, we need to take the theory out of the science books and onto the farm. That is what the innovation partnerships will be about.

My last slide is about the timeline. We made the budget proposals last June and, as the Chairman said, the legal proposals last October. We are now in the phase of the first round of discussions. However, that cannot last for too long. That involves Parliament and Council — particularly the latter's working-group level of experts, senior administrators and, eventually, the overall Council — looking at aspects of the reform.

The expectation is that the heads of government will adopt the budget at the end of this year. It is hoped that the CAP legislation will be adopted in spring 2013. We will then have to do a lot of work on delegated acts and implementing rules, because we must make them into the music of the day. After that, there must be agreement on all of the rural development programmes, of which there are more than 90 around Europe, including four in the United Kingdom; 20 or so in Germany, because they do them on a Länder basis; 20 or so in Italy and the same in Spain, because they do them on a Länder basis; and several member states have three or four. Germany, Italy and Spain are the big ones, with 60 between them. The other 24 member states have more or less 30 between them. From my perspective, you can understand that that is a nightmare, because we have to examine all those with a staff of about six people, as well as my colleagues in DG Agri looking at them.

It is intended that the new CAP will into come force at the start of 2014. I have read several reports that it will be delayed. I have absolutely no information on that. The Commission is clear: the present financial arrangements end at the end of 2013 and the new ones are from 2014. Therefore, our view is that we need to have everything done by 2014. At the moment, it is fair to say that the Danish presidency is working hard so that we understand all the technical issues and see where the problems are. That is the presidency's job at the moment. There is a difference between technical and policy issues. Technical issues should be solved by technicians; I am a technician. Policy issues are for my political masters. The best thing would be if the Parliament in Cyprus got the legislation through a successful first reading. If that happened and there was an agreement between the Parliament and the Council in spring next year, that would allow the Commission to complete the legislative process in time for 2014. Will that happen? We are working very hard to ensure that it does, but we have no guarantees. Thank you.

The Chairperson: OK. Thank you very much, Michael, for a very good and what I am sure many in the room will see as a challenging presentation. You kept to time, so thank you for that. I will open it up to questions. I remind MLAs that, today, maybe they are not the most important people in the room. There are government officials and a lot of stakeholders here with a keen interest in agriculture and the environment, and I am very keen to get answers to their questions. Anna, do want to come in now or wait?

Ms Lo: I will wait until the end.

The Chairperson: We have a roving mic, so I remind you to raise your hand if you want to ask a question. I was not excluding MLAs by the way, just in case you were offended by what I said; you can certainly ask questions. I will open it up to the floor now. Government officials are also quite welcome to ask questions. I am sure that you will find this session very useful. Please do not be shy.

Mr Patrick Casement (Council for Nature Conservation and the Countryside): I have two observations to make. The first is that I am fearful that the greening proposals with regard to arable farming in Northern Ireland or Ireland as a whole, where it is very much a minority pursuit, will have a detrimental

effect on biodiversity and greening. I fear that it will push many arable farmers to give up such farming. Finding three viable crops to grow in this country is difficult, so they might just pack it in. Most of our potato farmers have already given up this year. The result of that will be more of a monoculture of grass and less diversity. The absence of winter stubble is already causing problems for biodiversity. I just wanted to make that primary observation.

My second observation is about agrienvironment schemes, rural development measures and the fact that we are moving towards a much more holistic view of nature and biodiversity conservation in the countryside and are taking more of a landscape approach to it. That requires a joined-up approach between farmers, not just work at the individual farm level. I am concerned that there is no provision in the new measures, as far as I am aware, for bringing farmers together to provide biodiversity and nature conservation benefits across a wider landscape. If that remains the case, we will see a fragmented effect and will not see the really important results that we want. It is all very well providing some sort of measure for farmers to do that, but, unfortunately, they also require money and resource to facilitate it. I do not think that we will see individual farmers coming together entirely of their own volition. They will need encouragement and help to do that. That should form an important part of any rural development measures that come forward.

Mr Hamell: On the issue of arable farming, the debate on exactly what counts as a single crop in arable farming has not been completed. We have to get away from the situation around Europe of having rotations of maize, maize, maize and wheat, wheat, wheat. That is not because anybody wants to create any difficulty; that is not the purpose. The purpose is to reduce our pesticide bill and improve our biodiversity.

France have carried out some very frightening work on the amount of money it costs to take pesticides out of water. The cost per household is quite staggering: it is hundreds of euro. I take your point that 5% or 8% of land in Northern Ireland is arable, or is treated as arable land, but I am not so negative about the ability of farmers to imagine crops, so I will not give in on that point. I do not think we will see more monoculture.

I agree with you on the need for a joined-up approach. In 2007, I was very interested — I am still very interested — in the great lakes of this entire island, such as Lough Neagh, Lough Mask and Lough Corrib. It is not enough to have a good agrienvironment scheme; you need a whole range of measures to help Lough Neagh, Lough Erne, or wherever, to give their full benefits. We have some small openings in the CAP for that, but that will require an approach on the other side of the rural development plan. That is where you have to focus on delivering joined-up measures.

There is a big debate in Europe about the so-called green infrastructure. The idea of green infrastructure is for corridors for nature and pollinators, and so on, to deliver. We will try to encourage that in rural development programmes right across Europe, because we will use the argument that we are committed to restoring ecosystem services, and one way to do that is to have a much more linked-up approach. Therefore, I am not as negative about that as you might fear.

Mr John Thompson (Ulster Farmers' Union): Mr Hamell, we have met on previous occasions over disallowance and how others interpret EU rules, and that is an ongoing issue. I was glad to hear you stating that you would like more clarification so that everybody understands what is required. However, if we have more issues around greening — 7% of ecological set-aside, etc — how is it going to be measured? Is it going to lead to more difficulties in the fact that it is 7% on a whole farm? You said that Northern Ireland meets a lot of the conditions that you would like to see the rest of Europe meet. It does not continuously grow maize, maize, maize or wheat, wheat, wheat. We have a very green environment, with all our field boundaries, hedgerows, etc. Right across Europe, member states are having difficulty raising budgets. If you have more rules and regulations on a single farm basis, which have to be measured, it will put more stress on governments to measure that, and there will need to be more resources in place to define what the Commission is saying. Is it not preferable for a lot of this to be treated at a regional level of a member state, rather than on an individual farm basis?

Mr Hamell: Thank you. It is important to try to look at 2014-2020 as a separate operation from 2007-2013 to a large extent. That is to say that the issues that have become difficult for many are those that need to be, and are being, put on the table by member states and parliamentarians. I have

spoken to all of the parliamentarians who represent Northern Ireland in the Parliament. They all have the same issues, by and large, on clarity. I am not taking any of their positions. However, on clarity, they all say the same things. When I talk to MEPs from Ireland, they want the same thing. When I talk to George Lyon from Scotland, he says the same thing. They want clarity. The challenge is whether we can deliver that clarity in the debate that is going on now and will go on into next year. You have roles to play in that as well as we do. One of those roles is to measure the 7%. However, the question for me on the 7% is that the United Kingdom and Ireland, particularly Northern Ireland, have retained a huge number of features that are gone in other parts. Therefore, many of those things are not quite as difficult as they seem. Hedgerows and field boundaries are perfect examples of that.

On the other hand, the Commission does not want to go down the road of regionalisation of the first pillar of the CAP. A menu approach has been asked for. For instance, those of you with an interest in history will remember that, in northern France and in Wallonia in Belgium, in the battle of Waterloo, Napoleon's horsemen did not see the deep, eroded areas — the bocages — and went straight into them. They piled body after body on top of each other. Those areas want to have that feature. The Commission has kept saying no, that it wants a simple, controllable and reasonably fair contribution from all. We retain that position. We do so because we do not want to have added debate on what the equivalent is in Brittany, Normandy, Wallonia, Scotland, Northern Ireland, and so on. We have been clear that we want to keep it simple and controllable.

I know from another part of my working life, as I am sure you do, that farmers make comparisons and are extremely well informed about what goes on in other parts of Europe. If something is different and easier elsewhere, farmers will say that they want that option. Our approach is that we want to have a reasonable, simple approach. That is the point.

We have a control system. My second PowerPoint slide was on the changes in the CAP. Back in the 1970s and 1980s, controls had little to do with farms. However, they had a huge amount to do with the farming industry, with the intervention system and the export refund system. All of them had problems. Now, we are focusing on farms, and have done so for 15 years. We have learnt an awful lot. We have simplified. We are reluctant to back off from our budget responsibilities. The Court of Auditors would quickly tell us that we have responsibilities for the spending of €50 billion of taxpayers' money and we must control it.

The Chairperson: I want to elaborate on a question that John posed around the ecological areas and focus areas. I think he is right when he says that many in our farming community meet that requirement already and have achieved it by default, by the nature of their farm holdings. They are not so much frightened about having to produce those areas as frightened by the measurement of them and the paying agent and the government body getting that to Europe's high standard of measuring. We have seen massive problems, which I think will escalate throughout Europe, with regard to infraction fines for not having maps and measures accurate enough for Europe's standards. How do you expect paying agencies and government bodies to measure the 7% accurately enough? Do you see that as a practical problem for Europe or is it for the region state to deal with?

Mr Hamell: Undoubtedly, at this stage of the negotiation, when we are clarifying issues, we have to look at how to implement the rules in practice. Do not forget that, in the proposals, the Commission has obligations, on the basis of the decisions that will be made by the Council and the Parliament, to make those into music. One of the pieces of music will be the mapping arrangements and the measurement arrangements. That is going to take time, and I am sure that my colleagues in the directorate-general for agriculture will be well aware of that issue.

I take the point that was made, that the ecological focus areas in Northern Ireland are 7% of 8% of your agricultural area. I am allowing for 8% of your agricultural areas to be arable. I am surprised that the focus of your remarks is in that area, because 7% of 8% is not a lot. It is getting smaller by the minute. However, we have to face that; we are facing it in 2007-2013. You have shown where you have been unhappy with it. We have tried to show more flexibility than, I think, would have been expected of us. We have been very understanding about hedgerow widths and such things.

I do not doubt that we need to do the same again, but the prize is a significant prize: it is to be able to say at a certain stage — I would love it to be before I go, but I am not sure that it will — that we have turned a corner and that the birds, butterflies, bees, water and everything like that is getting there and that the difficulties between farmers and the environment are overcome. Remember, neither wants to have a difficulty with the other. That is how you convince the taxpayer. I go back to my first slide, which said that there is a bigger interest in the CAP this time than ever. That bigger interest is from all sorts of people, including budget people who are saying, "If you are not delivering, why are we paying you?"

Mr Andrew Elliott (Department of Agriculture and Rural Development): How much information does the Commission have at its disposal about the costs of proposed changes, particularly the costs of new controls? How does it go about weighing the impact on the taxpayer to set that against the benefits to be achieved?

Mr Hamell: I am not the best person to ask about that aspect, because I did not follow in detail the impact assessment work that we did in that area, but it is a factor of our work. On the other hand, we are giving out €55 billion of taxpayers' money every year. If we did not control it, your Public Accounts Committee would ask us why. The obligation of our agriculture, cohesion and research budgets is that somebody has to control them. I am not so sure what our approach should be. I gave you the example of public and private intervention and export refunds. When I worked in the sheep, goat and — strange as it may seem — reindeer sector of the Commission we had some difficult debates. We had to count 100 million sheep around Europe, all of which had four legs, but — I am being recorded, so I will leave it at that. However, we developed a system over time. We discovered weaknesses and strengths, and we modified and improved the system. We cannot back off on our obligation to control. It is the job of the member states and the Commission to do that, and it is the job of the European Court of Auditors to tell us when we do not do that and are wasting taxpayers' money.

Mr Gabriel Nelson (Department of the Environment): If it is OK, I will ask two questions. Mike, I was interested in your comments on the water framework directive, particularly when you said: "when it is implemented". How do you see that taking effect? The plans were meant to be published by December 2009. Do you expect all member states to have published their plans, or will you treat it that the requirements are mandatory under the directive and would, therefore, apply from 1 January 2013? Can you clarify what will be required to bring the water framework directive into cross-compliance? Do you see that clarity coming through guidance at a European level, or at member state level? Thank you.

Mr Hamell: First, the Commission has been careful in what it has said about the water framework directive. We want and have proposed that it be in cross-compliance from the time that it is implemented and when the requirements on farmers are clear. I will deviate into an area that I, perhaps, should not. We depend on what is called loyal co-operation from member states. In other words, when member states sign up to a piece of legislation, they have an obligation to implement that legislation properly. At the moment — I stand to be marginally corrected, but no more than that — 23 of the 27 member states have completed their river basin management plans. There are 70 or 80 of those plans, as the river basins do not, of course, recognise interstate frontiers. We are nearly there with the plans being made. However, if I am perfectly honest, a number of member states in southern Europe have not got there yet and we are very strongly pressurising them. Pressurising by the Commission means something; it is not a casual phrase.

Secondly, we want to be fair to farmers, and, in doing so, we should not penalise those member states and those farmers who have done their job and leave behind those who have not. We want to be fair, and that is what the Council and the Commission have indicated they will do. However, we want the water framework directive implemented, and we are in a hurry to get that done. We have spent 10 or 11 years on the technical detail all over Europe to try to get it right. What elements will be brought into cross-compliance? I speak subject to correction, but, essentially, they will be those elements of the directive where an obligation ensues. It is not a matter of having a river basin management plan that says that we would like to reduce pesticide concentration in the water and that we will do so through agrienvironment measures. That is totally the choice of a member state and is not our business. Our business is to say that, if you have not reached the standards, we will take you to court because you have done what you should have. At least in the first phase, you have two choices: to do it in a

compulsory manner or in a voluntary manner. If it is voluntary, the obligation is not on the farmer, and it is more likely that he would be offered an agrienvironment scheme. If it is obligatory, elements of article 11(3) of the water framework directive, on the way that you use water and on the amount of water that you use, could be applied. Those are the things that are important to us.

We want to be very fair to all farms, but we also want the standards of the water framework directive, which were agreed by the Council in 2000, to apply. We do that not because we want to be bullies or anything of that nature, but because, in a strange way, the very people who will suffer the most in the long term from any lack of implementation of the water framework directive will be farmers. That is not particularly the case in this part of the world but right across southern Europe, where, as I said, 40% or 50% of the water bodies are in deep stress and need a huge amount of management. That management is coming. Two years ago, I was in a little village called San Isidro. It is probably one of the wealthiest villages in Europe in terms of cash returns. No one here would probably like to live there, but it is very wealthy because it grows most of the tomatoes for the early crops in Europe and so attracts high prices. It reached a situation where its water had nitrate infiltration, and then it had extra abstraction because everyone wanted to grow more and more tomatoes. Finally, there was an intrusion from the sea of salt water, which finished the tomato production. They had to wait for some time for the rains, which are not big in that part of the world, to come and push the salt water out. A strict system of water regulation was put in place, and now the village does not have a problem at all and has its tomatoes and its wealth back. That can be done, and we are determined that it be done correctly, but we want to be fair with everyone. That is why it should be fully implemented at the end of this year, when the obligations on farmers will be known and understood.

Ms Diane Stevenson (Department of the Environment): Given your background and experience in Europe and your experience of CAP reform over the past two rounds of CAP reform, can you enlighten us about the integration of agricultural requirements or agricultural benefit and enhancing the environment, particularly in halting the loss of biodiversity, which we have an interest in? What key advice would you give us as two Departments setting out to plan the programme that lies ahead of us?

Mr Hamell: I am reluctant to give anyone advice from an office in Brussels, for the very good reason that you are on the ground and know a lot more than I do. In the past number of years since we put the cross-compliance baseline in, I have noticed that, particularly in the agrienvironment sector, it has helped an awful lot to sharpen the minds of people about what is required to deliver. It seems to me, at least, that it is better to have focused and targeted agrienvironment measures than to have broad-brush measures any more. By that, I mean that it is all very well to have generalised schemes, which we have had across Europe for many years, in Bavaria, Ireland and in parts of France, and which have done their job and have taken the awareness of farmers from a relatively low level to one that is a good deal higher. The rest of us are no saints either on the environment, by the way. However, now we need to be able to say that we can focus on one species of birds or another species of butterflies or any such general approach. That is where we should be going in our agrienvironment schemes for the future.

The point that was made earlier about the relationship within localities between different actors is very important. I would much rather see very focused agrienvironment schemes that would deal with whatever benefits can be delivered in places such as the two Lough Ernes, Lough Neagh and in the hill and mountain areas. I would certainly like to see a focus on those kinds of areas.

I want to turn your question a little bit beyond that, even though this is not my particular area. We should look at our whole farm environment as to how we might deliver, for instance, a better climate change relationship. There is a lot of work to be done on that. How much fuel do I use? How many miles do I travel on my tractor? How much CO2 is released from my production? What is the efficiency of my nitrogen or my phosphates? It is very pleasant to talk about all the environmental benefits that we have to bring, but I have a lot of sympathy for the farmer who also has to make a living. I have a lot of sympathy for the fact that we can help him with resource efficiency. I have a feeling that we should be leaving a little bit somewhere along the line that allows him, in his daily farm management, whether it is done at national level — I am not thinking about a red tractor, but a red one with a few stripes; I do not know what way you put the stripes, that is your business — to make further improvements in the overall approach.

Some very interesting work in that direction has been done, for instance, by the European initiative for sustainable agriculture. I have a feeling that we should be saying to our farmers that that is a good thing. Environmental improvement brings in biodiversity, climate change and adaptability. Of course, my interest is in clean water, better soil and biodiversity, but we should not overlook the fact that we have huge efficiency improvements to make, which can bring environmental improvements as well.

Mr John Hetherington (Premier Woodlands): Mr Hamell, would you help us to understand the 7% of greening? Obviously, I am in forestry. Is it largely forestry that we are thinking about, i.e., tree planting? What other potential uses could you include in the 7% for greening?

Mr Hamell: If I understand you right — please tell me if I do not — the logic of the afforestation in the greening proposal is that afforestation under the various schemes in the past has involved the delivery of environmental benefits in itself. Therefore, farmers who have done that in the 7% scheme should have that to count on that side. The only other areas where there is some flexibility are where there are organic farmers and farmers following natura management plans. Beyond that, forestry is in a unique position because there has been a land use change that seemed to be reasonably environmentally beneficial. Several NGOs are saying they quite like afforestation, provided it is of native species and it is not taking out little areas of wetlands or corners of fields, and so on. Our proposal was made on the basis of their having made and continuing to make an environmental contribution. There are other voices that are more critical, and I do not know the extent to which that will become a big issue. My guess is that it will not.

Mr Norman Fulton (Department of Agriculture and Rural Development): Mike, you mentioned an interesting figure of €100 billion having been spent on agrienvironment measures since 1992. To paraphrase: you suggested that the outcomes from that have been patchy overall. These agrienvironment measures have been carefully designed and implemented to address local regional issues. What outcomes do you expect to be able to measure by 2020 from a greening programme that is effectively a one-size-fits-all approach?

Mr Hamell: The figure of €100 billion is my estimate; it is not an estimate written in stone. My calculation is that, over 20 years, we have been spending something in the order of €3 billion to €3·5 billion of EU funding, which has been matched by member state funding. As near as makes no difference, that is going to come to €100 billion or €110 billion, depending on the level of matched funding.

What would we expect? I think we would usefully expect that water would become cleaner beyond the standards of legislation. Beyond the declines that we have seen in biodiversity, biodiversity would improve, whether it is generally, for example, in something such as farmland, birds, bees or whatever, we would expect that the very well recorded decline would level out and would begin to increase. We see that in some places, but we need to see it more. We would expect that we would be able to measure over a 10, 15 or 20 year period a stabilisation or an increase in soil organic matter. We would expect that the amount of erosion would decrease. We would expect that particular species, where there is a very focused approach, would begin to recover.

I make a very important point here that we should not blame farming if, for instance, there is a massive flood and all the little corncrakes are gone. That does not make sense. We have to be wider in what we judge ourselves on. There are 7,000 agrienvironment schemes around Europe, and we should be able to pull out of those various measures that say, yes, things are getting better.

We began work between the different departments in the Commission — agriculture, environment, health, the research centre and the statistics centre. We began work about 10 years ago on indicators. There are 35 agrienvironment indicators under a project called IRENA. We need to be able to say, in years to come, that things are beginning to improve. We are none of us naive. We know, for instance, for water, that with improvements, as W B Yeats said, things "come dropping slow". Really, the improvements are very small. However, even in that area, we are beginning to see improvements, mainly under the nitrates directive. In each four-year cycle of water results that we bring, we should be able to see the result of a massive investment by the EU, member states and the farmers in an improved situation. That allows us to protect the common agricultural policy against the many people who would say that it is simply giving money to farmers for food production and who do not see

anything beyond that. Our view is that we have changed agriculture so much and supported so much in 20 years that it should be possible now to measure the benefits. Those are the kinds of things that the scientific community, not the Commission, has to measure.

Incidentally, we did a report in 2009 on the status of habitats across Europe. That showed that about 20% of habitats across Europe are in reasonable condition. However, that figure goes down to 7% or 8% for agriculture. It is quite bad for some others, and not good in many respects, but we now have a baseline. So, we should be able, in 2015 or 2021, to see where we were, see what we have invested, see where we are and see the benefit that we are getting.

Auditors are looking at the public goods that we try to support through the common agricultural policy and asking where the beef is.

Mr Wesley Aston (Ulster Farmers' Union): I know, Mike, that our president John Thompson mentioned the concerns that we have around greening. I refer you to the paper that we have, which was produced by the Research and Information Service here in the Assembly. That paper is very, very good on the three specific issues. It is not so much that we cannot deliver on things like ecological focused areas, permanent grassland or, for that matter, the three-crop requirement. We can deliver on those sorts of things, but, as has been alluded to, we have concerns around how those are going to be measured. That is a genuine fear. I do not want you to leave here thinking that it is not a genuine fear on our part, because, as farmers, it is. Leaving aside government officials, we have real concerns about what impact that will have.

If you look at figures that the Department of Agriculture and Rural Development has produced, and look at the 7,000 hectares in the paper in front of you and the ecological focused area that that would require, you will see that, counting our hedgerows and walls alone, we have nearly four times as much. Although we accept what you are saying in relation to Flanders, maize and monoculture, those issues are not relevant to Northern Ireland. We have a bit of a concern. Yes, there are other areas that need to have more done, but in Northern Ireland, and, for that matter, on the island of Ireland and in the whole of the UK, we feel that we already are delivering on those things. It is about how we go about measuring that; how we prove that we are delivering on that. That causes us real concern as farmers on the ground.

Leaving aside the measurement, there are other specific issues. In the very first question asked in this session, Patrick mentioned the concerns around arable area decline. Again, we have genuine concerns about that. We have a land ownership system here based on conacre, and there is a whole issue around landowners who, wanting to take the simple route out, leave their land as grassland and avoid the three-crop requirements and the 7% of ecological focused areas on that arable land. We feel that that could have a genuine impact on, for example, our seed potato industry, which very much depends on that land to grow seed potatoes to the health standard required.

My final point is on something that was not referred to in your presentation, but is a real concern for us. That is, the proposal to ban the first ploughing of carbon-rich soils, or wetlands, from 2011. That caused us real concern. I know that is a climate change argument but, if you are trying to address climate change, surely production efficiency is one way to do that. You need young, vigorous grass to do that and it is an issue about reseeding from grass to grass or, for that matter, something else. So, the ban on the first ploughing of carbon-rich soils causes us real concern.

Mr Hamell: Thanks, Wesley. I take your points about measuring, proving, conacre and production efficiency. The question is really about how best you make those arguments in the next year rather than my answer today because my answer today is that we are thinking. The issue for me is how you bring those into the arena of what is really the second phase of this decision process.

The first phase will be what the Council and Parliament agree between now and, hopefully, May next year. I hope that is the case because, as a civil servant, I want to have space to do the work from May to December next year, which is the second phase, in which the issues that concern you more probably have their central place.

We have to ensure that the Commission implementing rules, which is how we do that, give an opportunity to deal with conacre. I was surprised that farmers said to me just last week that something in the order of 40% of arable land in Europe is not necessarily on a one-year conacre system but on a land rental system. We have to consider the measuring, proving and production efficiency carefully.

We have flexibility with regard to permanent pasture, which is a little bit about production efficiency. Based on your question, I think you are arguing that the 5% flexibility is not the flexibility that you want. On the other hand, we have seen a massive destruction of permanent pasture over many years, which has been very much against the butterflies, bees, and so on. There is a balancing act to be found there. We think we have found it.

We know that you will come on the production efficiency issue over a period. However, we also think that, in innovation, we should not just assume that perennial ryegrass is the only thing we can grow in our fields. I am certainly not going to recall my scientific past but evidence is emerging that the more a mixture you have in grassland, the better is animal performance. However, that is a little bit in parenthesis because it has been 41 years since I graduated.

The Chairperson: OK. Thank you. I am sure that there are other questions, but we need to think about drawing this to a close.

Mr Thompson: You heard about the importance of agriculture to Northern Ireland and you said that would like to see this scheme having the least impact on farmers. The scheme we are on until 2014 was very much based on historical practices. We know that it will change but the proposed transition from year 1 of 30% going to greening is virtually one third of our single farm payment. That is a sudden change to the system of what people are getting paid on and what they rated. They were depending on the production system and what they were doing. That is a massive change in itself. We think that is much too high. How the new proposal is implemented from year 1, and the transition, is very important to us.

The Chairperson: Thank you, John.

Mr Hamell: We made the proposal originally in 2010, so we think that we have given a certain opportunity for reflection. We made a legal proposal in 2011, which gives 2012 and 2013 to work out details. However, I take you point about the pressures that you will be under. I would say to you that that is a point for the first part. Like Wesley's question, that is a point that relates to how Ministers and parliamentarians look to have a flexibility built into the system. It is not a question of questioning the new system as it comes.

Let me go back. If you look at the greening and rural development measures — €90 billion and €100 billion respectively — you will see that it is still the small brother of direct payments. Many people would say that it should be a bigger brother, so there is as much coming one way as the other.

On the timing, all I can say to you is that I am long enough working for the Commission to know that it is not the Civil Service that decides the timing; it is the politicians, and long may that continue. That is their job, not mine.

Ms Lo: As you come from DG Environment and you have an oversight of how member states protect and improve the environment over the years, how do we, in Northern Ireland, compare with member states? How well have we done in the past 10 to 15 years? I hope that I am not putting you on the spot to answer that.

Mr Hamell: We have to be very honest in replying to these kinds of question. Some member states have immense problems. In the Netherlands, nitrates is an enormous problem because they have a huge build-up from 50 years of agricultural systems that they have suddenly had to change. It is very difficult, and I appreciate that the Minister, the farm organisations or whatever find reluctance to change. Yet, when we have worked through those kinds of issues with member states and regions, it is amazing how, once you start on the road to improvement, you get there. I have been very impressed with Northern Ireland and, I have to say, with Ireland, in respect of how seriously you took the nitrates

directive. That was not because of me, I am sure — in fact, I know that it was not because of me — but because of your interest in having a sustainable agriculture. In overall terms, everyone is good and everyone is bad. There is no good member state and no bad member state. There are a lot of member states that feel that they are very, very good. It depends on the issue.

Let me give you a last simple example, which does not affect you. Everybody wants credits for forests. The countries that want the most credits are those with the most forests, but the climate change rules do not work in that way. The climate change rules relate to the changes that you make, so those countries that have vast amounts of forest and are doing enormous things — indeed, very good things — are saying, yes, but a country that has improved from having 5% forest to 8% forest is getting lots of benefits out of the rules, whereas we have 70% forest and we have managed to keep it at 70% but we do not get a benefit. We are much better than those guys, but the rules do not necessarily allow you to do that. Everyone has strong points and weak points. That is as far as I am going, especially on the record. *[Laughter.]*

The Chairperson: Thank you very much, Michael, for giving your presentation and answering questions. I want to squeeze just one more answer out of you. It has been a very balanced debate, and the questions have been very balanced between environment and agriculture, which is something that we aim to achieve here. The last question is around food security. How much of a bearing does that have on the thought processes of the Commission? In your presentation, you said that 70% more food is needed and you spoke about the 30% that is wasted, which I acknowledge, and that needs to be improved. Even if that was improved, we still have an issue as regards food production and food security, and of course, the amount of food that we import to the European Union, and even to the UK, if you look at it as a member state example. How much of a bearing does that have on the thought processes? There is a concern that CAP has shifted from food production and food security to more of an environment policy.

Mr Hamell: You have to look at that question from a global perspective and you have to give a great deal of credit to the farming industry, because, in the 1960s, there were 2·5 billion people on the planet, and we were feeding 2·5 billion people. Today, we have 7 billion people and we are feeding 7 billion people. Some of them are not being fed so well, but in 1960 and 1965 a lot of people were not being fed so well. As a biologically based industry, it is a pretty formidable performance that we have managed to increase production. What has not kept pace with that is how well we are managing the periphery of agriculture, which includes water, biodiversity and soil. Leaving that aside, we should also acknowledge that there is a very significant demand in the world for higher quality food, higher safety standards in food and for fewer food miles. I think that food security is very much at the heart of American policy and, to some extent, European policy. Generally speaking, that issue, which almost did not exist 10 years ago, is now considered to be quite an important issue everywhere. No one is trying to undermine European agriculture support or production with this reform. What we are trying to do is make sure that it is sustainable and that, in the fullness of time, it can operate on a world platform in that manner.

If you look at some of the more interesting pieces of scientific information that are coming out about the possibility of feeding ourselves by the end of this century, allowing for climate change, severe summers and severe winters, you cannot ignore food security, and we have never done that. The CAP has delivered food for this community over 50 years — it is 50 years this year — of its existence. That was coming out of the Europe of the 1930s and 1940s, and the difficulties of food security have been in people's minds. That is not to say that we should become an island of food production and ignore the rest. That is not in our interest and it is not where we are trying to go.

The Chairperson: OK. Thank you very much, and thank you very much to all the stakeholders, government officials and everyone else, including MLAs, who have come here to hear Michael talk. It was a very good presentation and there was, as I said, a wide spread of questions, which has catered for everybody's need here today. I thank you all for your range of questions.

I am sure that all of you who have been here have been in this room many times, but I will just remind you of the three pictures on the ceiling. They depict the main industries in Northern Ireland when this

building was built in the 1920s. We had linen, shipbuilding and agriculture but, out of those three, only agriculture is left. We say that in hope. Agrifood, in particular, is doing very well at the minute and is certainly bucking the trend globally, despite the pressures that we are under with the recession and everything else that has resulted from the global downturn. From listening to you, we hope that agrifood and agriculture will go to a new level in Northern Ireland, with all the added environmental issues around that. Again, thank you very much, and thank you very much to the stakeholders.

All that remains for me to do is to present Michael with a gift for giving up his time to come here. I can assure you that it is not very much. It is a book about Stormont, in which you can read all about us. Unfortunately, I am not in it, because I am far too young. It is just a book about Stormont and how we do things.

Ms Lo: It is out of date, Paul.

Mr Hamell: Thank you very much indeed. I hope that it was useful.