

SCF position on convergence funding.

The convergence uplift was covered in the 'Intra-UK Allocations Review' led by Lord Bew. 'The Bew Review' is very important as it sets out not only what is recommended for the remaining years of convergence under the CAP but also the principles of how UK agricultural support should be designed. The Bew Review also recommended that the outstanding convergence payments withheld from Scotland be paid, which it was, and this led to the controversial intra-Scotland allocations. Why Region 1 gets any of the uplift is puzzling.

Scottish Government have been noted saying that there are convergence principles to be adhered to, and support the intra-Scotland allocation using some bewildering figures. Now, perhaps I misunderstand, so let's look at some principles and some basic figures:

In 2013 UK was allocated external convergence uplift of €223 million because the UK average for direct payments per hectare was less than 90% of the EU average. Arguing for why this money should be allocated to Scotland in its entirety the Scottish Government said "The European methodology focused entirely on per-hectare levels of payment, and the within-UK decision must be on the same basis."

The Bew Review proposed "some modest changes in allocation to benefit to a small extent those farmers challenged by difficult terrain, which coincide with the areas recognised by the EU's original external convergence formula, and which are predominantly in Scotland." The Bew review goes on to say, "The panel feel that this upland farming has value, and that there is a legitimate balance to be struck between support for the industry where it is predominantly conducted and support for those facing the toughest environments." And what of the more productive hectares? Bew: "The rest of the budget already rewards productive farming, continuing the original Pillar 1 objectives reflected in the historical allocations."

Scottish Government defended the allocation of convergence funding to Region 1 by indicating that the payment to this region was only 91% of the European average. Given that the principle mentioned above refers to the convergence formula being based on 90% of the EU average, the Region 1 figure cited by Scottish Government is already over the threshold.

And there is further discrepancy. The figures used by Scottish Government are based on the Basic Payment plus Greening only, whereas the EU average is based on all Pillar 1 payments plus the transfers to Pillar 2. So, if we correct the figures in line with the EU average formula we find that Region 1 is about 111% of the EU average or 123% of the 90% threshold.

It seems to us that there is no justification for Region 1 land to get any convergence uplift at all, let alone most of it.