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The Earl of Kinnoull
Chairman
Select Committee on the European Union
House of Lords
London
SW1A 0PW

31 May 2020

Dear Lord Kinnoull,

EM 9645/18: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING RULES ON SUPPORT FOR STRATEGIC PLANS TO BE DRAWN UP BY MEMBER STATES UNDER THE COMMON AGRICULTURAL POLICY (CAP STRATEGIC PLANS) AND FINANCED BY THE EUROPEAN AGRICULTURAL GUARANTEE FUND (EAGF) AND BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD) AND REPEALING REGULATION (EU) NO 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AND REGULATION (EU) NO 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (AND ADD 1)

9646/18: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT ACCOMPANYING THE DOCUMENT PROPOSALS FOR A - REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING RULES ON SUPPORT FOR STRATEGIC PLANS TO BE DRAWN UP BY MEMBER STATES UNDER THE COMMON AGRICULTURAL POLICY (CAP STRATEGIC PLANS) AND FINANCED BY THE EUROPEAN AGRICULTURAL GUARANTEE FUND (EAGF) AND BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD) AND REPEALING REGULATION (EU) NO 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AND REGULATION (EU) NO 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE FINANCING, MANAGEMENT AND MONITORING OF THE COMMON AGRICULTURAL POLICY AND REPEALING REGULATION (EU) NO 1306/2013 - REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATIONS (EU) NO 1308/2013 ESTABLISHING A COMMON ORGANISATION OF THE MARKETS IN AGRICULTURAL PRODUCTS, (EU) NO 1151/2012 ON QUALITY SCHEMES FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS, (EU) NO 251/2014 ON THE DEFINITION, DESCRIPTION, PRESENTATION, LABELLING AND THE PROTECTION OF GEOGRAPHICAL INDICATIONS OF AROMATISED WINE PRODUCTS, (EU) NO 228/2013 LAYING DOWN SPECIFIC MEASURES FOR AGRICULTURE IN THE

OUTERMOST REGIONS OF THE UNION AND (EU) NO 229/2013 LAYING DOWN SPECIFIC MEASURES FOR AGRICULTURE IN FAVOUR OF THE SMALLER AEGEAN ISLANDS (AND ADD 1-2)

9634/18: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE FINANCING, MANAGEMENT AND MONITORING OF THE COMMON AGRICULTURAL POLICY AND REPEALING REGULATION (EU) NO 1306/2013 (AND ADD 1)

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Thank you for your letter dated 15 May 2020 regarding the future of the Common Agricultural Policy (CAP) and its implications for the UK. I am writing to provide you and your committee with a high-level update on the progress of the CAP reform negotiations, the UK's approach to these negotiations and the impact on our arrangements in the UK.

As announced on 20 August 2019, the UK stopped attending most EU meetings from 1 September 2019. It has not been represented at any EU CAP Reform meetings since then. Since the end of January, as the UK has left the EU, we have not been invited to any further 2020 CAP Reform meetings.

Negotiations on the reformed CAP are continuing, as are the negotiations on the CAP's transitional regulation. The European Parliament's AGRI Committee mandate going into the trilogue meetings is for a flexible transition period of up to two years. The European Commission are still only looking for a one-year extension, which would extend the existing regulations until 31 December 2021.

As for the future in the UK, agriculture policy is devolved. Now we have left the EU, each UK administration has the flexibility to develop agricultural policy suited to their own unique circumstances. As regards the Northern Ireland Protocol, in *The UK's Approach to the Northern Ireland Protocol* (CP226) published on 20 May, we set out the position in respect of agricultural subsidies. For ease, I repeat here that the Protocol sets out that agricultural subsidies in Northern Ireland will be exempted from EU state aid rules, subject to an agreement in the Withdrawal Agreement Joint Committee on the maximum ceiling of such subsidies. The Government's position is that this ceiling should maintain the current allocation for supporting the agriculture and fishing industries in Northern Ireland, whilst also providing suitable flexibility to respond to any market uncertainty and disruption.

From 2020 the Basic Payment Schemes in the UK are domestically funded. Any extension to the existing EU Regulations would not apply directly to the schemes.

Multi-year agri-environment agreements starting in 2020 and previous years will continue to receive funding within existing EU budgets (under the 2014-2020 Multi-annual Financial Framework) until the EU funding for the relevant Rural Development Programme runs out. At that point they will become domestically funded. Under the terms of the Withdrawal Agreement, these agreements and projects will remain subject to Commission scrutiny until the relevant programme is fully closed. Under the transitional regulations, funding for any extensions to 2014-2020 programmes will be deducted from 2021-2028 CAP strategic plan budgets, which the UK will not be part of. So the possibility of extending the UK's current Rural Development Programmes does not arise. However, we will continue to monitor CAP reform to evaluate the impact (if any) that it may have on commitments we continue to make under the 2014-2020 programme.

Any new domestic agri-environment or rural development schemes initiated from 2021 onwards will operate under an entirely domestic framework.

You asked about the relationship between an extension of the Withdrawal Agreement transition period and a reformed CAP. The Government was elected on a manifesto which made clear that the transition period would end on 31 December 2020. That is now enshrined in primary legislation and it remains our policy. We will not ask to extend the transition period, and if the EU asks, we will say no. Extending the transition period would simply prolong the negotiations, prolong business uncertainty, and delay the moment of control of our borders. Extending the transition would mean we will have to make further payments into the EU budget. It would also keep us bound by EU legislation, at a point when we need legislative and economic flexibility to manage the UK response to the Coronavirus pandemic.

I am copying this letter to Sir William Cash MP, Chairman of the European Scrutiny Committee. I am also copying this letter to the Clerks of the Commons and Lords Committees, Jessica Mulley and Chris Johnson respectively; Les Saunders, Cabinet Office; and Steve Wigham, Defra Scrutiny Co-ordinator.

Yours sincerely,



VICTORIA PRENTIS MP