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European Union Committee

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31 October 2018

George Eustice MP
Minister of State for Agriculture, Fisheries and Food
Department for Environment, Food and Rural Affairs
Seacole Block
2 Marsham Street
London, SW1P 4DF

Dear George

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)

9556/1/18 REV 1: Proposal for a 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

Thank you for your letter of 21 September on the above Proposals, which was considered by our Energy and Environment Sub-Committee at its meeting on 31 October.

We note your assessment that a key area of divergence between these Proposals and the UK's future agricultural policy is in relation to Direct Payments, with the UK focusing on support for public goods rather than payments based on the area of farmed land. We also note that you have not yet conducted a full assessment of the potential impact of this divergence on the UK as a third country. We recognise that your priority is to introduce the best possible framework for UK farmers and the UK agricultural environment, but must once again remind you that diverging systems of support has the potential to affect the competitiveness of UK farmers in relation to their EU counterparts. We therefore urge you to assess what this impact may be, and request an update on your findings once you have done so.

In your letter you stated that "Carve-outs are not necessary. The CAP post-2020 proposals, and all relevant articles, are intended to come into force on 1 January 2021, by which time any Implementation Period will have ended." However, in your Explanatory Memorandum (EM), you stated: "It should be noted however that specified Articles of the new delivery model Regulation are proposed to apply from the beginning of the EU 2021 financial year (i.e. 16 October 2020). Moreover, certain Articles of the Regulation intended to amend, amongst others, Regulation 1308/2013 may also apply before January 2021 ... the UK would propose to secure a carve-out from any application of any such Article earlier than 1 January 2021." Which of these two statements is correct? If the latter, we restate our original questions: what progress have you made in securing such carve-outs, and what would the Articles in question require of the UK if you are not successful in agreeing the necessary exemptions?

Furthermore, there has recently been discussion of a potential extension to the Brexit transition period, beyond the end of 2020. If this were to take place, and if the Proposals were agreed by the date indicated, the UK would be bound by the Regulations. What would be the impact of this on the UK, and has the possibility of an extended transition period affected your approach to negotiations on this dossier?

In addition, please keep us informed regarding the negotiation of these Proposals, and provide an assessment of the impact on the UK of any substantive changes proposed.

We have decided to retain the Proposals under scrutiny. We look forward to a reply to this letter within 10 working days.

I am copying this letter to Sir William Cash MP, Chair of the House of Commons European Scrutiny Committee; Jessica Mulley, Clerk of the European Scrutiny Committee; Arnold Ridout, Legal Adviser to the European Scrutiny Committee; Les Saunders, DExEU, and John Leach and Craig White, Scrutiny Coordinators, DEFRA.

Yours sincerely,

Tim Boswell

Lord Boswell of Aynho
Chairman of the European Union Committee