Dear Hilary

In my letter of 11 April enclosing the Interim Report of the Group you asked me to set up to oversee the monitoring of the impact of the decision to set a 0% rate of set-aside for 2008, I promised to let you have a full report in July.

I am pleased now to be able to meet this commitment. The Group met again earlier this month. In compiling the attached report the Group has taken into account the extra evidence gathered since April, and the relevant content of the CAP Health Check. We recognise, however, that action in the wake of 0% set-aside will remain dependent on the Health Check providing an adequate framework for any cross compliance element. Although there are relevant measures currently in the Health Check, they may not survive as they are now, so it will be important to wait and see what is agreed at the end of the negotiating period. For this reason we have agreed to reconvene in December, when we hope we shall be able to update our conclusions on the way ahead.

Our immediate conclusion is that a decision is needed urgently on whether or not to introduce measures for the 2008/2009 cropping year. This would provide clarity for farmers given the Commission’s indication that there will not be a set-aside requirement for the next cropping year. More broadly, decisions on the direction of travel are also important; in organising the necessary administrative systems to support new measures, officials will need to allow for sufficient lead-in time to overcome the challenges involved.

Our key conclusion is that officials should develop further the policy options in Section 6 of the Report, particularly option XC1 (percentage of arable land managed for environmental purposes), in order to address the bio-diversity issues. In this respect, we feel that the introduction of any new measures should be timed to dovetail as well as possible with the maturation of the first ELS schemes, which would suggest 2010 as a logical year for the start of implementation. Our concerns about transitional arrangements are spelt out in the report.

In the meantime, all Group members agree on the importance of continuing to advocate the actions contained in the 5-Point-Plan that the Group signed up to last year, and for
all the organisations represented to be active in the promotion and encouragement of the advice in the Plan. Notwithstanding the reported level of cropping on former set-aside and other previously uncropped land this year, there remains a significant amount of uncropped land, and it is important that as much of this as possible is maintained so that it continues to provide bio-diversity benefits. Group members agreed to support a communications plan, together with Defra, to promote the retention of remaining uncropped land and to manage it to deliver biodiversity benefits.

I am, as always, very happy to discuss the conclusions of the report with you.

SIR DONALD CURRY