

Date: Wednesday 15 May 2002

REPORT OF THE MINISTER FOR RURAL AFFAIRS

CAP Mid Term Review

1. The Agenda 2000 Common Agricultural Policy (CAP) reform lasts until 2006, but will be subject to a process of mid-term review in 2002/2003. Formal proposals from the Commission are expected in June 2002. In the meantime, I am in discussion with my Ministerial counterparts on the position that the UK might adopt towards the mid – term review. My approach is based on the principles set out in Farming for the Future. There will be formal consultation with the industry once the Commission proposals have been published. As part of this process, it is my intention to bring before the Committee in Summer/ Autumn a paper on the Commission's proposals.

2. Officials in my department are continuing to keep in touch not only with their counterparts in DEFRA, UKREP and the other devolved administrations, but also with officials in the European Commission. The Commission are likely to propose a switch in funding from Pillar 1 of the CAP- production subsidies- to Pillar 2, rural development. The size and nature of the switch that the Commission might propose remain uncertain. Other issues which are under consideration include the decoupling of Pillar 1 farm production subsidies. My Department is considering the potential implications for Wales in preparatory discussions with the farming unions and environmental interests.

Sheep Annual Premium Scheme – National Envelope

3. Proposals for the operation of the national envelope in Wales from 2003 onwards were issued for consultation on 10 May. Options range from using the envelope to support graziers' associations on commons; introducing an extensification scheme for sheep; promoting mixed farming systems; encouraging farm assurance and co-operatives; encouraging sheep producers to improve the genetic composition of their flocks; to purchasing quota rights. The closing date for comments is 5 July. Copies of the document have been sent to the Clerk to the Committee.

Agrimonetary compensation

4. I was most disappointed to learn of DEFRA's decision not to draw down further funds to assist the industry. I and other devolved Agriculture Ministers had pressed hard for the maximum Agrimonetary compensation to be paid to producers.

Disposal of fallen stock

5. The EU Animal By-Products Regulation is likely to come into force in the first half of 2003. Under this regulation, farmers will no longer be able to bury fallen stock on their land except in areas of few animals which can meet the agreed definition of remoteness. I have been pursuing with other Agriculture Ministers the possibility that parts of Wales could benefit from such a derogation. The Commission have made it clear that they see any derogation applying only to areas of true remoteness from alternative means of disposal which also have a sparse livestock population. It is very unlikely that any area of Wales will qualify because of the high density of sheep farming in Wales.

6. It is important that we take a positive approach to this, and that industry and Government work together both to comply with the Regulation when it comes into force and to work out alternative solutions to on-farm burial. Welsh industry representatives attended a stakeholders' meeting with DEFRA in April and Welsh farming unions have been invited to be represented on a working group. This will consider more closely what options for disposal are available and how the cost of implementing the Regulation will be met.

7. I will report back to the Committee on any significant developments.

Tier 3 funding

8. At the Committee meeting on 1 May, I undertook to provide information about the use of Tier 3 funding to supplement or substitute for Processing and Marketing Grant projects in Non-Objective One areas.

9. 'Tier 3' funding is better known as the Assembly Investment Grant (AIG) scheme, which was introduced on 2 April 2002. AIG is available to Small and Medium size enterprises (SMEs) as assistance towards a capital investment. Any other public sector assistance (such as Processing and Marketing Grant (PMG)) towards the same capital investment project has to be cumulated with AIG funding and this cumulation cannot exceed State Aid ceilings of 23% net in Tier 2 Assisted Areas and 15% gross in Non-Assisted Areas.

10. As a general rule of thumb, therefore, it is unlikely the State Aids rules would permit payment of AIG assistance to supplement a PMG-funded project in a Non-Objective 1 area. Any such case would, however, need to be considered according to the individual circumstances - and precise location - of the project. My officials would be happy to advise any prospective applicant on this and/or on the different criteria attached to the two different grant schemes.

Initiatives to promote the use of Welsh Timber

11. At the last meeting, the Committee asked for details of steps taken through Farming Connect to promote the use of timber.

12. Timber use and the processing of timber are being promoted in tandem. Processing is being

promoted for farm woodland timber through Farming Connect.

13. Three Farming Connect schemes are now near completion, and grant has already been paid on the first scheme which was to set up a sawmill on a farm, investing in processing equipment to fully utilise the farms' woodland, and to add value to the timber within the market. A second scheme is also near full approval, the farmer has accepted the grant offer and the applicant will be paid following a receipted invoice and satisfactory inspection visit. This scheme is to up-grade and increase the harvesting and added value processing equipment, to increase production of fuel wood and hardwood cleft fencing stakes. A further scheme to manage and extract timber from the applicants own mature woodland and to hire out the skills and equipment to provide a comprehensive harvesting service to small environmentally sensitive woodland areas is also nearing full approval.

14. In addition to these three schemes, there are five others in the pipeline, including a farmer who wanted some ideas as to how he could utilise his 40 year old 150 acres woodland, and a business that has sought specialist advice on woodland management.

15. Promotion of timber is being done by the Forestry Commission, the Welsh Development Agency and other parts of the Welsh Assembly Government in partnership. We are contributing through the Forestry Commission, to the 'Wood for Good' campaign, a Nationwide initiative, to promote the use of timber as '**the sustainable material of choice for the 21st Century**'. Government procurement of timber has to be from legal and sustainable sources and we are working with the other UK administrations to ensure that this commitment can actually be delivered, to the benefit of our timber producers in Wales. The Forestry Commission and Pren Cymru are also making presentations to the Economic Development Committee on how the contribution of timber to the Wales economy can be increased.

Misuse of agricultural chemicals

16. At the last meeting, the Committee asked for information on the degree to which agricultural chemicals were being misused to the detriment of wildlife.

17. The problem of pesticide poisoning is addressed through the Wildlife Incident Investigation Scheme (WIIS). Investigations into reported suspected poisonings of wildlife, companion animals and beneficial insects is carried out by Agriculture & Rural Affairs Department (ARAD) staff. Pesticide poisoning incidents can be attributed to one of the following categories:

- **Approved use** of a product, where the pesticide is used according to the specified conditions for use.
- **Misuse** of a product, where the pesticide is used carelessly, accidentally or there is a wilful failure to adhere to the correct practice of use, e.g. spillage, poor storage, unprotected rodenticide baits.
- **Abuse** of a product, where the pesticide is used to deliberately and illegally poison animals and

usually involves the placement of a bait.

- **Unspecified use** of a product where the cause could not be assigned to one of the above categories.

18. No incidents reported to ARAD since January 2000 have been found to result from **misuse**. The table overleaf summarises **abuse** cases involving wildlife, with details of the species involved, the type of pesticide used and the purpose for which it is approved.

Year	Species	Pesticide	Approved Use of Pesticide
2000	1 Buzzard & 1 Owl	Aldicarb	Soil applied, systemic carbamate insecticide and nematicide. Professional Use Only. Subject to Poisons Rules 1982.
	3 Peregrines and 1 Buzzard	Aldicarb	As above
	2 Peregrines	Strychnine	Control of Moles underground. Subject to Poisons Rules 1982. Must have permit from ARAD.
	2 Peregrines	Aldicarb	As above
	2 Red Kites	Fenthion	Organophosphate insecticide. Veterinary product, withdrawn.
	1 Peregrine	Alphachloralose	Rodenticide
2001	1 Feral Pigeon & 1 Blackbird	Fenthion	As above
2002	Snowy Owl, fox & buzzard, sparrowhawk, Peregrine, Polecat, buzzard, Red Kite, Buzzard, Blackbirds.	Pending	

19. There have been three Peregrine related incidents so far this year. Provisional results of the analysis of four pigeon carcasses (2 locations / incidents) and one Peregrine indicate that two incidents involved aldicarb while one tested negative. These three incidents were all in Gwent and are being investigated jointly by ARAD, Gwent Police and RSPB.

20. The Committee will also wish to note that:

- Only suspected poisoning can be investigated. The deaths of animals caused by other illegal methods are investigated by the Police.

- ARAD wildlife staff are only able to investigate cases reported to them. The figures provided above reflect reported poisonings not the actual number throughout Wales. The WIIS has in the past been publicised by the Agriculture Development & Advisory Service (ADAS) with guidance from ARAD.
- The table only highlights wildlife abuse. It does not address companion animals or any other category of pesticide use, all of which are investigated by ARAD.
- Over recent years, particularly in England but also in Wales, there has been a number of cases of Red Kite deaths attributed to rodenticides. It appears that this may be due to secondary poisoning following **approved use** of second generation rodenticides (more potent rodenticides formulated as a result of widespread warfarin resistance). There was one case in 2000 and another in 2001 in Wales.

Objective 1- Forestry

21. The Cydcoed (Woods for all) Initiative has been so popular that in the first 5 months of the programme (due to end March 2004) the entire budget (£3.9 million) has been committed to approved projects. It is now the only Objective 1 EAGGF (European Agriculture Guidance and Guarantee Fund) programme predicting the delivery of permanent jobs. In addition, the individual projects are spread across the Objective 1 region.

22. WEFO (Wales European funding Office) have agreed in principle that we can develop an extension of the original bid to cover the period up to the end of the Objective 1 programme.

Adfywio

23. Adfywio - the support programme for integrated leisure and tourism projects - is a £5.2 million new match-funding scheme which was developed as part of the rural recovery funding grant package. The Countryside Council for Wales and the Wales Tourist Board jointly manage the scheme with added support from the Forestry Commission. These organisations will use their individual areas of expertise to ensure that the £5.2 million is used as effectively as possible, securing the future of many businesses, whilst also improving the enjoyment of the Welsh countryside. The Forestry Commission Wales has committed £200,000 to the scheme to help support projects related to woodlands.