



F/T: 0300 244 4000

E: scottish.ministers@gov.scot

The Rt Hon Michael Gove MP
Secretary of State for Environment, Food and
Rural Affairs
Seacole Building
Marsham Street
London
SW1P 4DF

| October 2018

I am writing to you regarding the revised Terms of Reference (ToR) for the CAP convergence review recently proposed by the UK Government. It is disappointing, to say the least, that nearly a year on, not only has the review still not begun, but the UK Government now proposes a significantly watered down remit.

The proposed ToR for the review specifically exclude any consideration of past decisions for the 2014-2020 CAP period, which is unacceptable, and will only look at funding allocations up until 2022. Quite frankly, the revised ToR would appear render the whole exercise almost worthless.

Under the revised ToR, it is difficult to see how the review can take a serious look at ways of making the intra-UK allocation of funding fairer in the long term. During the EU referendum campaign farmers and rural stakeholders were promised that all lost EU funding would be replaced as a minimum, not just until summer 2022 - which of course only equates to the 2021 scheme and claim year for the main farm support schemes. It is essential that those promises are honoured.

The review, which we have agreed will only be advisory, should be free to make recommendations for the long term and not just up to a date less than four years hence and less than two years after the end of the post-Brexit implementation period the UK Government hopes to negotiate. Incidentally, even the UK Government's commitment on funding for 'farm support' is of limited value since despite repeated requests you have not confirmed what will or will not count as 'farm support'. This must be clarified immediately as rural businesses are already taking decisions that depend on it.



I see the review as being a two part process. Firstly, I feel very strongly that the review **must** revisit the arguments around the current CAP funding allocations in order to identify how unfairly Scottish farmers have been treated. It should also provide an opinion about our claim that the Treasury should reimburse Scottish farmers with the £160 million convergence money that was wrongly allocated. I feel this part of the process could be handled bi-laterally, between Scotland and England, since the outcome will not affect farmers in Wales or Northern Ireland.

Secondly, bearing in mind that the result of the first part of the review should set a more realistic baseline for agricultural funding in future, a quadrilateral process, involving England, Scotland, Wales and Northern Ireland, should look at proposals for future allocations to underpin discussions by Finance Ministers on future funding arrangements.

Let me remind you of the Terms of Reference proposed by the Scottish Government:

- To review the allocation of external convergence funds within the United Kingdom as a Member State.
- To review the arguments put forward by both sides and make recommendations on a solution.
- More widely, to review the basis for the allocation of agricultural funding within the United Kingdom with a view to developing fairer, more objective allocation criteria in future.

You agreed in principle to these terms months ago and that any changes, which you thought would be minor, should be agreed by both parties. I ask that you reinstate the previously agreed Terms of Reference, set out above, so that the long awaited review can finally get underway. To expedite matters, I'd be happy to discuss this with you by phone at some mutually convenient time.

Yours sincerely
Fergus Ewing
FERGUS EWING

