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No : 199/06  
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**JOINT STATEMENT ON BEHALF OF NFU SCOTLAND, NATIONAL BEEF ASSOCIATION, NATIONAL SHEEP ASSOCIATION, SCOTTISH BEEF CATTLE ASSOCIATION, SCOTTISH CROFTING FOUNDATION, SCOTTISH ESTATES BUSINESS GROUP, SCOTTISH RURAL PROPERTY AND BUSINESS ASSOCIATION AND SCOTTISH TENANT FARMERS ASSOCIATION**

Scotland's agricultural and rural bodies have today expressed grave concerns at the delay facing Scotland's Rural Development Plan and the inadequacy the Scottish Executive's proposed measure to address it. They have called for an urgent meeting with Environment and Rural Development Minister Ross Finnie.

Scotland's Less Favoured Areas Support Scheme, worth £61 million to 13,000 of the country's hill farmers and crofters, would normally be paid out between March and May. The scheme represents lifeline payments over the Spring. However, delays in getting approval in Europe for the mechanism which would allow UK administrations to raise additional modulation, has resulted in a decision by the Executive not to submit its Rural Development Plan until this issue is resolved. The result is that LFA payments will be delayed until late in 2007, which means a financial crisis is looming for many hill farms and crofts, which represent the bedrock of many rural communities and are key to the environmental management of the countryside.

On Wednesday (1 November), Mr Finnie announced a supplementary payment of £10 million under LFASS this year. However, industry bodies have described this as unsatisfactory.

Two alternative solutions have come forward from within the agricultural industry, following discussions with the European Commission.

Firstly, to submit a more limited Rural Development Plan, without the use of voluntary modulation in 2007. The Executive has dismissed this on the grounds that voluntary modulation is required to cover existing commitments under environmental schemes. The industry bodies agree that it is absolutely vital that existing scheme participants are protected, on top of delivering a full LFA scheme, however are concerned that they have been presented with no clear figures demonstrating the need for voluntary modulation to do this.

The second option, also advised by the European Commission, is to pay £61 million of LFA support as a state aid in 2007, in the absence of an agreed Rural Development Plan. The Minister has indicated this would not be acceptable to the Commission, however it is unclear what discussions have been had in Brussels and on what basis the Commission deems it unacceptable.

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All the signatories to this statement are urging the Executive to provide clear evidence to demonstrate why the two proposed options are unacceptable.

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