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## Interested Parties

20 October 2016

Dear Sir/Madam

### EU Exceptional Adjustment Aid Scheme Consultation

As you will be aware, in July the European Commission presented a new package of measures to support livestock farmers in the face of on-going market difficulties, particularly within the dairy market.

One of the main elements of this is an 'exceptional adjustment aid' to support measures which will foster economic sustainability, market stabilisation and deal with longer term structural problems. The UK has been allocated €30m under this scheme and the Scottish Government will receive €2.8m. Our Cabinet Secretary, Fergus Ewing MSP, has already decided that this funding should be deployed to support the Scottish dairy farming sector.

The option of utilising this funding to provide direct payments to all dairy farmers was considered as happened under the 2015 Dairy package. However direct payments to all farmers are not permitted as such payments would not meet the following qualifying criteria, which is prescribed within the EU implementing Regulation;

- production reduction;
- small-scale farming;
- the application of extensive production methods;
- the application of environmentally friendly production methods;
- the implementation of cooperation projects;
- the implementation of quality schemes aimed at promoting quality and value added;
- training in financial instruments

It is a requirement that any measures which are to be supported by this funding must be completed by September 2017.

We have been consulting informally with stakeholders and following these discussions have now compiled a list of 3 possible options that we would like to put in place in Scotland, as outlined at Annex A. Please note that as the cost of administering all options must be met from within existing the Scottish Government resources we do not intend to offer more than 2 of these options.



We would welcome your views on the relative merits or otherwise of each of these options, including the proposed delivery model, and would welcome any alternative options you may wish to propose which meet the criteria mentioned above.

All member states are required to notify of their proposed approach to the Commission by the end of November, providing detail on measure(s) to be taken. In order to meet this deadline we would be grateful if your responses could be sent to me by no later than **Monday 14 November** to ensure they can be considered.

Thank You

Kevin Matheson  
Livestock Policy Manager

## **ANNEX A**

### **EU Emergency Aid**

#### Option 1

grant support for specialist advice to all producers (e.g. farm business review) with delivery via KTIF and/or FAS. Any additional funding allocated to either of these schemes would be ring fenced for dairy farmers only.

#### Option 2

provide grant support for on-farm investment (e.g., slurry storage/management, milk collection infrastructure) with delivery via RPID or the Scottish Dairy Hub.

#### Option 3

Provide all dairy farmers with financial support to deploy one or more of the following management tools; these options include

- Benchmarking
- Milk recording
- Forward supply projections
- Soil analysis
- Grassland management
- Johnes testing
- Genomic testing
- Fertility checks
- LED conversion
- Electronic benchmarking

delivery via RPID or the Scottish Dairy Hub

NB - This list is not exhaustive, farmers would be at liberty to apply for support to introduce other management tools which would reduce inputs and/or maximise outputs to improve the economic viability of his/her farm enterprise.