

## **European Union Review of Less Favoured Areas (to be called Areas facing Natural Constraints)**

### **Background information**

#### **Why are Less Favoured Areas being replaced?**

Member States in the European Union designate Less Favoured Areas by applying biophysical and socio-economic criteria to their agricultural land. The differences in approach across the EU led to criticism by the European Court of Auditors.

The European Commission is therefore replacing LFAs with Areas facing Natural Constraints as part of legislative proposals for Common Agricultural Policy reform published in October 2011. ANC in each EU State will be based on a consistently applied set of criteria devised by the European Commission.

#### **How will Areas facing Natural Constraints be designated?**

Areas facing Natural Constraints must be mapped against eight biophysical criteria covering soil, slope and climate. The European Commission has proposed the new criteria in the draft Rural Development Regulation (RDR). This Regulation is currently being negotiated as part of Common Agricultural Policy reform.

The Commission has proposed mapping at "LAU2" level (i.e. Land Administrative Unit 2). Land will be classed as ANC where at least 66% of the Utilised Agricultural Area (UAA) is naturally constrained by one or more of the biophysical criteria.

However, negotiations may result in mapping carried out at a different administrative level (provided it is World Trade Organisation (WTO) compliant), and where at least 60% of the Agricultural Area (i.e. not "Utilised") is naturally constrained.

Land identified as ANC then has to be "fine-tuned" to determine whether economic investment or support has helped to overcome the natural constraint. If it has, the land cannot be designated as ANC. While we have also produced an initial map using economic fine tuning this is currently unavailable online as the data used, although based on average outputs over a number of years, may breach some aspects of Defra's disclosure rules. We will provide further information when it is available.

Article 33(4) of the draft RDR provides that payments can be made to other areas that are affected by specific constraints and "where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline." This means that each Member

State will be able to designate other constrained land that has not been captured by the biophysical criteria.

The Commission's proposal is for designation to be in place by 1 January 2014. However, many Member States do not think this is viable and have proposed it should be put back to 1 January 2016. The UK would accept this as we recognise the substantial difficulties that exist in a number of States which operate different systems.

## **Does it work for England?**

The criteria proposed by the Commission are broadly acceptable. However, there are two key issues with the mapping methodology:

- The Commission's proposal to map at "LAU2" level is to comply with WTO rules. In the UK, this equates to electoral wards. These vary significantly in size and shape and change over time, and therefore provide a less accurate representation of ANC. Sometimes, relatively large areas of constrained agricultural land cannot be classified as ANC because they make up less than 66% or 60% of the agricultural area in a ward. Our initial assessment shows that parishes may give better results, but further testing is required. Our map shows the results for both electoral wards and parishes; and
- The Commission's preference is to fine tune out productive land using economic fine tuning. We think that this is a less robust method of identifying truly constrained land. In England we are exploring using the Agricultural Land Classification (ALC) system as an alternative to economic fine tuning, which classifies land according to its agricultural potential (i.e. good or poor) and is more consistent than economic fine tuning. Our map shows the results for ALC fine-tuning.

## **Initial results for England**

An initial map is available which allows you to search against different criteria i.e.:

- Areas facing Natural Constraints mapped at 60% UAA threshold at Ward level with ALC fine tuning;
- Areas facing Natural Constraints mapped at 60% UAA threshold at Parish level with ALC fine tuning.

Pdf versions of the above maps for England are available on Defra's website.

(Note: We have provided a map which uses the 60% threshold in the proposed revised text rather than the existing 66% as overall the results are not dissimilar and it will allow you to view land at the lower threshold level.)

## What will happen next?

The exercise we are undertaking is technical to identify how ANC mapping would impact in England when compared to the existing LFA approach. The LFA measure is only being used to pay the Uplands Transitional Payment until 2014, and only covers land in the Severely Disadvantaged Areas (SDA). Uplands Entry Level Stewardship is available to all farmers with land in the SDA.

Decisions on whether to use the new voluntary ANC measure in England will depend on the wider CAP reform context, including developments on direct payments, greening and agri-environment schemes.

Areas facing Natural Constraints mapping is an iterative process. This site, and our dedicated site, will keep you in touch with progress.

- [Designation of areas facing natural constraints \(ANC\)](#)

We expect to undertake a formal consultation on the draft Rural Development Regulations later in the year. Outcomes from this informal consultation on the ANC maps will inform that consultation.

1 February 2013