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From Rt Hon Jim Paice MP
Minister of State for Agriculture and Food

Thank you for your letter of 9 February on behalf of your constituents regarding the decision by the Rural Payments Agency to suspend 17 Producer Organisations (POs), including the G's Growers Group, from the Fruit and Vegetable Aid Scheme.

It may be helpful if I provide some background on this case.

The Fruit and Vegetable Aid Scheme has been the subject of much attention from European Union audit bodies over the last five to six years. A number of Member States have been criticised for implementing insufficient controls, including those which pertain to the recognition criteria for POs. This has resulted in substantial financial corrections or disallowance being levied running to many millions of pounds. This was not a sustainable position so it has been necessary for Defra and the Agency, working with Defra and Industry representatives, to improve levels of compliance. This culminated in the issue of additional guidance in March 2011, followed by a review of all POs which resulted in a number being suspended.

Following these decisions last August, the Agency has engaged with the affected POs, including G's Growers, to explain further the basis for decisions and offer assistance with remedial measures aimed at satisfying the recognition requirements.

I understand that G's Growers has, as a result of this dialogue, implemented some remedial actions. The key issue is that it is important from both the POs and the Agency's point of view that any remedial measures effectively address the outstanding issues and can be seen to be working. This is based on Article 125b(i)c of Regulation No 1234/2007 which stipulates the requirement for "sufficient evidence that POs can carry out their activities properly. The

Agency has deemed that a period of three months is sufficient for POs to assemble suitable evidence from which assurances can be derived.

I appreciate the POs frustration that they remain suspended but this decision has not been taken lightly and was performed consistently against the recognition criteria previously defined.

The timing of the review impacted those POs whose operational programmes ended in 2011 as the Agency is unable to approve new programmes for suspended POs. But POs are ultimately responsible for meeting the recognition requirements and have been in possession of the additional guidance since it was published in March 2011.

I understand that in addition to the various exchanges and two face to face meetings with scheme managers, G's Growers recently met a delegation of senior officials from the Agency and Defra to discuss the basis for the decision and next steps. The Agency will continue to engage both with individual POs and the wider industry to safeguard the best interests of the industry and UK taxpayers, and to restore certainty in the scheme. Indeed, G's Growers are represented on a joint Agency, Defra, National Farmers Union and industry Experts Group which will be meeting in April. We look forward to working with them on this and issues relating to their recognition under the scheme.

Jim Paice
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