

RURAL DEVELOPMENT CONFERENCE
Cyprus, 16 – 17 October 2008

GENERAL BACKGROUND TO THE CONFERENCE: RURAL AREAS: CURRENT SITUATION AND FUTURE CHALLENGES

Rural areas still dominate the landscape of Europe (over 90% of the surface area) and are home to about half of its economic activity. Rural areas have certain common structural deficits typical to them which continue to persist in many parts of Europe. However, variations can apply ranging from the diversity of landscapes to differences in the degree of economic development/standard of living, in the social, economic and community structures and in local and regional specificities such as, for example, the distance from, and the relationship with, urban and peri-urban areas.

The social and economic fabric of rural areas and their environment has been shaped over time, more than by any other sector, by agriculture and associated up- and down-stream activities. While in the past agriculture was viewed as a purely sectoral activity producing primary products, today it is recognised as fulfilling a multiplicity of economic, social and environmental functions producing, in addition to raw materials for a potentially dynamic quality food production chain, also very important environmental services and public goods that provide a solid foundation for a vital rural space. A sustainable and competitive agri-food sector is therefore, not only important as an element of the rural economy but also, and sometimes more so, because of its contribution to preserving and improving the quality of life and the social economic and environmental fabric of rural areas.

The new challenges related to climate change and the increasing importance of bioenergy have extended the scope and potential contribution of the primary sector highlighting at the same time its important linkages with the environment, food production and the wider rural economy. In addition to maintaining biodiversity, adapting to climate changes that already seem inevitable becomes more and more important for the sector in order to reduce its vulnerability. In this context improving water management and promoting water saving practices are corner stones of future climate related policies.

With the above context in mind we should take stock of the current policy and try to identify whether it is adequately addressing the present and future challenges facing rural areas in Europe. Harnessing the potential of rural areas for economic diversification and development, improving policy delivery, local governance and networking and finding the right balance between top-down and bottom-up approaches are also very important in this respect.

There are a number of open questions: we need to know more about the typology and specificities of different rural areas; about the demographic, socio-economic and environmental changes in rural and peri-urban areas; about the relationship between rural areas and small and large towns and cities; and about the factors that shaped the

enormous diversity of rural areas, those associated with success and those with failure. Above all we need a clearer definition of "rural area".

1ST WORKSHOP: MAKING EU AGRICULTURE FIT FOR GLOBAL COMPETITION

With the successive reforms of the common agricultural policy EU farm support is now primarily decoupled from production decisions, allowing farmers to make their choices in response to market signals.

The move of the agricultural sector to market orientation and less protection is happening within a more general context of globalisation and emergence of new economic powers on the world scene. This offers both new opportunities in the form of newly emerging markets as well as new challenges in the form of increasing competitive pressure. The agricultural and food sectors must therefore develop new approaches, technologies and innovation to meet evolving market demand both in Europe and globally. Investment in the key resource of human capital as well as high standards in terms of food safety and the environmental sustainability of production continue to need to be met.

In the EU-27 there are about 14.5 million farms with an average size of 12 hectares and a gross value added per year of around 12,000 to 13,000 EUR (10.5 Economic Size Units, ESU). Many of these farms (46%), in particular in the new Member States, are of a semi-subsistence character, producing mainly for own consumption with an economic size of less than 1 ESU. In terms of employment the primary sector represents about 6.4% in the EU-27 and contributes 2% to GDP. The food industry provides another 5 million jobs (2.4% of total employment) and contributes 2.2% to GDP in the EU-27. Over 90% are small and medium sized enterprises. Thus, in total the agri-food sector represents only 9% of employment, and an even smaller percentage (only 4.2 %) of GDP in the EU-27.

To strengthen the competitive base of the EU agri-food sector, restructuring and modernisation, in particular in the primary sector will have to continue to bring (labour) productivity levels up. This will involve an at least partial redeployment of the labour and the land linked to the semi-subsistence sector (3.8 million annual work units, 12 million hectares and around 6.7 million holdings).

The workshop will examine which factors affect the competitiveness of the EU's agriculture and food sector from a 'farm to fork' perspective and how to foster a knowledge based food economy producing for high quality and high value added markets, at the same time meeting the challenge of long-term environmental sustainability. It will discuss the potential for new markets, long and short distance, and the potential for non-food outlets for agricultural and biomass production, in particular for renewable materials and bio-energy. It will reflect on how EU policies can contribute to realising this potential and to the structural adjustment that still has to take place in agriculture.

Main questions for discussion

- What is holding back an increase in productivity in the farm sector? What is holding back innovation in the food chain? What policy tools can be used to promote restructuring and innovation in the agro-food sector?
- Considering the heterogeneity of the farming sector in the EU and the range of challenges to be faced, how can we reconcile the needs of Europe's modern agri-food businesses with those of family and small farms? Can this diversity be turned into an asset to respond to evolving market demands in a changing global context?
- How can we improve the targeting and functioning of the support instruments to ensure the effectiveness and efficiency of policy delivery?

2ND WORKSHOP: ADAPTING AGRICULTURE AND FORESTRY TO CLIMATE CHANGE

There is a solid body of evidence that climate change is happening and that it will influence, among other, conditions for agriculture and rural areas in Europe. European and internal efforts in climate protection are in process, but some degree of change is already inevitable because of past levels of greenhouse gas emissions.

Some of the projected climate change impacts could be beneficial in certain European regions, but most impacts will be adverse and occur in regions already under pressure due to socio-economic and environmental factors. The International Climate Panel has assessed that even small amounts of global warming can reduce crop yields and trigger higher yield variability. An increase in the frequency and severity of extreme weather events, such as heatwaves, droughts, floods and storms can be expected already in the medium term. A decrease in average annual rainfall will be a serious problem in particular in the most vulnerable southern regions.

EU forest areas will also be affected by changing climatic conditions. Warming is likely to intensify the risk of forests fires and pests; in the longer term it may affect tree species composition and timber production capacity and jeopardize the capacity of our forests to provide economic, social and ecological services.

The impacts of climate change in different parts of Europe will vary, and this uneven effect is expected to amplify regional differences in agricultural conditions, increasing the risk of regional marginalisation in some parts of the EU and economic disparities between European rural regions.

The EU is in the front line of the international battle against climate change. So far, EU climate policy has emphasised **mitigation**. The EU agricultural sector has made significant progress in reducing its greenhouse gas emissions. It is necessary that we maintain our efforts in emission reductions, but at the same time we need to enhance **adaptation** to the changes that are already inevitable. Adaptation measures should work towards reducing the vulnerability of the agricultural and forestry sectors and increase the resilience of rural areas from an environmental and economic perspective.

Rural development policy provides opportunities to offset the adverse effects that climate change may have for farmers and rural economies. Community strategic guidelines set climate change as one of the priorities for the period 2007–2013. A range of relevant actions have already been included in the newly adopted programmes.

The workshop will examine the likely impacts of climate change on agriculture and forestry in Europe, focusing on the regional differences in the projected changes, their likely time scale and consequences to different rural areas. It will discuss the possibilities to cope with the projected changes in climate conditions and analyse measures that can be taken on different levels (farm, region, Member State, EU) to enhance adaptation. It will also reflect on how EU policies dealing with rural areas can best contribute to effective adaptation.

Main questions for discussion:

- What adaptation actions are needed for the near future in agriculture and forestry? What should be our priorities, according to the current assessment of impacts and vulnerabilities?
- What is the role of policy in adaptation strategies? What is the right mix between mandatory regulation and voluntary action based on incentives? What kind of supporting measures?
- Is there scope for a common EU-level adaptation strategy in agriculture and forestry? How would this relate to the current rural development architecture? What new instruments, if any?
- How to improve synergies with other policy areas (biodiversity, bio energy, water)?

3RD WORKSHOP: LAND MANAGEMENT AND PUBLIC GOODS: SCOPE FOR COMMON GROUND

Agricultural land management has been a positive force for the development of biological diversity, including a mosaic of woodlands, wetlands, and extensive tracts of an open countryside in which agriculture developed. However, further advances in technology and structural development have led to detrimental impacts such as wind or water erosion, water pollution, loss of bio-diversity, and the destruction of rich landscapes which had once been created. Often farming practices that generated those features have lost their competitiveness. In some areas, notably those with a low productivity of soils, land management is at risk and with it the associated environmental assets.

The preservation of the rural environment is an essential ingredient in developing long-term economic potential in rural areas. The ecological integrity and the scenic value of landscapes make rural areas attractive for the establishment of enterprises, for places to live, and for the tourist and recreation businesses.

The environmental and landscape assets generated through agricultural land management have the characteristic of public goods, because they are not provided through market mechanisms. Policy measures are needed to ensure delivery. Such measures form part of Rural Development Policies, notably agri-environment measures. However, measures that are not primarily targeted towards environmental outcomes, such as compensatory allowances in Less Favoured Areas or the Single Payment Scheme also help to sustain farming and, therefore, contribute indirectly to the provision of public goods.

This workshop will address the provision of public goods through land management as a matter of Community interest. Focussing on relevant policy measures, it will discuss the possibilities for better adapting the scope of the measures to needs, improved targeting, and the efficiency of delivery mechanisms. In this respect, it will also discuss how far the specific approach of Rural Development Policy accomplishes local needs with synergies gained through common action. As regards the latter a particular focus will be on mutual learning and common approaches towards establishing best practices. Finally, it will reflect on the need for putting Community disciplines on environment-related measures, in order to avoid misuse and distortion of competition.

Main questions for discussion

- How to define the quantity and quality of public goods provided through agricultural land management that should be supported by agri-environment policy?
- What is the scope for improving policy outcomes through better targeting of instruments to needs and improving the efficiency of agri-environment policy?
- How can we gain value added from mutual learning and what is the right balance between commonly agreed approaches and flexibility for region-specific solutions?
- In how far would public goods provided through land management be a matter of common interest? What is their significance in the development of rural areas as a whole, including sectors such as rural tourism?

4TH WORKSHOP : THE DIVERSITY OF RURAL AREAS, HARNESSING THE DEVELOPMENT POTENTIAL

In an EU of 27 Member States the heterogeneity of rural areas both in terms of environmental assets and socio-economic characteristics has considerably increased. Europe's rural areas are very diverse in terms of population, culture, demography, socio-economic structures and natural endowments. This diversity constitutes at the same time a richness and a major challenge for the policies dealing with rural areas. There is as yet no common (policy) concept of what makes up a rural area, which can take the diversity into account.

For the 2007-2013 period, the EU's rural development policy uses the OECD statistical definition of rural areas based on population density. According to this definition Europe's rural areas represent 93% of the territory in EU 27 and about 58% of the population live in predominantly and significantly rural areas. Rural areas generate 45% of gross value added in EU 27 and 53% of the employment, but tend to lag behind urban areas for a number of important socio-economic indicators such as income, activity rates and access to services.

Behind this general picture lie very diverse rural situations, varying from remote areas suffering from depopulation to peri-urban areas under pressure from the urban agglomeration. Two long term underlying trends appear to have been taking place in Europe: a long established "urbanisation" trend drawing population and economic activity out of remote rural areas into urban and accessible rural areas, and a more recent "counter-urbanisation" flow out of urban areas into accessible rural areas made possible by new transport and ICT infrastructure. For a balanced territorial development in the EU, avoiding the extremes of congestion and desertification, further insight is needed in how remote, intermediate and peri-urban rural areas fit in the economic geography and can be made part of an overall sustainable socio-economic development.

The diversity in rural situations implies that different rural areas will be affected differently by the major new challenges facing Europe, globalisation, demographic change and climate change, requiring different policy responses.

To better inform the policy process this workshop will discuss the advances made in the typology of rural areas and in the understanding of the local/regional/national and global factors affecting their socio-economic development, what the drivers of change are and how rural-urban relationships are developing. It will reflect on the possible implications for EU policies dealing with rural areas and how they can contribute to general EU policies such as the climate change and energy package and the growth and jobs agenda.

Main questions for discussion

- Given the great diversity of rural areas across the EU-27, what common elements of rurality can be distinguished which would allow for a clearer territorial focus of EU rural development policy?
- What are the major drivers of change and how do they affect the socio-economic development of the different types of rural areas?
- What are the implications for policy intervention, taking into account the various policies involved, and the need for policy coherence?

5TH WORKSHOP: IMPROVING DELIVERY: SUCCESSFUL GOVERNANCE AND NETWORKING

Rural Development Policy combines a Community approach with national and regional programming as well as bottom-up elements. The policy's architecture and the delivery mechanisms applied ensure that policy priorities are taken into account at

various levels and are translated into actions at the level of Member States and regions adapted to their specific requirements.

Establishing a Community framework provides for common rules and a level playing field in the implementation of a policy. Furthermore, it ensures a consistent strategic orientation towards Community objectives as laid down in the Community strategic guidelines for Rural Development. National and regional implementation ensures targeting towards needs that might differ by Member State and region. The implementation via a bottom-up approach is key to stimulating private initiative and encouraging stakeholders in taking ownership in the development process.

Enhancing the complementary nature of the different elements of successful governance and ensuring feed-back at different levels of policy actions requires investment into networking. Rural Development Networks bring people together in mutual learning and sharing best practice. They serve as platforms to facilitate the dissemination of information and thus, improve the policy delivery. In addition, , networking allows partnerships between different types of actors, and different sectors which interact in the process of rural development.

This workshop aims to examine the governance structure of Rural Development Policy. It will discuss the best balance between top-down and bottom-up approaches, and it will explore the functioning and potential for networking concepts in business and public administration

Main questions for discussion:

- Which governance structures are most relevant for the design, delivery and implementation of rural development policy, and how do they interact?
- What are the potential advantages and/or constraints associated with different governance structures?
- Potential and functioning of networking concepts in Rural Development.
- How to ensure "successful governance and networking" dealing with constraints and overcoming potential obstacles? What changes are needed in the current rural development policy framework?