

EUROPEAN  
FILE



The European  
Community and  
rural development

**D**uring the 1980s, as a result of rapid agricultural and industrial development, it became increasingly apparent that there was a strong need for a Community-wide policy to develop new structures and policies to cope with the problems facing rural areas. In 1988, in its communication on the future of rural society the European Commission provided a comprehensive analysis of the problems facing the rural world and stressed the need for the Community to provide new solutions.

Agriculture and forestry are the principal users of land in Europe. Agricultural land accounts for 57 % of the Community's territory, and 20 % is covered by forests. The economic health of these sectors remains vital to the future of the rural economy, particularly since they make an important contribution to the development of other economic sectors both upstream and downstream. However, over the last three decades, agriculture in the Community has undergone a profound transformation, almost doubling the volume of output and at the same time more than halving the number of people employed. In 1980 agriculture accounted for 23 % of employment in the States which now comprise the Community, while by the late-1980s the sector employed under 8 % of the labour force. There are now only 18 regions out of the 314 presently defined in the Community in which the share of agricultural employment is above 30 %; and in 145 regions it accounts for less than 10 % of total employment. This transformation has highlighted the need for a new dynamic in those regions which contain almost half of the Community's inhabitants.

### **Community rural development policy – Why?**

A number of developments during the 1980s have contributed to the decision to launch and implement a rural development policy at Community level.

- The enlargement of the Community has meant that the disparities in income and employment opportunities, the availability of infrastructure and services between different regions in the Community have become greater. These differences are reflected both in agricultural structures and in the economic and social situation of rural regions. While some 80 % of agricultural output comes from the 20 % of farms located in the relatively prosperous farming regions of the Community, in many poorer and more isolated, particularly Mediterranean, rural regions there is an ageing population of smallholders, frequently without heirs, living in relative poverty. In such regions the average gross domestic product per inhabitant is usually less than half that obtained in the most urbanized regions.

In order to help rectify the increasing disequilibrium and imbalances between the industrialized central zones and the rural periphery, the Single European Act adopted in 1986 specifically committed the Community to 'the balanced development' of economic and social activities across the Community. Rural development is clearly one of the major facets of this commitment to greater economic and social cohesion. It must be seen as complementary to the Community's determination to create a single European market.

- The growth of agricultural output both in the Community and world wide during the 1970s and 1980s resulted in the need to bring agricultural support

policies more into line with market realities. The consequent reduction in price support and output volumes continues to place a major burden of adjustment on farmers and farm workers as well as the rural economy in general. As a consequence of this process as well as of increased productivity within agriculture, it has been estimated that by the end of the century between 6 and 16 million hectares of agricultural land will be surplus to requirements. In these circumstances there is a need for rural policy to offer scope for diversification of income opportunities, both on and off farm, and to stimulate local economies to complement the traditional role of agriculture and forestry.

- In most of the Community the general appearance of the countryside and many particular habitats have been created by many centuries of agricultural activity. In recent decades, however, the rapid growth of intensive farming practices, the expansion of tourism, the spread of urbanization and transport have helped to give rise to particular public concern about the environment. While the problems posed vary in degree and intensity between the different Member States, it is apparent that in those, mainly northern, parts of the Community where agricultural development has advanced furthest there is increasing concern with water pollution, soil contamination, loss of flora and fauna, and changes to landscape appearance. Problems more specific to the southern regions of the Community are posed by land abandonment, soil erosion and forest fires. The maintenance of a sound ecological balance in rural areas is a vital component of an integrated approach to rural development which serves the needs of society as a whole.

## Guiding principles

In order to meet the challenges referred to above the Community has embarked on a new approach based on the following broad principles:

- Rural development policy is intended to cover all aspects of the rural world and not just specific sectoral concerns. By means of such an **integrated** approach to economic development the strategy can take into account the countryside's diverse role in modern society in terms of its productive, environmental and social functions. Within the Commission itself and at Member State level this meant there has been an unprecedented need for cross-sectoral cooperation and planning.
- In order for policy implementation to be effective, responsibility for action needs to be spread along a chain which ends in Brussels but starts as close as possible to the people concerned at the local level. This **subsidiarity** principle means that each institution's role in decision-making and management is respected and valued; and that ultimately effectiveness is maximized by means of shared responsibility.

- The Community is committed to engage in sustained dialogue and pragmatic cooperation or **partnership** with national, central and regional authorities in order to define policy principles and ensure their effective implementation.

## Rural development policy initiatives

Rural development policy in the Community is being implemented through a number of complementary instruments.

In 1988, the Community agreed to reform the operation of its structural Funds, i.e. the European Regional Development Fund, the European Social Fund and the Guidance Section of the European Agricultural Guidance and Guarantee Fund. A series of priority objectives was established for these Funds; and for rural development the most relevant objectives are:

- **Objective 1** — the promotion of structural adjustment in regions whose development is lagging behind. Expenditure under this heading is concentrated on particular Member States or regions identified on the basis of socio-economic criteria; the areas comprise the whole of Portugal, Greece, Ireland, much of Spain, southern Italy, Corsica and the French overseas departments and Northern Ireland. Many of these regions, which cover 38 % of Community territory and 21.2 % of the population, are primarily rural in character. At the end of 1989, the Community agreed development plans with financial commitments, so-called Community support frameworks, for Objective 1 regions. The funding total amounts to ECU 36.2 billion for the period 1989-93.<sup>1</sup>
- **Objective 5b** — promoting the development of rural areas. These areas tend to be smaller in size and have been selected according to specific criteria relating to the share of agricultural employment and income in regional output, low level of income, levels of population density, the degree of remoteness, environmental pressures, etc. In order to concentrate resources on the areas most in need, a total of 57 regions covering a further 17.3 % of the Community's area and 5.1 % of its population have been selected for support under this heading. Funding agreed in 1990, to cover the period 1989-93, amounts to a total of ECU 2.6 billion.

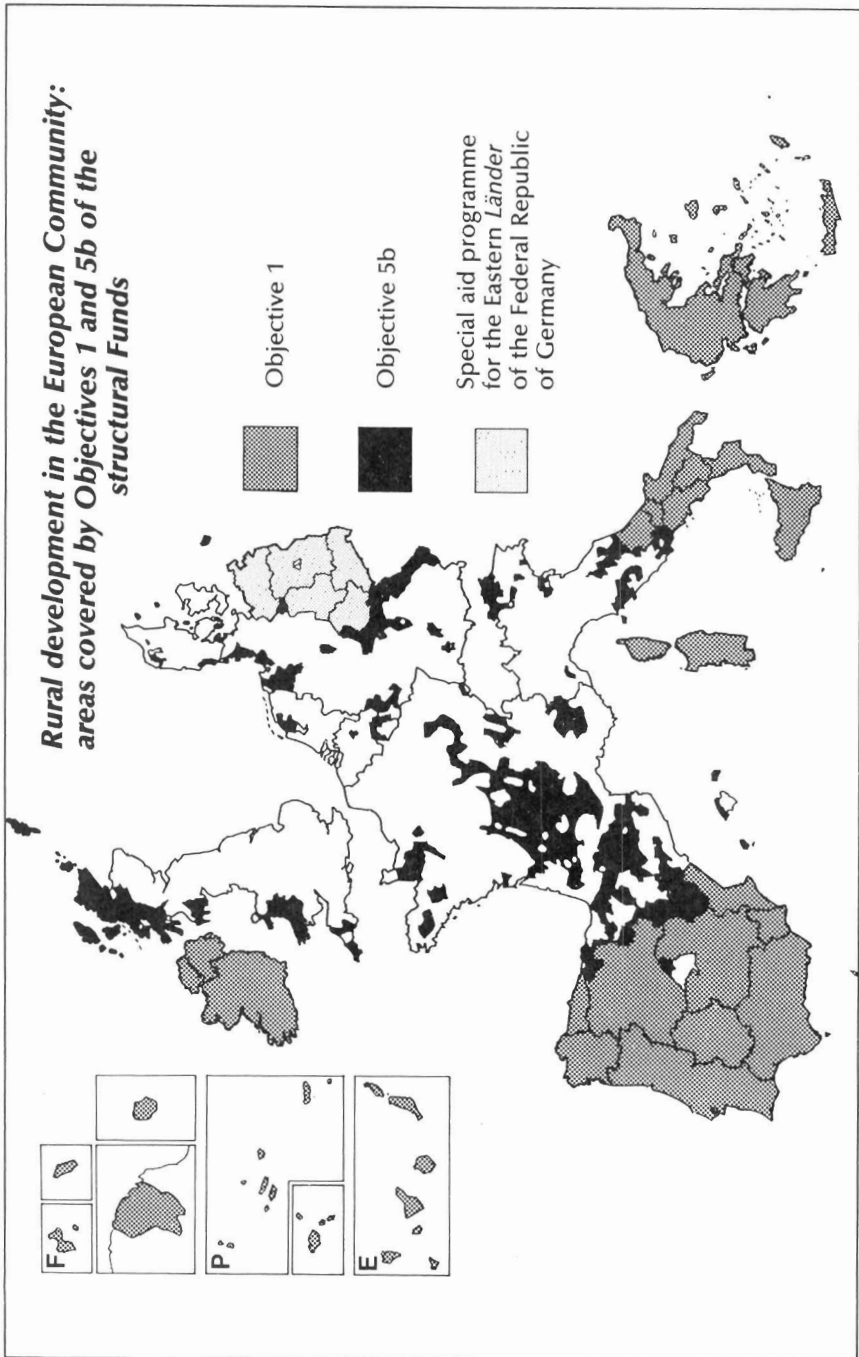
(The areas covered by Objectives 1 and 5b are shown in the map on page 6.)

The programmes being financed under Objectives 1 and 5b by the three structural Funds include measures related to rural development designed to encourage:

- diversification of agricultural activity and the promotion of typical local products;

<sup>1</sup> ECU 1 (European currency unit) = about UKL 0.69, IRL 0.77 and USD 1.20 (at exchange rates current on 30.4.1991).

**Rural development in the European Community:  
areas covered by Objectives 1 and 5b of the  
structural Funds**



- conservation of natural resources and the environment (e.g. through the maintenance of traditional livestock systems in mountain areas, measures to combat erosion and encourage alternative uses of land, as well as new proposals designed to protect specific habitats for flora and fauna and to protect water from pollution by nitrates;
- encouragement of small and medium-sized enterprises and the development of rural tourism;
- training of the work-force both in agriculture and in other sectors;
- improvement of basic infrastructures in rural areas.

■ **Objective 5a** — speeding up the adjustment of agricultural structures in line with the reform of the common agricultural policy. These measures, which are funded from the Guidance Section of the European Agricultural Guidance and Guarantee Fund, are applicable throughout the Community. The measures in force have recently been adapted and improved and include:

- investment aids on farms (now extended to part-time farmers who seek to diversify their activities through the introduction of new businesses such as crafts and tourism);
- early retirement premiums for farmers over 55;
- subsidies for 'environmentally friendly' farming in environmentally sensitive areas;
- grants for forestry on farmland;
- extensification and set-aside schemes;
- encouragement of the non-food use of agricultural crops;
- investment aids for processing and marketing (now extended to include forestry);
- compensatory allowances for farmers in mountain and less-favoured areas;
- installation aids for young farmers.

It should also be noted that, apart from providing these direct supports, the Community has started to modify its agricultural market support policies in order to target assistance more directly to small producers or towards production in areas where specific rural development objectives can be better met by selective assistance for certain types of agricultural output.

In addition to the measures financed directly via the structural Funds, a range of other Community initiatives has a direct bearing on rural development. These are programmes targeted towards the following objectives:

- development of small and medium-sized enterprises in rural areas;
- education and training of the work force in agriculture and other sectors (through programmes such as Force, the community action programme for vocational training and Petra, which provides vocational training specifically for young people);
- improvement of the infrastructure required to maintain rural standards of living and sustainable economic activity (e.g. through the development of innovative technologies in the energy sector by means of demonstration projects, the adaptation and introduction of information and communication technologies particularly suited to rural areas, improvements in transport as well as Community supported research and development across a wide range of scientific and sector specific areas);
- creation of new employment opportunities in rural areas (e.g. through LEDA, the local employment development action programme, which seeks to encourage and study local development initiatives in a number of pilot rural regions).

The design and ongoing monitoring and evaluation of all of these programmes have to be undertaken in the framework of the partnership between the Commission, national authorities and regional and local bodies. This includes extensive discussion at all stages and levels of the planning process.

## Rural development – the next steps

- **The Leader initiative.** To complement the rural development programmes already in place the Community has launched a new initiative known as Leader designed to help groups based in local communities who develop plans for integrated rural development in their particular areas. The groups are to cover areas with a population of between 5 000 and 100 000 in the regions covered by Objectives 1 and 5b. Initially, the aim is to support about 100 such groups on a model basis and the Community will provide funding of some ECU 400 million through the provision of global grants to national intermediary bodies. While the precise programmes of action to be financed will be tailored to local needs, the general areas to be covered by the programme include: the organization of rural development in the area concerned; training for new activities; rural tourism, small businesses, crafts and local services; and the encouragement of higher value-added farm products.

It is also intended to harness information technology through this initiative along the lines of the 'telecottages' idea. Each centre will be supplied with telematics equipment which will be used to support local development by linking supply and demand (e.g. links to reservation services for tourism, to retail chains for farm products and to enable distance working, etc.) as well as providing a network for exchange of information and experience among the groups themselves.

■ **Network of rural information centres — Miriam.** After evaluating the experience with seven pilot centres ('carrefours') for information and promotion of rural development the European Commission has proposed the establishment of a network of such centres, to be known as Miriam. The aim is to choose a range of organizations throughout the Community which have good contacts in the rural development field and to provide them with the additional role of being channels for information on Community measures in favour of rural areas, including decisions taken under the common agricultural policy and other policies of relevance to rural areas. The Miriam centres will be provided with free access to Community databases, printed information and training for their staff. In addition, each centre is to receive start-up funding on a degressive basis during the first three years of operation.

■ **Premiums for environmental actions.** The Commission has proposed to extend the support it provides for environmentally-friendly farming practices in three ways.

- In future it is intended to further reduce the risk of pollution by discouraging the use of fertilizers and plant protection products, such as pesticides and insecticides. It is envisaged that this programme will now apply throughout the Community rather than in designated environmentally sensitive areas as in the past.
- The present system of aids for environmentally sensitive areas is to be extended by enlarging the areas of application and by broadening the scope of measures entitled to receive support to include measures designed to conserve the landscape, e.g. maintenance of stone walls, hedges and other landscape features.
- New assistance will be provided to farmers who maintain abandoned land in areas of high risk from natural disaster such as erosion and flooding as well as fire.



Together with the actions already in place, these new initiatives should enhance the Community's efforts to create a new dynamic in the rural world through an integrated approach to rural development.





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