

Dialogue between Societies
to Take up Challenges of the Contemporary World together
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Workshop WT34: The future of rural areas in China and Europe

Within the



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(Keywords are underlined)

What is the future of rural areas in China and in Europe? What countryside do we want? What policies, resources and strategies are needed to achieve it? Relying on which players? These are questions that are core to workshop WT34.

Overall picture

In economies mainly oriented towards farming, agricultural production involved most of the working population and non-agricultural activities were mostly distributed around the country. In the 18th century and beyond, the industrial revolution benefited from rapid gains in productivity in farming, both in terms of production per hectare and in the number of hectares cultivated by each worker, which released a vast labour force which went into industrial production then, increasingly, into the services, at the price of massive migration from the countryside to the town. **Some 100 to 150 years later, China is going down a similar path.**

In the course of the last 50 years, both farming and fishing have now become largely industrialised, concentrating a growing proportion of production, notably of animal protein, in large industrial agricultural operations or chicken and pig farms. In Europe, many non-agricultural activities also abandoned the countryside to concentrate in the towns. The different levels of productivity in the sphere of farming between the most efficient agriculture and subsistence farming that were perhaps 1 to 10 two centuries ago are probably now closer to 1 to 1000.

At the same time, rural areas have become differentiated, between spaces coveted for the expansion of towns and leisure activities or second homes, creating prosperity in rural areas but often making it difficult for farmers and their

families to remain there, progressively pushed out by more profitable activities.

Regional development programmes strive to compensate for or reverse this process. For example in the European Union, the Leader programme directs part of the credits formerly given to agricultural production towards policies designed to breathe new life into the countryside, but this programme is marginal in comparison with the credits of the Common Agricultural Policy (CAP), which continues to benefit intensive farming.

CAP and Rural Development

The CAP and Rural Development Policies are undergoing a continuing process of reforms. The pressures for change come from both external and internal forces.

Externally, the WTO and Doha Round are the most discussed, the headline being 'liberalisation' and associated decoupling of farm support and production, and the removal of export subsidies. However, the almost parallel farm policy reforms in the USA, and challenges over Genetically Modified Organisms (GMOs), Labelling, Hormones, etc are also relevant.

Internally, the pressures are about the budgetary costs and share of the EU budget, the costs and quality of food, impacts on landscapes and environment, polarization of production systems and farming structures, and the growing market power of supermarkets.

In addition there are growing pressures from internal inequalities caused by different modes of implementation of the Single Farm Payment, and differences in the farm payments between the new and old member states. These are all "Pillar 1" issues, Pillar 1 absorbing 90% of the CAP budget.

With regard to the second Pillar, it is here that the CAP can help with the rural environment (nature, landscapes), forestry, rural services and the development of non-farming enterprises, as well as with LEADER.

Pillar 2 is divided into so called Axes. Axis 1 is mainly about farm investments to improve competitiveness, Axis 2 is about agri-environment, and Axis 3 and 4 are about wider rural development, services, rural tourism, small and micro enterprises, LEADER and so on. At the moment, and for the period to 2013, Axes 1 and 2 have priority in terms of spending and content over Axes 3 and 4, partly because of the limitations around CAP payments to non-farmers, and partly due to the influence of the farming lobbies, the environmental lobbies, and member States, who ultimately decide the balance between spending on the Axes.

There are immediate political events which provide opportunities for reform arguments around Pillar 1 and 2, especially:

- The Health Check on the CAP including the review of Less Favoured Areas policy in 2008
- Preparing for the next reform for 2013-20 (from 2008/9)

Regional/ Cohesion policies

Regional policies aim to 'level the playing field' in the EU by ensuring that the incomes of poor regions are encouraged to increase towards those in richer regions ('convergence'), ensuring global competitiveness, helping to provide economic and social infrastructure where it is lacking, and encouraging innovation and enterprise. Economic and Social Cohesion is seen as being achieved through greater convergence and competitiveness.

Regional and cohesion policies have evolved considerably since the major reforms of 1989. Rural development became a 'cohesion objective' in the Maastricht Treaty of 1992, and the Objectives 1, 5b and later 6 of the Structural Funds for the period 1988 to 2000 all covered significant parts of rural Europe, and developed regional development programmes, and regional partnerships, in these rural regions. These were multi-fund initiatives involving the regional Funds, Social Fund and Agricultural Guidance Fund until 2006, after which Community structural initiatives become 'Single Fund' initiatives. This meant that regional policies (except in Objective 1 Regions) were funded by the Regional Fund, and rural policies (Former Guidance measures and LEADER) were funded under Pillar 2 of the CAP. Although this reform was argued on the basis of 'simplification', it had other implications because of the difficulties of extending payments from EAGGF (FEOGA in French) fund beyond the farming community. It also meant that Regional Policy could focus largely on cities and urban areas, as well as initiatives like the Trans-European Networks (TENS) of transport infrastructure, discussed later.

The reforms of Regional policies and of the CAP have led some observers to argue that rural areas (especially those outside the Objective 1 regions) are now caught between a narrower and incomplete CAP (from a rural development perspective) and a regional policy that has largely withdrawn from rural areas and issues. Be that as it may, the forthcoming review of EU policies (2008/9) and the next reform for the 2013-20 period provides an opportunity to argue for changes, as it does with the CAP. From the point of view of rural small towns and villages, and the countryside in general, the absence of 'regional policy' means that policies towards the non-farming sectors (including tourism) and rural services are weaker, while other regional policy concerns such as innovation support, research institutions and infrastructure no longer receive support. Moreover, the position of 'rural development' in cohesion policy (meaning the improvement of relative incomes, employment opportunities and related aspects like education and infrastructure) is weakened.

Spatial Development and Planning (ESDP – ESPON)

This topic is closely related to that of regional policy. The ESDP was an initiative of the national Planning Ministries, in order to think through spatial planning and spatial policy impacts in a Europe with disappearing internal borders, and hence new opportunities for spatial configurations, cooperation and collaboration across what were formerly much more closed boundaries. In terms of 'evidence', the ESDP is supported by the European Spatial Planning Observatory Network (ESPON) project. In terms of competences, Spatial Planning is not an EU competence, and so ESDP is an example of a 'policy' dealing with issues that in essence remain rooted in national and sub-national policies and institutions.

From a rural point of view, the ESDP project has been interpreted as largely a 'city regions project', in other words cities are seen as the drivers of growth, ideas, innovation and hence competitiveness, an idea that has been further stimulated by the 'Lisbon Summit'. In this vision, rural areas and institutions are passive, static, and their development is determined by driving forces from the cities. Their function in predominately urbanized societies is to provide 'green space' for the benefit of urban citizens. It goes without saying that this vision and idea does not meet with favour among rural citizens, and it does not indeed accord with the evidence of rural dynamism, something which is in fact recognized by both the OECD in its New Rural Paradigm, and the European Commission in its Regional and Rural Policy statements. Nevertheless, the relationships between cities and their rural hinterlands is an important issue, as is the rather different relationship between more peripheral and distant rural areas with cities and urban spaces, as well as with third countries.

Transport

Like Planning, Transport is not an EU 'competence'. However, the EU engages with transport through two main mechanisms. First the rules of competition and state aids. Second through the Trans-European (transport) Networks (TENS).

The State aids rules prevent subsidies for transportation of goods or people except where there is a 'public service obligation' placed on the provider. The rules about how much 'subsidy' may be offered to assist operators meet that obligation are strict, and particularly affect people living in remoter and more sparsely populated rural areas more reliant on air, rail, and sea ferries. The latter feel particularly unfairly treated because no such rules seem to apply to roads, which are indeed often 'subsidised'. Much of the real underlying problem here is caused by the technical and practical problems of costing and pricing the environmental 'goods' and 'bads' of different modes of transport, and the importance of competitive transportation for areas distant from markets. So far at least, the Trans-European networks have been focused on linking the main towns and cities at European level by rail, road and trans-modal links. In general rural areas have felt rather left out by TENS, as they are often by-passed by the TENS, remaining reliance on much slower and irregular local services, if at all.

Energy

The rural dimensions of energy policy relate mainly to renewable energy of all kinds, in which rural areas have a potential comparative advantage. The interest in renewable energy is related to energy prices and uncertainties and human impact on climate change, and driven by:

- Kyoto protocol on greenhouse gas emissions and the emergence of the European carbon trading system;

- Rising oil, gas and other non-renewable energy prices and uncertainties over supplies
- Resistance to Nuclear power and the costs of decommissioning and waste management

The EU Biomass Action Plan is part of new EU energy policy¹. The aim of the Action Plan is to increase biomass use to around 150 million tones of oil equivalent (toe) by 2010, more than double the current figure of 69 million toe (4% of the EU's energy needs and around 50% of renewable energy used). Most of its recommendations were supported by EU Heads of State or Government at the Spring European Council, March 2006. The Plan is part of the EU's new energy policy, the three main objectives of which are competitiveness, sustainable development and security of supply.

It is often observed that policy on biomass energy in the EU is driven by energy policy and not by agricultural interests, which contrasts with the USA where the prairie farmers of Iowa have not been slow to persuade the President to adopt bio-energy as a key policy area both for energy and agriculture.

The promotion of biomass energy rooted in production of raw materials by farms has quite large implications both for the direction of potential support ('subsidies', 'incentives') and for the production and cost of food, as the existing land use, since small changes in food supplies can have large impacts on prices and security of supply. The special new rules on the importance of bio-energy products, such as ethanol and vegetable oils for bio-diesel production, may also increase production in developing countries, at the expense of food production.

Environment

Global warming, renewable energy, preservation of nature, agricultural environment and heritage are issues connected to the "environment". There are also issues of green space – building in rural areas, space management, etc., especially in more 'pressured' rural areas close to the larger towns and cities where rural-urban commuting forms an important part of 'rural' livelihoods, and wealthier urban citizens often seek to live.

EU policy links environmental protection, economic growth and social progress through the 'quality of life', and believes the major current challenges to be climate change, diminishing biodiversity, the health threats of pollution, the way that we utilize natural resources, and the production of too much waste. All of these are priorities in the Sixth Environmental Action programme.

The main tools of EU environment policy are the Environmental Action Plans, backed up by a set of regulations dealing, for example, with Water Quality, Nitrate Pollution, Habitats and Wild Birds, Waste, and its Biodiversity Strategy and some small incentive programmes largely to encourage good practice. We are currently in the sixth Environmental Action Plan, which lasts until 2012.

Learnings from the European Citizen's Panel

It is only in the last few years that a collective debate has emerged in the European Union on what kind of countryside we want and on the strategies likely to achieve it. The European Citizens' Panel on the future of rural areas (www.citizenspanel.eu) is a significant step in this direction.

Firstly, by virtue of the chosen theme: no longer agriculture alone, but agriculture within the wider issue of rural areas which is indeed a subject of interest to all Europe's citizens. Secondly, by virtue of the method: there was a need to show that citizens picked at random from all sections of the population could formulate relevant recommendations on these complex issues. The method involved professional moderation, information from experts and stakeholders, deliberations and a publicised handing over of results to the public authorities. Involved citizens spent a significant amount of time in a process that developed at two levels in 2006 and 2007: 8 panels at the regional level, in ten regions from 8 Member States and one neighbouring country (Switzerland), followed by the organisation of a panel at the European level, in which citizens delegated by the regional panels confront their views and define their common policy priorities.

A comparison of the conclusions reached by the regional panels is particularly instructive. It shows that, for this sample of European citizens in 2007, Europe's rural policy is no longer primarily a matter of agriculture. What is important to them is for political and administrative representatives from local to regional level to be able to jointly draw up and implement global and coherent territorial policies ranging from employment to services, and from

¹ Green Paper on Energy, March 2006

education to tourism, so that the European countryside can be diverse, vital and prosperous. All in all, this presented a considerable challenge for the public **authorities**, which are so often divided, into different levels of competence and different administrative sectors.

Some Cross-Cutting issues

These include issues mentioned by the Panels such as governance, the functions of rural areas in future, 'fairness', youth, and 'sustainable development' all of which cut across the policy domains.

EU competence does not extend to governance issues, although it is clear that the effective implementation of new EU policies requires shifts in Governance, which remain overwhelmingly a national 'competence'. The EU can and does influence the governance of its own main policy domains of CAP and regional policies, but citizens obviously feel that more needs to be done in order to improve the mechanisms and operation of different modes of Governance used in practice.

'Fairness' might be seen as concerning both 'cohesion' and 'competition' policies, but it may be that citizens have more in mind than this, perhaps referring to large differences in CAP payments between farmers, farm types, and regions. Fairness as a cohesion issue is very important for the acceptability of EU policies.

Youth issues usually concern the loss of young talent to the cities, or ability to attract them back or into rural areas when they begin to have young families. The main role of Commission policies here could be to help to ensure good income-earning and employment opportunities, good service provision, and increasing 'quality of life' for rural citizens. This could be part of an improved rural development policy in future. In this respect it is important to ensure better 'outcome indicators' for rural policies, accurately reflecting what citizens wish these policies to deliver.

This issue paper has been made by the Foundation for Future Generations on the basis of the following sources:

- China-Europa Forum/FPH (2007) WT34 - Workshop Presentation
- John Bryden (2007) European Perspectives on the Issues raised by Regional Citizens Panels (issues identified in 7 regional citizens panel reports within the European Citizens' Panel). J. Bryden is Emeritus Professor, University of Aberdeen; Director, UHI PolicyWeb and Chairman, International Rural Network.
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