



Rural Development Policies for the EU

Statement of the EEAC Agriculture Working Group

The following EEAC Councils support this WG statement (by 07.10.05):

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| Austria | Austrian Association for Agricultural and Environmental Research (OeVAF) |
| Croatia | Croatian Council for Environmental Protection (SAZO) |
| Czech Republic | Government Council for Sustainable Development (RVUR) |
| Belgium | Environment and Nature Council of Flanders (MiNa-Raad) ¹ |
| Germany | Advisory Council on the Environment (SRU) |
| Hungary | National Council on the Environment (OKT) |
| Netherlands | Council for the Rural Area (RLG) |
| Poland | State Environmental Council of Poland (PROS) ² |
| Portugal | National Council on Environment and Sustainable Development (CNADS) |
| Slovenia | Council for Environmental Protection (CEPRS) |
| Spain | Advisory Council for the Sustainable Development of Catalonia (CADS) |
| United Kingdom | Countryside Council for Wales (CCW) English Nature (EN) Joint Nature Conservation Committee (JNCC) Scottish Natural Heritage (SNH) |

EEAC Working Group Agriculture, July 2005

Supporting EEAC councils by 7 October 2005

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¹ One organization represented in the council abstain.

² Endorsed by the Presidium of PROS, the plenary of PROS has not yet met since the first circulation of the statement.

Summary

This statement highlights the need for more concerted action between the EU, the Member States and local partnerships to sustain and enhance the rich and diversified rural capital of Europe. Without such action this rich capital will rapidly erode and the targets set in Gothenburg and Lisbon will not be reached. This is the key message of the EEAC to the European Commission, the European Council and the Member States concerning the new European Rural Policy during 2007 - 2013.

Introduction

The undersigned EEAC councils share the opinion that the rural areas of Europe represent a rich and diversified rural capital of utmost importance, now and for the future, for the beauty and diversity of landscapes and wildlife, as well as for the quality of life of both rural and urban communities and the competitiveness of Europe. These rural areas function within an overall natural, social, cultural and economic context.

At the same time the EEACs are concerned that in many regions throughout Europe the richness and diversity of this rural capital is under threat as a consequence of the complex interaction between different processes such as the globalisation of agriculture and food production, technological and scientific developments and inadequate governance and management. Many regions are lagging behind the targets set both in Gothenburg and Lisbon.

EEAC welcomed the radical reform of the CAP in 2003. At the same time they warned that the reform might have unexpected side effects and stressed the need to monitor environmental changes as they happened. Decoupling of farm subsidies, cross-compliance, compulsory modulation within the first pillar and a strengthening of the second pillar are positive and necessary steps towards building a more sustainable rural policy. In addition, the reforms have significantly strengthened the EU's position within the World Trade Organisation (WTO). However, international trade should also make a positive contribution to sustainable development, both in the EU and beyond (See previous EEAC Statement 'A Sustainable Agricultural Policy for Europe'. 2002).

The establishment of the new European Agricultural Fund for Rural Development (EAFRD), delivered in accordance with the Community Strategic Guidelines (CSG), gives both impetus and credibility to both the CAP reform process and the underlying European Model of Agriculture. Together these tools provide the framework for a regional approach to the development of innovative and sustainable solutions for the preservation, wise use and development of rural capital. The new Community Strategic Guidelines are an important tool for setting clear targets in respect of sustainable rural development, and for promoting concerted action by the EU, Member States and Regions. However, a greater degree of synergy between the competitiveness and land management objectives is needed if the targets set at both Gothenburg and Lisbon are to be achieved.

Rural capital

Environmental capital

The impressive diversity of the European cultural landscape and the wealth of biodiversity contained within it are dependent on a diverse combination of soils, open waters (and systems of water management developed through centuries), traditional breeds of livestock and crop varieties as well as the human ability to use and combine these assets in a way that creates valuable and resilient ecosystems. An ecosystem approach to management, which enhances resilience to forces such as climate change, is necessary to safeguard this indispensable environmental capital, both now and for the future. In addition, active management of systems is needed to maintain environmental quality. The EEACs consider that management of environmental capital ought to have a central place in the Community Strategic Guidelines for Rural Development. The EEACs are also concerned as to the regionally differentiated environmental effects of the recent CAP reforms. These may well have consequences running counter to both the Gothenburg and Lisbon targets.

In particular, the EEACs wish to highlight the following issues:

- The decoupling of farm subsidies in the form of the Single Payment Scheme (SPS) could lead to radical *changes in land use*, some of which could be beneficial, and erosion of environmental capital accompanied by high societal costs. In areas of ecological sensitivity with specific environmental needs (such as High Natural Value (HNV) farmland areas) the obligation to keep land in Good Agricultural and Environmental Condition (GAEC) will not be enough to ensure that farmers deliver the required specialised management. In those HNV areas vulnerable to abandonment, sufficient funding should be guaranteed – through the second pillar of the CAP, Structural Funds or national sources. Compulsory EU Modulation rates need to be set high enough to make this possible, and Member States should continue to have the ability to apply additional voluntary modulation if they wish. Evaluation, monitoring and further research are needed to ensure that any unintended consequences of the CAP reforms can be addressed as soon as possible.
- In many European regions *forest ecosystems* are subject to environmental degradation because of either under-utilisation and/or lack of management.³ In Southern European Countries the degradation of forest systems results not only in a loss of biodiversity, but forest fires degrade both soil and water systems and promote desertification. Investments in agro-environmental forestry, with an emphasis on using native species adapted to local conditions, are needed to maintain and restore both basic natural resources and biodiversity. Private forest owners are unable to finance such activity on their own, and an integrated approach to funding is needed to provide a long-term perspective for land managers in these areas.
- Despite the introduction of *agri-environmental measures*, their partial application has been accompanied in many European regions by a polarisation of rural areas: those focused on landscape and nature management (and/or a certain extensification of agriculture) have diverged from those where conventional agriculture has intensified in an unsustainable way. There is now a real danger that this divergence will be exacerbated in the 2007-2013 programming period. The EEACs believe it is now time to re-engineer the links between all agricultural practices and the available environmental capital. Basic protection of natural resources, especially soil and water, should be delivered by the cross-compliance system operating within the new Single Payment Scheme. This should be accompanied by the introduction of voluntary agri-environmental measures available throughout the entire agricultural area of each Member State for those farmers who are willing to

³ Under-utilisation of forest ecosystem is not in all regions seen as a problem. In Germany, e.g. under-utilisation is - by forthcoming forest law - seen as positive for the protection of biodiversity in forest ecosystem as dead wood is an important habitat for species.

deliver environmental standards above those set by GAEC. In addition, there is the need for integrated funding to help with delivery of specialised environmental management by a variety of land managers (other than farmers) in designated areas such as Natura 2000 sites and other HNV land.

- *Soil policy* is now being developed at the European level. The Community Strategic Guidelines for Rural Development need to take account of the importance of fully integrating the Soil Strategy into Rural Policy. Not only as part of the GAEC, but also as part of voluntary measures within the second pillar to protect and enhance the soil quality where necessary.
- Agriculture contributes to a substantial degree to climate change through greenhouse gas emissions, especially nitrous oxide and methane. Both rural development policy and individual programmes have a major role in helping to deliver the changes in agricultural practices, both on farm and in the food chain, necessary to meet the challenges posed by climate change. In particular:
 - In both the agricultural and horticultural sectors major emphasis on energy saving measures, coupled with increased reliance on renewable energy supply, is urgently needed. Rising energy prices are likely to increase the drive towards energy saving, and the agricultural sector is well positioned to take advantages of a shift towards biomass production, biogas (better use of manures and waste), wind energy, new energy producing glasshouses, in Southern Europe supporting no tillage etc. In the context of EAFRD, axis 1 (strengthening the competitiveness of agriculture) should focus on this new role in order to help deliver on the objectives of the Lisbon process.
 - An increased focus on *Natura 2000* and an extension of conservation planning across whole landscapes is needed to halt net losses of habitat, and enhance ecological connectivity by reducing fragmentation and recreating ecosystems on a larger scale (See EEAC Statement 'Biodiversity conservation and adaptation to the impacts of climate change', 2005). Such ecosystems will not only be more resilient and capable of adapting to changes in climate, but will also be able to provide a wider range of environmental services such as carbon sequestration and flood storage capacity.
 - Effective management at the farm level can reduce emissions of nitrous oxide and methane to a substantial degree. Farm advisory services have an important role in raising awareness amongst farmers about how best to reduce emissions, reduce business costs and improve competitiveness.
- Until now the Water Framework Directive has had a relatively marginal role in rural policy. In order to mitigate the impact of global warming, handle the problem of diffuse pollution, as well as soil erosion, salinisation and sodification, and meet the need for water conservation it is advisable to correct this in the Strategic Guidelines for Rural Development and at all levels of planning.

Social Capital

A majority of European inhabitants live (and often work) in rural and semi-rural areas. Such areas comprise a richly differentiated tapestry of communities featuring a variety of identities and cultural repertoires, which are connected by a range of mutual networks, collective memories and common challenges. Such networks also possess the ability to solve common problems, often through innovative solutions generated at a local level. The paradox of the old agricultural and rural policy was that it failed to take account of this rich and diverse social capital. The EEACs believe that the new Community Strategic Guidelines have the capacity to ensure that the EAFRD sustains the radical change of direction signalled in the Cork declaration, the Agenda 2000 and more recently the Salzburg declaration, with an emphasis on the delivery of environmental outcomes through the maintenance and development of social

capital in rural areas. In particular, it is critically important that young people are encouraged to believe that rural areas have a real future.

The EEACs wish to highlight:

- Although concerns regarding the extension of LEADER have been expressed by some Member States, this approach is deserving of further expansion as part of a mainstream rural development: only in this way different stakeholders can get involved in the rural development process in an active manner, with both local knowledge and innovative capacity used to the full. Mainstreaming means making a conscious choice regarding the most appropriate elements of the LEADER approach needed in each specific case. The new Community Strategic Guidelines need to include targets on the learning effects of the rural development process alongside targets on content.
- A wide range of co-operative institutional structures exists within European rural areas. These need to be clearly documented as a way of promoting the spread of best practice. Some of these are well established like Hushållningssällskapet in Sweden, others are relatively new like the Dutch Agro-environmental co-operations. In countries like the Netherlands where these structures have been destroyed in the ongoing process of modernisation of the regular agriculture, new structures need to be established or strengthened.
- The further development of co-operative structures within rural areas deserves active support within the new regulatory framework. The European Commission should investigate whether the new institutional structures have the capacity to deliver agro-environmental measures and other rural development measures. This would be one way of achieving the necessary fine-tuning of programmes to incorporate local needs and opportunities, local circumstances and locally defined quality requirements.

Cultural capital

The European countryside represents an array of tangible and intangible values of immense importance to society as a whole. Participation in voluntary environmental organisations, in which consumers, citizens and farmers cooperate (e.g. the Slow Food movement, the 'repeuplement de la campagne'), coupled with public disquiet over BSE and other food crises signals that people care deeply about what is happening in the countryside. Tourism and recreation in rural areas, both of which are linked to the quality of the countryside, are also an expression of cultural capital. The EEACs believe that this process of re-connection between town and countryside needs to be strengthened wherever possible:

- The unique nature of European agriculture and its close connection with European society, nature and landscape suggests that the European Model of Agriculture should underpin the Community Strategic Guidelines on rural development. The multi-functionality of agriculture and also of other rural activities and enterprises is a strategic priority.
- Since 'care' and 'trust' are keywords for the production and consumption of food, a properly functioning market needs to incorporate broader systems of information provision, certification and regulation so that consumers are able to make informed decisions based on the quality of production and impacts on rural capital.
- Where country estate holders manage land accessible to the public and fulfil an active role in the preservation, management and development of the natural and cultural capital, they should also have an explicit place in rural development programmes.

Economic capital

Certain European rural areas feature clusters of enterprises that are grouped around one or more special products, within which synergy is an important feature. Examples of this include the production areas for Parmesan cheese in Italy, the Westland horticultural area in the Netherlands, the glass and wood industry around Småland in Sweden and the production of tweed and knitwear in Scotland. Throughout rural areas small or medium sized economic enterprises are often linked to the agricultural workforce. In many rural areas, tourism and recreation is also an important economic sector. Rural areas are often act as a 'nursery' for new activities: the availability of a wide range of resources, networks and entrepreneurship, professionalism and independence can provide a grounding for the development of entirely new businesses.

By contrast, some expressions of economic capital are hidden within rural areas. Such capital is manifested through multi-functional enterprises and combinations of enterprises, generating a high level of innovation. Such innovation and related flexibility are often constrained by complex legislation and by external capital investing in ways that exclude this potential source of locally developed growth.

In order to fulfil the Gothenburg and Lisbon agendas, the EEACs recommend that rural development should be facilitated by:

- An independent European body where those involved with various rural development programmes at the local level can exchange information on the various barriers to best practice and how to overcome them. This should help to simplify and improve regulation at EU level.
- A regulatory system designed to stimulate reflexive social learning, regional innovation and knowledge transfer. In some instances this can be just as important, if not more important than financial support.
- Public procurement should be focussed on supporting both locally and regionally available supplies of high quality and fresh products, as is already the case in a number of Member States. Such an approach would provide a clear market basis for new business development.

Interrelationship between the environmental, social, cultural and economic capital

The EEACs believe that better use and management of available rural capital will enable Europe to develop a considerable competitive advantage. In order to achieve this goal, substantial and well-focused investments in science, information management, knowledge transfer, training and innovation capacity will be necessary. Full implementation of the Aarhus Convention is needed to strengthen public participation and provide wider access to information as part of rural development processes. Through better use and management of the cultural capital the market possibilities for the European agriculture and food industry will be strengthened through the development of closer relations between production and consumption at all levels within Europe. Protection of the present regional (PDO and PDI) products, and a further strengthening of this system are necessary in this respect. This is beneficial for the competitiveness of the European economy. Lastly, a strengthening and involvement of social capital plays a crucial role since further delegation, according to the principle of subsidiarity, of design and implementation to intermediate structures at local level will reduce transaction costs whilst at the same time flexibility and innovation can be stimulated.

On the basis of these considerations the EEACs draw attention to the following:

- Organisations involved in reinforcing a sustainable direct and indirect use of the environmental, social, cultural and economic capital at national and regional level ought to be accepted as recipients of EAFRD funding.
- A reduction in transport movements within and around farming and food production is desirable for a number of reasons (energy consumption, environmental effects, animal welfare etc.). This means that steps towards a re-regionalisation of production and consumption of food ought to be taken. This can be stimulated by certification (traceability) and through a stimulation of local food production. New technologies that make small-scale production units possible can play an important role in this issue.
- It is important that 'Life Sciences' research in Europe is oriented on and supportive to the European Model of Agriculture and to multi-functional farming and landscapes.

The relationship between the EU and the Member States

Rural development processes take place within a delicate balance between the principle of subsidiarity and the need to focus European funding on the strategic priorities identified at European level. In addition, it is important to avoid developments that boost competitiveness at the expense of unacceptable damage to either environmental or social capital.

The EEACs recommend the following:

- Partners at the local level ought to be involved in evaluations and mid-term reviews. Plans, insights and needs on the local level that are in line with the European Strategic Guidelines, and that correspond with the national targets and programmes, need to be part of the rural development process.
- Monitoring and evaluation of Rural Development Plans ought to be focussed on the actual outcomes delivered rather than simple outputs such as the degree of scheme 'take-up'. In particular, evaluations should focus on the degree to which environmental, social, cultural and economic capital has been strengthened and whether the rural economy has been revitalised.

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European Environment and Sustainable Development Advisory Councils (EEAC)*

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