

RURAL DEVELOPMENT POLICY AND ITS FUTURE IN EUROPE 2020 STRATEGY

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ABSTRACT

Rural development, broadly characterized as a process to enhance the quality of life of rural residents and the economic performance of rural areas, is predominantly supported at the EU level by the CAP – particularly its second Pillar – and the Cohesion Policy. The EU policy for supporting rural development beyond 2013 is currently a topic of debate amongst stakeholders and the European Commission. Europe has a growth deficit, and according to different points of view, the excessive supports should be cut, but the primary objectives of the CAP – namely, to provide the population with quality food, to guarantee food security, to meet environmental, public and animal health requirements, and to maintain rural communities – should be maintained. The EU will have to face the economic crisis and its threats, such as poverty, market loss, decreased production in the less favored areas and fight against environmental crisis. How can be these problems solved equally? How can the environment be maintained in line with the development of rural areas? How should it be financed? Several thoughts have arisen concerning the future of the CAP, from re-nationalization of the subsidies to the conversion of the two pillars of the CAP into three pillars; the debate is not yet finished. The significance of rural development is unquestionable; deliberate objectives and measures may solve the economic, environmental, social and global challenges. This paper wishes to compare former rural policies with visions for the future.

Keywords: CAP, Europe 2020 Strategy, rural development

INTRODUCTION

Europe 2020 is the EU's growth strategy for the next decade to meet the challenges of the global changes and to meet the needed levels of employment, productivity and social cohesion. The Strategy has set five key objectives on employment, innovation, education, social inclusion and climate and energy to be reached by 2020. The Member States shall adopt their own national targets in each of these areas.

The Common Agricultural Policy is the main document regarding of agricultural production and the farming communities, which has been confronted several changes due to global environmental, social and economic reasons. An extensive public debate was organised by the Commission in 2010, and the European Parliament has adopted a report on the CAP after 2013 which fits to the Europe 2020 Strategy. The objectives of the Europe 2020 Strategy and the future CAP have common features, as the agriculture is an integral part of the European economy

and society. The reform of the CAP should be continued, and the main objectives of the general objectives of the European Strategy shall be taken into consideration.

This paper wishes to examine the common related objectives of these two documents, particularly in terms of rural development.

MATERIALS AND METHODS

The main purpose of this paper is to summarize the objectives and the connected measures of the two most important European documents for the future decade and to find the common features in the aspects of the rural areas and rural communities. The paper is mainly descriptive, a wide range of secondary sources were used including the international and Hungarian literature, EU policy documents, along with the detailed information of the rural development features of the former and the present programming period. The comparison of the Europe 2020 Strategy and the future CAP in rural development aspects is based on different EU and national documents and the information collected during the public debate.

RESULTS AND DISCUSSION

Objectives of rural development and its role in the Common Agricultural Policy

According to a standard definition, more than 91% of the territory of the EU is "rural", and this area is home to more than 56% of the EU's population. Rural development consists of different activities which final target is to help the rural areas to maintain the economic, ecologic and social functions in the society. It covers the local population and their living standards, their employment level, their income level and the local infrastructure. Additional rural development aspects are connected to cultural heritage and environmental sustainability. The rural development policy consists of three policies, namely income, environmental and social policies. The main objectives of rural development are to prevent rural out-migration, combating poverty, stimulating employment and equality of opportunity, and responding to growing requests for more quality, health, safety, personal development and leisure, and improving rural well-being (*The Cork Declaration*, 1996).

Rural development objectives may be divided as agricultural and non-agricultural objectives. The main objectives are summarized in *Table 1*.

The first Community rural development measures were implemented in the early 1970ies, on farm modernisation, measures to encourage the cessation of farming and on socio-economic guidance and occupational training for farmers. In 1975, a directive on mountain and hill farming and less-favoured areas was added. The first direct payments were connected to the supporting of LFAs. In 1985, these measures were replaced by measures in order to improve the efficiency of agricultural structures, by which measures were introduced to promote investment in agricultural holdings, installation of young farmers, forestation, land use planning and supporting less favoured areas (*Maácz*, 2001).

Table 1

Agricultural and non-agricultural objectives of rural development

Rural development	
Agricultural objectives	Non-agricultural objectives
<ul style="list-style-type: none"> – improving efficiency of farming – supporting sustainable agriculture – prevention and maintenance of environment and landscape – diversification of agricultural production, alternative activities, services – afforestation – reducing negative environmental impacts of agricultural production 	<ul style="list-style-type: none"> – village renewal and development – development of infrastructure – supporting the production regional and local products – development of alternative activities, tourism and manufacturing industry – development of the recreational use of rural areas – environmental protection – protection of the cultural heritage and traditions

The 1992 reform of the Structural Funds introduced new measures such as the promotion of high quality products, the renovation and development of villages and the promotion and conservation of the rural heritage.

In 1997, the Buckwell report set out new ideas for the evolving of the CAP, in which rural development and environmental aspects would play a more important role. According to the Report, the CAP would be changed into CARPE, i.e. Common Agricultural and Rural Policy for Europe, which objective would be to ensure an economically efficient and environmentally sustainable agriculture and to stimulate the integrated development of the Union's rural areas (*Buckwell et al.*, 1997).

The ideas of the Buckwell report were built into the Agenda 2000, in which the Rural Development Policy as the Second Pillar of the CAP was introduced. Thus, in addition to the market measures (First Pillar), rural development policy (Second Pillar) has become an essential component of the European agricultural model. The reform of 2003 has confirmed that rural development was one of the fundamental elements of the CAP.

The 2009 reform (Health Check) introduced five new measures into rural development policy: combating climate change, the development of renewable energies, water management, the protection of biodiversity, and the promotion of innovation and accompanying measures for the restructuring of the dairy sector.

For the financial programming period of 2007-2013 the following four new Axes were set out: Axis 1 for improving the competitiveness of the agricultural and forestry sectors, Axis 2 for improving the environment and countryside, Axis 3 for improving the quality of life in rural areas and encouraging diversification of the rural economy and Axis 4, (LEADER) for building local capacity for employment and diversification.

Reforming the CAP – CAP 2020

Since its creation, the CAP has always been adapted to respond to the challenges of its time, as a result of different internal and external reasons. The main objectives of the CAP has changed through its historical development from increasing productivity (from the early years till 1992) through improving competitiveness (since 1992) to improving sustainability (from Agenda 2000) (*Jambor-Harvey, 2010*).

Significant reforms have been made in the past decade, namely the CAP reform in 2003 and the Health Check in 2008, to modernise the sector and make it more market-oriented. Several points of view have been arisen in order to meet the challenges of the present days. There have been opinions about a CAP with three pillars: Food Market Pillar, which concerns the marketing and economic objectives and measures; the Rural Development Pillar which is connected to the development of rural areas and rural society; and, finally the Environmental Pillar, which would contain environmental measures e.g. climate change challenges.

In April 2010, the Commissioner for Agriculture and Rural Development Dacian Cioloș, invited all EU citizens and organisations to join the debate on the future of the CAP, its principles and objectives. The debate centred around four main questions: Why do we need a common agricultural policy? What do citizens expect from agriculture? Why reform the CAP? What tools do we need for the CAP of tomorrow? The extensive public debate, where 5600 contributions were received, concluded with a conference in July (*EC, 2010c*).

In the course of these discussions, the majority of views expressed that the future CAP should remain a strong common policy structured around its *two pillars*. The First Pillar should be greener and equitably distributed and the Second pillar should focus on competitiveness, innovation, climate change and the environment.

The three strategic aims of the future CAP should be to preserve the food production potential on a sustainable basis throughout the EU, so as to guarantee long-term *food security* for European citizens and to contribute to growing world food demand, to support farming communities that provide the European citizens with *quality, value and diversity of food produced sustainably*, in line with our environmental, water, animal health and welfare, plant health and public health requirements, and to maintain viable *rural communities*, for whom farming is an important economic activity creating *local employment*.

The most of the contributions identified *three principal challenges* so as they became the future objectives of the CAP:

- *Viable food production*: to contribute to farm incomes, to improve competitiveness of the agricultural sector, to enhance its share in the food chain, and to compensate production difficulties in disadvantageous areas, and to provide with safe and sufficient food supplies;
- *Sustainable management of natural resources and climate action*: to guarantee sustainable production practices and secure the enhanced provision of environmental public goods, to foster green growth through innovation which requires adopting new technologies, developing new products, changing production processes and to adapt actions to respond the challenges caused by the climate change;

- *Territorial balance and diversity of rural areas*, to improve the rural economy and promote diversification to enable local actors to unlock their potential and to optimize the use of additional local resources, to allow for structural diversity in the farming systems, improve the conditions for small farms and develop local markets, thus agriculture remains a major economic and social driving force in rural areas, and an important factor in maintaining a living countryside (EC, 2010b).

The main instruments of the CAP (direct payments, market measures and rural development) will remain, but they should be used in a more efficient way so as to respond the three main objectives.

The formation of the Europe 2020 strategy offered a new perspective for the CAP; as through its response to the new economic, social, environmental, climate-related and technological challenges facing our society, the CAP may contribute more to the development of the smart, sustainable and inclusive growth.

Europe 2020

The Europe 2020 Strategy tries to assess the weaknesses of the previous strategy and presents a range of integrated policy reforms to be implemented in the next years in order to accelerate economic recovery and job creation, which implementation do not require large public investments and have the greatest impact on growth and job creation

The Europe 2020 Strategy sets *five headline targets* which may have increasing importance in the present days and in the next future. These objectives are the following:

- *Employment*: increasing employment of the 20–64 year old population to 75%, through, among others, higher employment of youth, the elderly, the low-qualified, and through the increased integration of legal migrants;
- *R&D and innovation activities*: improving the conditions for research and development in such a way that private and public investment together reach a total of 3% of the GDP ;
- *Climate action and energy policy*: reduction of greenhouse gas emission by 20 per cent compared to 1990, increasing the rate of renewable energies to 20 per cent in the whole of energy consumption, and increasing energy efficiency by 20 per cent;
- *Education and training*: improving the level of education, with special efforts made to reduce school drop-out rate to 10 per cent, while at the same time increasing the rate of 30-34 year olds completing higher education, to a level of 40%;
- *Social exclusion and fight against poverty*: promoting social inclusion, above all by reducing poverty and by eliminating the risk of exclusion for at least 20 million people.

For the fulfilment of these goals, Europe 2020 Strategy puts forward *three priorities* which determine the exact way to reach the main objectives. The measures to be planned at national level shall be connected to these priority themes.

- *Smart growth*: developing an economy based on knowledge and innovation by encouraging people to learn, study and update their skills, creating new products and services that generate growth and jobs and to use information and communication technologies;

- *Sustainable growth*: promoting a more resource efficient, greener and more competitive economy, improving the business environment;
- *Inclusive growth*: developing a high-employment economy delivering social and territorial cohesion (EC, 2010a).

The full range of the present EU policies and instruments must be used more effectively to achieve the Europe 2020 objectives. These are, in brief, deepening the single market by improving and supporting entrepreneurship and to support marketing of products and services made in the EU, to use the financial support of the present EU funds (ERDF, ERF and Cohesion Fund) and to use external policy tools to make real partnerships with other non-EU countries.

In addition to these existing EU instruments, the Commission has presented the following *seven flagship initiatives* to catalyse progress under each priority theme:

1. *Innovation Union* to improve financing of research and innovation;
2. *Youth on the Move* to enhance the performance of education systems;
3. *A digital agenda for Europe* to reap the benefits of a digital single market;
4. *Resource efficient Europe* for sustainable economic growth;
5. *An industrial policy for the globalization era* to improve the business environment, especially for SMEs;
6. *An agenda for new skills and jobs* to modernise labour markets;
7. *European platform against poverty* to ensure social and territorial cohesion (EC, 2010a).

The main objectives of the seven flagship initiatives according to the three priorities are detailed in *Table 2*.

In autumn of 2010, Member States – in close co-operation with the Commission – worked on setting national targets and on developing strategies for their implementation. The a draft version of their National Reform Programmes should have been presented by mid November, indicating their envisaged national targets and the necessary reforms to reach these targets and remove long-standing barriers to growth. The fact that each Member State sets its own level of ambitions as regards the overall Europe 2020 targets is an important element of this strategy, ensuring that national targets are subject to an internal political debate (EC, 2011).

The national targets of Hungary are detailed in the National Reform Programme of Hungary, which draft version was developed after a public consultation and it was sent to Brussels in November 2010. The final version of the National Reform Programme of Hungary that is based on the Széll Kálmán Plan of the Government was released in April 2011.

The 5 strategic targets cannot be separated from rural development activities either they are agricultural or non-agricultural objectives. Considering the social features the population of the rural areas have low level of employment, the educational level is rather poor, the society is over ageing and the poverty is relatively high in these areas. These aspects may be connected to the following strategic targets: *Employment, Education & Training* and *Social exclusion & Fight against poverty*. The *R&D and Innovation activities* should be forced in the fields of agricultural production, new technologies, in environmental and energy aspects, using renewable energy sources in particular. Innovation and overall development is needed for improving competitiveness of the business sector. Sustainable and

ecological agriculture and food production, bio fuel production, afforestation, the reduction of GHG emissions are such activities which may be connected to the strategic objective of *Climate action & Energy policy*.

Table 2

Europe 2020 Priorities and Flagship Initiatives

HEADLINE TARGETS ↑↑↑↑↑↑		
Smart growth	Sustainable growth	Inclusive growth
<p><i>Innovation</i> "Innovation Union" improves framework conditions and access to finance for R&D and innovation so as innovative ideas can be turned into products and services that create growth and jobs</p>	<p><i>Climate, energy, mobility</i> "Resource efficient Europe" helps decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency</p>	<p><i>Employment and skills</i> "An agenda for new skills and jobs" supports modernisation of labour markets and empower people by developing their skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand, including through labour mobility</p>
<p><i>Education</i> "Youth on the move" enhances the performance of education systems and facilitates the entry of young people to the labour market</p>	<p><i>Competitiveness</i> "An industrial policy for the globalisation era" improves the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally</p>	<p><i>Fight against poverty</i> "European platform against poverty" ensures social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society</p>
<p><i>Digital society</i> "A digital agenda for Europe" that speeds up the use of high-speed internet and helps the e-administration for households and firms</p>		

Source: Using the information of Annex 1 of EC, 2010

CONCLUSIONS

Europe 2020 is a key European document which outlines the future of the European Union in economic, social and political aspects. The headline targets of this Strategy are in close connection with other strategic documents. The Common Agricultural Policy is one of the most important EU policies which determines the objectives of the European agriculture and the rural communities.

Examining the different literature sources and EU documents it can be stated that the reformed CAP may contribute to all of the priorities of Europe 2020 Strategy. Strengthening the R&D activities in the agriculture and using innovative technologies in food production may contribute to *smart growth*. *Sustainable growth* may be reached by those environmental issues which are determined by the CAP, as the European agricultural model takes both competitiveness and environmental issues into consideration. The efficient management of resources and the production of public goods are drawn up in the CAP and also contribute to sustainable growth. *Inclusive growth* is a crucial question in aspects of the population of the rural areas. These areas have a remarkable and irreplaceable contribution to jobs, but the uncertain income, the ageing population of the rural areas, the lack of new jobs that may be attractive for young people will not contribute to inclusive growth. This problem could not be solved without supporting rural areas.

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