

online

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The screenshot shows the website for the European Network for Rural Development. At the top, it features the European Commission logo and the title 'European Network for Rural Development'. Below this is a navigation menu with options like 'HOME', 'RURAL DEVELOPMENT POLICY', 'NATIONAL RURAL NETWORKS', 'EN RD THEMATIC INITIATIVES', 'EN RD LIBRARY', and 'EN RD EVENTS AND MEETINGS'. The main content area is titled 'European Network for Rural Development' and contains several news items with dates and brief descriptions, such as '19 April 2010: EN RD Seminar on Semi-Subsistence Farming in Sibiu, Romania has been postponed' and '14 April 2010: CAP Public Debate Post 2013'. A sidebar on the right includes a 'CALENDAR' section, a 'JOIN OUR MAILING LIST' button, and links to 'CAP PUBLIC DEBATE POST 2013', 'NATIONAL RURAL NETWORKS GATEWAY', 'EU RURAL REVIEW', and 'LEADER COOPERATION GUIDE'. At the bottom of the page, there is a 'Notice about site language' and a 'LAST UPDATE: 14/05/2010 | TOP' link.

The European Network for Rural Development ONLINE
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EU Rural Review

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Cultivating competitiveness
 of the EU farm, agri-food
 and forest sectors



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Chinese wine that was almost an exact copy of a European one. They are clearly exploiting our tradition and our way of doing things, and yet the product itself was absolute rubbish. [A lack of protection] would remove the motivation for European business to embark on product development."

Michel Petit, however, believes that certain types of European support for rural businesses are not necessarily outside the range of being challenged in further negotiations on international trade agreements. "Today under the second pillar [of CAP], there are certain measures that are loosely called 'rural' and relate to structural improvements (the modernisation of European agriculture) – for example, aid to young farmers who would like to establish themselves in agriculture. Some of those measures could be seen as subsidies to agricultural production and possibly incompatible with the green box. These measures could be challenged as causing more than minimal trade distortion. There are some pressures from some members of WTO to sharpen the criteria for green box eligibility. So far, it has not featured prominently in the Doha Round, but several members have asked for it to be put on the agenda."

Pesonen is also concerned about challenges to the green box. "If we can't provide any assistance to rural communities, I would find it very difficult to accept that we simply open our borders and let everybody come in and take advantage of our traditions. Our competitiveness relates to our design and tradition. I'm not optimistic of an agreement at the moment. But we don't hear anyone complaining that the EU hasn't done its fair share."

Future opportunities

In the past, international trade negotiations were kept separate from considerations concerning the environment and climate change. However, this may change in the future. Though there is a consensus that a new international trade agreement, such as a successor to the Kyoto Protocol, are still a long way off, Europe is primed to gain any possible competitive advantage these agreements may bring. Says Constantinou: "International agreements and, more generally, challenges of a global nature such as the environment and climate change, can be a source of opportunity for European producers because our citizens tend to be more sensitive and pro-active on such issues".

"Take the concept of public goods and services, which revolutionised the way the role of farmers is understood in modern society, opening up opportunities for them in providing eco-services and in benefiting from tourism. Think about the potential role that climate change pressure can play in promoting more sustainable and more viable production and 'green growth'. RDPs already contain a host of measures to help farmers and other rural actors and entrepreneurs to benefit from these developments and I could imagine that the next generation of programmes will be even richer in this respect."

T. HUDSON



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Agriculture and the rural environment continue to be regarded as ‘vital issues’ for Europe’s future. According to a recent Eurobarometer poll, an overwhelming majority of EU citizens believe this to be the case, and these findings lend support to the EU’s continued emphasis on the role of rural development policy in assisting rural areas’ ability to maintain viable agriculture, food and forestry sectors. Such a policy approach is being pursued, hand in hand, with the overarching goal of achieving an open and sustainable economy, which attracts investment and employment in our rural areas. In this way, the ambitious rural development agenda for Europe also contributes to the EU’s 2020 strategy for growth.

Agriculture, food and forestry sectors also provide sources for significant ‘green growth’ potential, an area of growing importance and significance in all sectors. Regional and cohesion policy is also active in this field and rural areas are benefiting from the EU’s complementary funding initiatives, which offer synergies from the fostering of market-orientation and business competitiveness throughout Europe’s countryside.

Support for a smarter, greener and more inclusive rural development policy received an injection of new funds following the CAP Health Check and these new finances are now beginning to make their mark in bolstering the Member State’s Rural Development Programmes (RDPs). In the design of the RDPs, the goal of improving the competitiveness of agriculture and forestry sectors has been included and significant sums of the new post-Health Check money have been invested in initiatives to improve competitiveness in an ‘environmentally-friendly’ manner, including more efficient energy and water saving, reducing pollution risks and progress in animal welfare, in addition to other measures that boost efficiency and reduce waste.

The issue of food security is also one of growing significance and as such, EU rural development policy is also now tasked with preserving natural resources and maintaining the capacity of EU agriculture to increase food production – significantly if required – by 2050. At the same time, rural development priorities continue to promote the EU's ability to use its important resource base in the most efficient way as well as sustain its ability to produce outputs for many different types of public goods.

This fifth edition of the *EU Rural Review* takes a closer look at how the issue of competitiveness in the EU rural development policy is working in practice. We investigate progress being made in this area and how the issue of competitiveness complements other rural development priorities. We also examine how different Member States utilise different types of RDP interventions and complementary actions to cultivate and strengthen the competitiveness of their rural areas, encouraging growth and innovation, as well as promoting new opportunities.

Of course environmental concerns are a major feature of any EU policy, and this magazine highlights this fact by exploring both the opportunities and challenges such issues pose for rural development stakeholders. Balancing the need to work towards greener growth – whilst maintaining a competitive edge in the global market place – is something we all need to work towards. Young farmers are featured as important drivers for market restructuring and development activities, as are ways in which support can help provide retraining and develop new skills and experience in rural areas. In recognition of other decisive factors for developing competitive advantages across rural Europe, such as entrepreneurship, innovation, cooperation and knowledge transfer, this edition of the *Rural Review* hopes to foster new ideas and the exchange of experience in a way which enables the goal of competitiveness to be achieved.

Furthermore, being published at a time when the focus of much attention is on the future direction of CAP post 2013, this publication provides an apt reminder of the widespread benefits that can be gained from reinforcing the multi-functional roles that agriculture, agri-food and forestry related businesses play in sustaining and developing Europe's rural economy.



Rural Focus

Supporting EU agriculture,
forestry and agri-food industries:

combining
competitiveness and
multi-functionality



Competitiveness of agriculture, forestry and the agri-food industries is a core objective of the EU's rural development policy, and support for such actions is channelled through a dedicated thematic axis, namely axis 1 which contains a toolbox of development measures that are helping Member States to address the differing competitiveness needs of these particular industries.

Improving the competitiveness of farms and the agri-food sector has long been one of the main concerns of the EU. As early as the 1970s, the aim of agricultural policy was to modernise farms, in particular by means of direct subsidies to farmers intended for investment in physical capital. These subsidies facilitated a considerable increase in production per working unit in the agricultural sector.

For the past ten years, due to the changing international context of European agriculture and the new orientations of European policy and its Common Agricultural Policy (CAP), the requirement for competitiveness in European farming has changed.

Firstly, increased international competition and the pressure exerted on Europe in international negotiations have led the European Council, through the Lisbon agenda (introduced in 2000 and updated with the new EU 2020 strategy¹), to set itself the task of maintaining and improving the EU's strong global position as a competitive knowledge-based economy. The need to improve the competitiveness of European agriculture was initially perceived in relation to modernised agricultural systems as found

in the United States, with larger surface areas utilised and the constant drive to be at the forefront in terms research and development or other rural innovations. However, competition is increasingly observed in relation to the agricultural sectors in other third countries, including a number of emerging economies which enjoy a competitive advantage due to their low labour costs.

Secondly, the EU's expansion has led to a major increase in the economic disparities between farms in Europe. It is essential to improve the competitiveness of those least productive, to ensure social cohesion within the EU and promote greater homogeneity among its farmers.

Thirdly, improving competitiveness must be a qualitative process. The changing motivations behind competitiveness must be aligned with the new orientations of the CAP. It is not simply a question of targeting a larger volume of production per worker, nor of producing at a lower cost. It is also a question of promoting a new, competitive agriculture and food industry in Europe which is: i) more market-oriented due to the gradual disappearance of export subsidies and of support for agricultural product markets in the reformed CAP; ii) more economical

in terms of inputs and consuming less fossil fuel energy; iii) oriented more towards quality and safe products with higher value-added; and iv) more environmentally-friendly and efficient in terms of providing environmental services for the rural community and society as a whole, such as the quality of the landscape, contribution to biodiversity, etc.

Improved competitiveness must be concomitant with the development of the multi-functional nature of European agriculture. This orientation is incorporated in the Gothenburg strategy defined by the EU in 2001, promoting sustainable development.

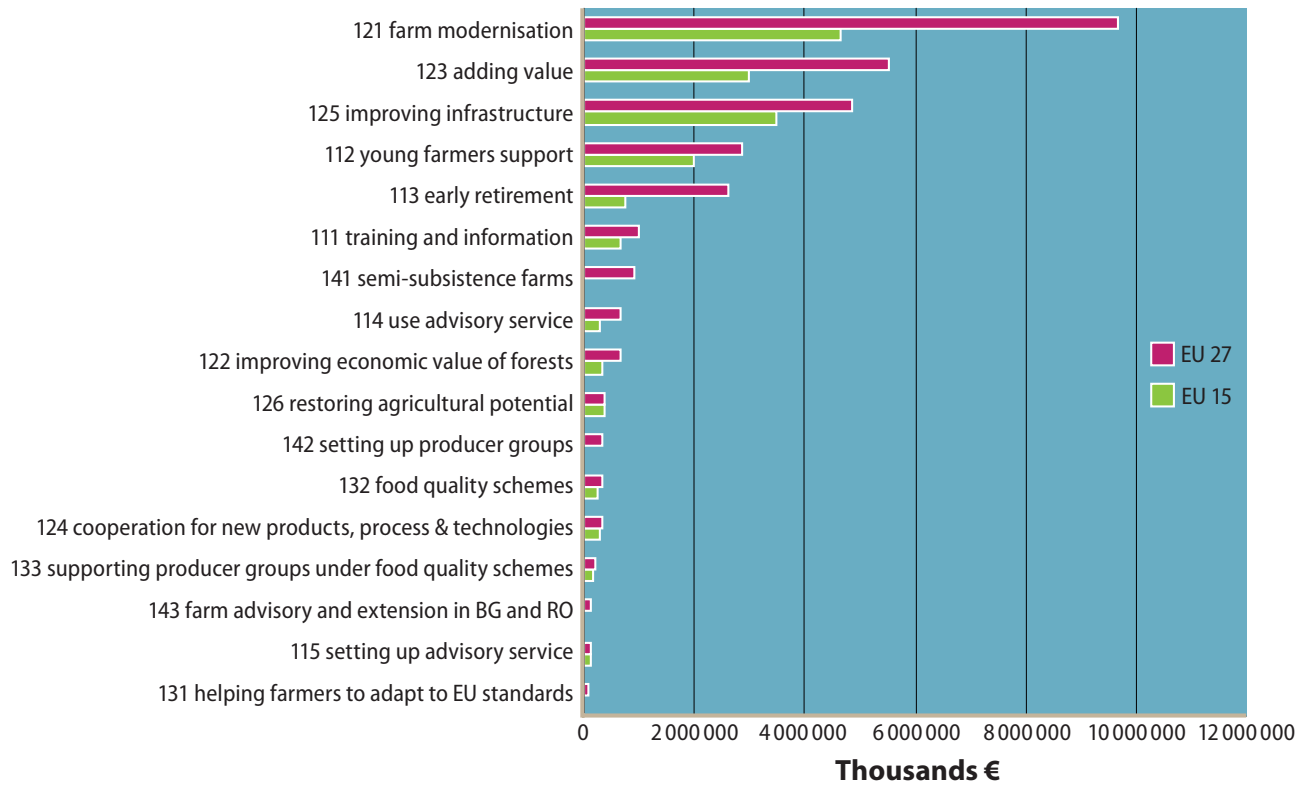
Competitiveness levers

Axis 1 of the EU's rural development policy for 2007-2013 consists of 15 measures which must be co-financed by the Member States. Each country has selected the most appropriate of these measures for inclusion in their Rural Development Programmes (RDPs). Figure 1 notes the different measures and highlights the total funds at EU level that Member States have committed to individual measures.

¹ Commission Communication "Europe 2020: a strategy for smart, sustainable and inclusive growth": <http://ec.europa.eu/eu2020/pdf/COMPLETE%20EN%20BARROSO%20%20%2007%20-%20Europe%202020%20-%20EN%20version.pdf>
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/225&format=HTML&aged=0&language=EN&guiLanguage=en>

Figure 1: Axis 1 measures of the 2007-2013 programming period

(DG AGRI-Rural Development in the European Union-Statistical & economic information - Report 2009)



Each of the fifteen RDP measures under axis 1 contributes in different ways to achieving the objective of ensuring the competitiveness of the European agricultural and forestry sectors. Four major levers can be identified to stimulate this competitiveness and each are adopted to a greater or lesser extent in each country, according to the situation and the specific needs of their agricultural and forestry sectors.

Mechanisation and modernisation

The first lever, introduced some time ago at the very outset of the agricultural policy was defined by the original six members of the European Community, and it relates to modernisation and mechanisation. It is founded on investment in physical capital and infrastructure, with a view to reducing the direct costs of production and making labour more productive in small-scale agricultural, agri-food and forestry firms with a low level of mechanisation.

Member State RDPs use two types of measures to achieve this goal. Firstly, by providing direct subsidies and/or interest relief on loans, the RDPs can help farmers acquire equipment to mechanise (and computerise) their farms, as well as build or renovate buildings for livestock, etc. Even today, aid for the modernisation of agricultural holdings (measure 121) is still one of the most important measures of axis 1 (31% of the programming within the context of the RDP 2007-2013).

Secondly, improved efficiency can be obtained by means of collective measures to reduce production and transport costs such as: land consolidation – to reduce the number of plots of land, or infrastructure – to facilitate access in the forestry areas. Measure 125, ‘improving and developing infrastructure related to the development and adaptation of agriculture and forestry’, provides beneficial opportunities for this aspect of modernisation.

At present, the newer Member States are particularly concerned with this first lever of competitiveness due to the small scale of a majority of the largely non-mechanised farms in these countries and the poor quality of their rural infrastructure. In Poland for example, at the end of 2009, almost 45 000 requests had already been filed by Polish farmers to take advantage of measure 121, while 350 land consolidation projects have been programmed for the period 2007-2013. Furthermore, in light of the reinforced emphasis on new rural development challenges, following the CAP Health Check, the Polish government has increased the importance of its RDP support for modernising or reorganising dairy farms. “The image of the Polish peasant using a horse and plough in his field still exists maybe but that’s the past and the vast majority of farms in Poland are now up to European standards” said Wiktor Szumelicz, president of Poland’s National Council of Agricultural Chambers.



Strengthening competitiveness skills

A second key lever of RDP support for improving competitiveness is axis 1's investment in human capital. In line with the Council's Lisbon and 2020 strategies, which promote a knowledge-based economy, the EU needs better-trained rural farmers and entrepreneurs with a view both to ensuring improved technical performances and to anticipating or responding to market signals, thus becoming more market-oriented.

Different measures contribute to achieving this goal within axis 1. Some of these measures may concern all farmers or foresters, consisting of aid for consultancy or training services (see figure 1: measures 111, 114 and 115). However, possibly the most important measure that targets young farmers is: setting up young farmers (measure 112). This is another priority which has been enhanced by the EU following the CAP Health Check, with an increase of the maximum amount of support for setting up from €55 000 to €70 000.

France, for example, has always placed increased emphasis on this measure, which represented 30% of the expenditure of the last three years on axis 1 of its RDP 2007-2013 (French Ministry of Agriculture database Osiris-November 2009). In helping young farmers, the emphasis is placed on training and developing knowledge (young people must have attained a minimum level of education in order to benefit from this aid). They must also participate in various training sessions including, among others in France, a six month placement on other farms with a view to broadening their horizons and expanding their ambitions. Furthermore, this aid allows young people who are not from an agricultural background but who have a good level of general or higher education and who wish to become farmers, to set up business in the sector.

These new farmers, who are more open to the outside world and to the new expectations of society and consumers, are potentially excellent proponents of a new competitive agriculture in Europe, but they require access to the financial aid, advice, assistance and training that is provided for in the RDPs. This enables them to acquire the know-how and additional technical agricultural qualifications they may be lacking. The testimony of Jérémy Parnaudeau, a young 27-year-old goat farmer (50 ha, 33 goats) who set up his business in a mountainous region of southern France in 2009, is a good illustration of this. Coming from a non-agricultural background with a degree in geography, he chose to "live and work in the countryside". He began in 2007 with a mandatory six month placement with an organic goat breeder/cheese maker who acted as his tutor: "On the technical level I learned everything as I followed the entire production cycle – the placement period was very useful. Without the aid, I would never have set up my own business, it just wasn't possible. I was lucky to find a farm quickly and the sponsoring system also enabled me to take over the farm's clientele and so to safeguard the marketing aspect, in particular at markets (two per week) and with restaurants. The training also taught me a great deal." Jeremy and his partner were awarded direct aid worth €31 050 and a low-interest loan of €87 000. This RDP assistance, involved co-finance from the European Agricultural Fund for Rural Development (EAFRD) with the remaining aid provided by the French state and the Languedoc Region.

Product quality

A third level of RDP competitiveness support is founded on increasing the added value of products by means of quality and product innovation policies. Several measures in axis 1 can be implemented by the countries or regions to achieve this goal. These are particularly common in the regional RDP from Spain and Italy, where, in Venetia for example, small and medium sized agri-food businesses can benefit from measure 123 for investment aid, with a view to implementing quality and traceability policies for their products, developing supply chains and marketing platforms. Cooperation among local operators is also promoted in Venetia and the region encourages producers and processors to implement joint quality schemes in order to distinguish their products on the markets, via support for qualification, certification and local traditional product schemes through measures 132 and 133. In Navarra support under measure 123 is granted for the development of small agri-food businesses, of artisan character, in order to obtain products of good quality and differentiated characteristics on the basis of local agricultural products.

Competitiveness and the environment

A fourth important lever which contributes to the renewed competitiveness of European agriculture reflects some of the core factors leading up to and stemming from the CAP Health Check. These relate to supporting EU agricultural, forest and agri-food sectors in becoming more environmentally-sensitive, climate-friendly and energy-efficient.

At the same time, firms are encouraged to develop new activities with a positive environmental impact, in particular the production of green energy.

Countries or regions practising intensive livestock husbandry techniques and which, in recent decades, have best modernised their agricultural systems and achieved very high levels of productivity are now the most directly concerned by this requirement for new agricultural competitiveness. In some Member States, the concentration of cattle and pigs in limited areas, results in the presence of excess nitrates in the soil and water, very high emissions of greenhouse gases (methane) and high energy consumption.

Denmark for example (with its 13 million pigs) made this a priority of its revised RDP in 2009. The Danish RDP is part of the vast national “Green Growth” plan, implemented in June 2009. Axis 1 is incorporated here with the main aim of encouraging farmers to produce green energy using the methanisation of animal manure and includes investment aid for these new technologies in which farmers must be trained and advised. To achieve this, the aid is combined with the dissemination of new knowledge and the organisation of demonstrations, which can be co-financed through measure 111. Danish agri-food industries are also encouraged to reduce their negative effects on the environment and to increase their energy efficiency by using more renewable energy. Measure 123

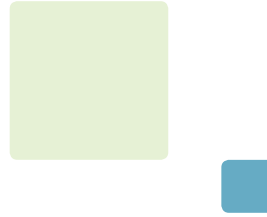
assists this type of rural development activity by targeting small and medium sized agri-food or forestry businesses with the provision of up to 40% aid for investments in capital relating to these objectives.

Combining competitiveness and multi-functionality

The wide range of measures available through the RDPs currently enables Member States to emphasise each of the aforementioned levers of competitiveness to a greater or lesser extent. Member States are able to use synergies between competitiveness and sustainability in their RDPs to provide services to society in addition to products.



Restructuring and modernisation of EU farm and agri-food industries



Restructuring and modernisation of farm and agri-food industries is a core long-term objective of EU rural development policy, which is designed to reflect different restructuring and modernisation needs in different Member States.

What will farm technology look like in 10 years time? According to an EU research project exploring future visions of agricultural engineering and technologies for 2020, European agricultural technology for crop production and livestock husbandry will lead the world in 2020. Electronics, automation and robotics will be widely used. Farm power and machinery will have adapted to the use renewable energy sources like bio-based synthetic fuel, hydrogen and fuel cells. Farm equipment is more specialised and more optimised than ever before. Fertiliser application technology will react to the needs of small areas of the crop or even single plants. Robotic ‘sheepdogs’ will be responsible for management tasks, as well as for livestock herding activities in cattle and sheep husbandry.

We are of course still far away from such a utopian image of European agriculture, and important challenges lie ahead. However, specific measures within Member States’ Rural Development Programmes (RDPs) aim to modernise the physical potential of farm and agri-food industries through various means. Pivotal in this process is the role of technological advancements that can assist in modernising and enhancing the efficiency of many EU farms and other rural businesses.

Supporting sustainable agriculture in Belgium

The Rural Development Network in Belgium’s Wallonia region is providing information to farmers about energy-saving solutions. This is in response to the growing trend in farm modernisation approaches that incorporates energy-saving solutions in order to reduce production costs. “A farmer who is producing energy should be able to make use of this on their own farm, and sell the surplus. Today’s legal constraints in our region, prevent farmers from doing this. This is an important area where the Rural Development Network can get involved in order to assist farmers, but also to make recommendations for legislators” says a member of the Agricultural Federation of Wallonia.

The Rural Development Network of Wallonia aims to help farmers overcome the technical, financial, administrative and regulatory difficulties in relation to developing energy-saving solutions in the agricultural sector. Activities have included bringing together regional energy advisors with members of agricultural associations in a thematic workshop event. The knowledge transfer workshop provided a facility for experience exchanges about good practices in energy efficient farming, and the Network is collating a collection of examples on the topic to be disseminated as a new guidance publication.

Future farming generations

One of the main target groups of 'human potential' measures is the young farmers group, since younger generations tend to be more receptive to modern concepts of sustainability and innovation and to gearing RDP restructuring efforts towards the future. In addition, population ageing is a serious challenge in Europe, especially in rural areas. For instance, the 2007 State of the Countryside report by the UK's Commission for Rural Communities showed that there are almost 400 000 fewer young people aged 15 to 29 living in rural areas in England than just 20 years ago. Trends are similar in other European countries.

"Young people don't want to settle as farmers anymore... seeing the hard living conditions experienced by their parents does not encourage them," says a French rural youngster. The measure 'setting up of young farmers' aims to address the unfavourable age structure in rural areas and help improve the image of farming as an attractive modern career move. For example, RDP funds are available to encourage young farmers to invest in new high-tech equipment and modern computerised approaches, both of which can help improve business competitiveness and secure income levels that appeal to the ambitions of younger generations.

Newer Member States

Farms in the newer Member States are particularly exposed to the pressures of competition, and substantial amounts of RDP resources are being invested in promoting restructuring and modernisation here. The successful transition of many rural economies in these countries will depend, among other things, on improvements in productivity through modernisation and technological development. RDP funding allocated to the modernisation of physical potential in these countries often aims at improving and replacing old machinery, and increasingly farms in newer Member States are turning towards modern technologies.

T. HUDSON



Improvements at the Yankovi farm in Bulgaria: A new manure separator

Daniela and George Yankovi are Bulgarian lawyers who quit their previous jobs in justice and animal welfare three years ago to become farmers, and they now manage a herd of some 130 Holstein-Friesian cows.

In 2008, they applied for support from the Bulgarian RDP's 'modernisation of farm holdings' measure. Their objectives were to increase the overall efficiency of their business and introduce better environmental protection systems in order to help comply with the EU Nitrates Directive. They received an RDP grant to co-finance construction of a new storage and manure-processing system. This project is one of the first of its kind in Bulgaria and holds significant demonstration value for other farmers as an example of how RDP support can be used to modernise farm waste management in a way that also solves problems regarding manure storage.

The Yankovi family are proud of their project and remain keen to invest in other developments to restructure their agri-business model by increasing the size of their farm and concentrating on the quality of their products. According to Daniela Yankova, "Development of modern farming and production of quality food products enhance the whole society". She also believes that her business has a bright future and considers it important that the RDP is able to distinguish between the development needs of smaller farms and those of large industrialised food production units, since the competitiveness of both large and small farms is important for a balanced Bulgarian rural economy.



Restructuring semi-subsistence farming

About 10 million of the 14 million farms in the EU are under 5 hectares in size. A large number of these small farms are found in countries such as Romania, Bulgaria, Poland, Hungary, Italy, Greece and Spain where they often operate on a subsistence or semi-subsistence basis. Semi-subsistence farmers can also benefit from several other RDP measures – both 'mainstream' measures available to all Member States (e.g. training, advisory services, farm diversification) and certain special transitional measures available only to newer Member States (specific support for semi-subsistence farming

undergoing restructuring; support for setting up of Producer Groups in order to help access markets) can help semi-subsistence farmers restructure, modernise and increase competitiveness.

Key constraints on the EU's rural development agenda for semi-subsistence farmers include: the physical size of land holdings; limited access to financial capital; relatively low skill levels; short term perspectives; and lack of awareness about commercial opportunities.

RDP support is available to address such issues and is fostering structural changes in the semi-subsistence sector through axis 1 assistance. Eligibility criteria have been established in order to carefully target restructuring and modernisation aid, where it is expected to have most effect. For instance, in Bulgaria, semi-subsistence farm support is granted to farmers aged up to 60, whose farms represent 1-4 Economic Size Unit (ESU)¹. These farmers are required to have prepared a robust business plan for their agricultural holding. A follow-up monitoring programme is in place to track progress of the RDP beneficiaries and milestones are set for farmers to demonstrate that, at the end of five years of receiving RDP support, the holding has become economically viable (i.e. has reached and/or exceeded the economic size unit (ESU) of 4 ESU, and has grown by a minimum of 3 ESU).

¹ An Economic Size Unit (ESU) is a measure of the economic size of a farm business based on the gross margin for each commodity on the farm.

The implementation of these and other RDP schemes supporting semi-subsistence farming in newer Member States is still at an early stage.

Summing up

Looking forward to 2020 it is clear that rural Europe is faced with many opportunities for modernising and restructuring its traditional economic base. The process will require different actions in different regions and RDPs are tailored towards meeting territorial rural development needs.

On-going trends in RDP support for modernisation and restructuring will continue to target improvements in competitiveness, the strengthening of the viability of rural areas, supporting environmental sustainability and increasing food production. Other

priority areas include facilitating the transition of Europe's vast numbers of semi-subsistence farmers, assisting the dairy sector to align itself with changing market conditions, tackling climate change impacts, and stabilising demographic factors.

Key RDP tools to implement these policy objectives comprise co-financing investments in new technologies, infrastructure upgrades, quality schemes, innovation support, early retirement and young farmer assistance, partnership and other new approaches.

Challenges remain, and much work needs to be done by many stakeholders, but the potential exists for the EU's agricultural sector to lead the world in 2020, and EU rural development policy has an important role to play in contributing to this vision.

Hungarian farm support in practice

The Sztancs family from Nyíradony in Hungary's Hajdú-Bihar county makes its living from arable and livestock farming. The family had previously experienced difficulties producing a sufficient scale or range of goods for sale but the Sztancs received business funding from Hungary's previous (2004-2006) EU rural development support system and this EAGGF support has helped them to continue farming.

The EU grant increased the productivity capacity of their business by co-financing the construction of new storage facilities. This has allowed the farm to improve its economies of scale and provide more reliable supplies of higher quality products for wholesalers.

Today, the son of Laszlo Sztancs, who is a vet, comments on how difficult it had been to operate their farm in the past, and he believes that without EU farm support his parents' farm would not have survived. "We certainly don't want to leave this area or sell our lands" – says younger Laszlo Sztancs – "We will try to keep all our land, especially the plots that my father and grandfather have nurtured. We are a hard-working family."

Availability of current RDP support in Hungary improves prospects for farmers like the Sztancs to stay in their homelands, reap benefits from their hard work and develop their businesses to become viable and competitive enterprises.

Further information

For further info on 'Vision 2020' by MANUFUTURE:
www.manufuture.org

For further info on FMP in Northern Ireland:
<http://www.dardni.gov.uk/index/rural-development/rdp-campaign.htm>

Strategic Guidelines for Rural Development:
http://ec.europa.eu/agriculture/capreform/rdguidelines/index_en.htm



R.BARBU



Achieving environmentally sustainable competitiveness

Rural development measures offer many opportunities for enhancing the competitiveness of the agricultural, food and forestry sectors, but in a way that is environmentally sustainable, using fewer resources and producing less pollution.

EU rural development policy aims to improve the competitiveness of the agricultural, food and forestry sectors. However, it is important that these improvements are not achieved at the expense of the environment, but instead that synergies between competitiveness and environmental sustainability are sought.

In Northern Ireland, the Fivemiletown Creamery, a small farmer-owned cooperative making and selling a range of local cheeses, has made use of current available RDP funding, to introduce new technology to help solve a waste problem and improve the efficiency and profitability of their operation. The whey, a by-product of the cheese-making process, was originally used as pig feed. However, by installing a reverse osmosis plant in the Creamery, the company has been able to increase the solid content of their whey which can then be sold for use in isotonic drinks. Not only is the whey now able to achieve a commercial value, but its environmental impact has been

reduced, as it only requires a quarter of the space to transport, thereby reducing greenhouse gas (GHG) emissions.

Policy Background

Ensuring the competitiveness of the agricultural sector has been a guiding principle of successive reforms of the Common Agricultural Policy (CAP), particularly over the past decade as the role of the market becomes increasingly significant in determining what gets produced, how and where. At the same time, there has been an increasing emphasis on the need for farming activities to be environmentally sustainable.

The Sustainable Development Strategy (SDS), agreed by the European Council in Göteborg in June 2001, set out a number of guiding principles for the CAP, stating that “strong economic performance must go hand in hand with the sustainable use of natural resources...”. These principles were confirmed in the Lisbon Strategy

of 2003 and reiterated in the renewed EU SDS of June 2006, which emphasises that “economic, social and environmental objectives can reinforce each other and they should therefore advance together.”

Measures for restoring and enhancing the competitiveness of rural areas have been part of rural development policy since 2000. The Community Strategic Guidelines for the European Agricultural Fund for Rural Development (EAFRD) highlight the need to improve competitiveness in order to meet evolving market demands through embracing “new approaches, technologies and innovation.” This should, however, also contribute to sustainable development, and one of the key actions on which Member States are encouraged to support, includes promoting the productive efficiency and the quality of products through “improving the environmental performance of farms and forestry”.

Malta – Investments in environmentally sustainable technology

The prevalence of small-scale farms, characteristic of the Maltese agricultural sector, exposes farmers to inherent structural weaknesses. These are being addressed through the use of the farm modernisation measure, which provides support to land managers for making environmental investments that also help improve their competitiveness.

Farmers are eligible for grants to adopt environmentally sensitive technologies, with priorities including increasing water savings and the use of alternative energy sources. By March 2010, 344 eligible applications had been received.

The majority of the funding has been used to target the livestock sector. Grants have been used for the installation of photovoltaic panels or wind turbines, to generate renewable energy. Water savings have also been made through investments in small-scale water catchment facilities, and harvesting rainwater from the roofs of cattle yards, which is then used for cleaning purposes. Water conservation has also been achieved in the crop sector, with grants used to construct underground water reservoirs to collect rainwater, which is then used for irrigation in summer.

Creating win-win solutions that deliver both economic and environmental benefits is central to the concept of 'green growth', a concept that is at the heart of Europe 2020, the EU's proposed new strategy for growth and jobs. The CAP and rural development policy will need to be compatible with the new strategy and the agriculture, forestry and food sectors will have an important role to play in contributing to its objectives.

"Europe's rural areas are the principal providers of environmental services. The huge variety of businesses in these areas provide not only the bulk of our food, but also look after the cultural landscape, biodiversity and a great deal of our water and soil resources too. The CAP has long had a twin role in providing the conditions for competitive, productive food production as well as stewarding the environment. However, it is only recently that we have begun to appreciate the quantum of environmental public goods that are and could be delivered by our farms and forests. A double win can be achieved through developing an efficient, profitable farming sector, producing high quality food, which is supported by policies to supply eco-system services, including reductions in GHG emissions, carbon sequestration and contributing to renewable energy. The role of a securely funded CAP will be critical in achieving this goal." Allan Buckwell, Chairman, European Landowners' Organisation Policy Group.

Relevant measures

A number of rural development measures can be used to improve the competitiveness of farm, food and forestry industries in a sustainable way. In particular, measures under axis 1 that support farm modernisation, infrastructure improvement, improvements in product quality, as well as training and advisory services have the potential to be utilised for activities that improve both the economic efficiency of businesses, as well as achieving positive environmental outcomes.

For example, the farm modernisation measure (121) can be used to provide grants for upgrading farm infrastructure, such as improving waste or nutrient management through improving storage facilities for animal waste or silage, upgrading or installing winter housing for livestock to improve grazing management, or investment in manure-spreading equipment or anaerobic digestion facilities. These actions can lead to improvements in water quality and reductions in GHG emissions.



T. HUDSON

France, Champagne-Ardenne: 'Plan Végétal pour l'Environnement' (PVE)

In France, the farm modernisation measure is being used to combat the environmental impact of agriculture by supporting investment in precision farming equipment. At national level the focus of the PVE is to reduce pollution from pesticides and fertilisers, reduce soil erosion, reduce pressure on the use of water resources and improve energy efficiency at farm level. Investment in new equipment is intended to address these environmental issues at the same time as helping farmers gain an economic advantage in the market. The government is partly funding this programme, in conjunction with local authorities and water agencies. Investments can be between €4 000 and €30 000 (up to €80 000 for cooperative farms).

Although the programme has a detailed list of eligibility requirements, some regions found that their financial resources were insufficient to cope with demand. In Champagne-Ardenne, the PVE was so successful in its first year that many applications had to be turned down. A more stringent application system has now been put in place, which prioritises investment in modern equipment for planting hedgerows, alongside investments to reduce the use of pesticides.



T. HUDSON

Grants for improvements in infrastructure have been used, in some Mediterranean countries in particular, to support improvements in irrigation technology and collective investments in the construction, upgrading, restoration and modernisation of water storage and supply facilities. These types of investments offer opportunities to reduce agricultural water use, although the extent to which this occurs in practice, depends on the infrastructure improvements delivering net water savings.

The training and advice measures also play an important role in improving water quality, soil management and energy efficiency as well as enhancing biodiversity. Member States, including, inter alia, France, Austria, Italy, Latvia and Romania provide training to farmers on the more efficient use of fertilisers, while others, like Belgium, the Netherlands, Sweden and the UK provide training and information on energy efficiency, opportunities for generating renewable energy and developments in environmental technology within their RDPs.

In addition, in some areas, training and advice is directly related to agri-environment schemes, demonstrating how certain actions, for example creating buffer strips with seed mixes that attract pollinating insects and birds, can help to deliver high levels of biodiversity with minimum impacts on farm productivity. The measures are also relevant for the forestry sector, and Member States like Austria are providing training to improve the qualifications of foresters and forestry workers in relation to renewable energy, environmental obligations and nature protection.

The extent to which the measures for adding value to agricultural and forestry products, or cooperation for development of new products, processes and technologies, have been used in a way that also benefit the environment, is less clear. The food quality measures are used in some areas, sometimes in conjunction with the agri-environment measure, to promote food products, particularly livestock products, that are produced from traditional breeds associated with extensive grazing systems, which themselves are associated with high levels of biodiversity and make

important contributions to landscape character, carbon storage and soil functionality. These measures can also be used to improve the energy efficiency of production processes, improving waste management or improving farm animal welfare, and in some countries, such as Finland, the measures are being used to incentivise the processing of non-food products into bio-energy.

Currently there are some examples, beyond those mentioned above, of RDP measures being used in conjunction with one another to provide sustainable outcomes for the EU agricultural, food and forest sectors. However, one area where with potential in this regard, is in the field of renewable energy, where axis 3 measures can be combined with axis 1 measures to provide both the feedstock and the infrastructure needed to source energy at local level.



Sweden, Hedenäset – Bio-Energy production

The local heating plant in Hedenäset, northern Sweden, provides heat from bio-energy to all the municipal buildings in the village and about 40 private houses. Two years ago all these houses were heated with oil or electricity, which has now been replaced with local bio energy. The heating plant is owned by nine local businesses, some of them farm and forest owners. Wood chip from local forest owners is the raw material today, but in the future the wood chips will be combusted in combination with reed canary grass. Some of the partners in the heating plant will deliver the reed canary grass from their own farms.

The plant delivers about 1.6 Megawatts, but has the capacity to increase production to 2 Megawatts. There are 16 private house owners queuing to connect to the distribution net. The total cost for the plant is €694 000 and the RDP finances €192 000 through the axis 3 diversification measure.

Hedenäset is a prototype for the whole of Sweden, demonstrating how electricity and fossil fuels can be replaced in an economic and environmentally efficient way, at the same time as generating energy production at the local level.

Challenges for the future

The 2008 Health Check of the CAP and the 2008 European Economic Recovery Plan have provided an additional €5 billion of EAFRD funding for all RDPs during the 2009-13 period to meet the new challenges of climate change, renewable energy, water management and biodiversity, innovation linked to these four challenges, support for broadband or for accompanying measures in the dairy sector. This provides Member States with significant opportunities for increasing the amount of funding available to promote more efficient and sustainable agriculture and forestry activities. For example, Finland and Sweden have both focused a proportion of this expenditure on promoting renewable energy production, while others are prioritising better water management through improvements in irrigation technology (Italy) and/or waste management (the UK).

Despite the range of opportunities which exist for the use of axis 1 measures to promote environmentally sustainable improvements in efficiency and competitiveness, more could be done to maximise such win-win solutions. One of the challenges for the future will be, the further enhancement of integrated and sustainable solutions for the economic, environmental and social issues facing local areas, through developing integrated packages of measures from across the axes to tackle particular priorities.



FORESTRY COMMISSION

“ It is critical that rural development measures across all axes are combined more effectively to create synergies for competitiveness, human capital, environmental and quality of life objectives, with explicit environmental safeguards set for all investments in physical capital, to prevent environmental damage. ”

Ariel Brunner, Head of EU Policy, BirdLife International



T. HUDSON

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http://ec.europa.eu/agriculture/events/cyprus2008/index_en.htm



Nurturing agricultural competitiveness and entrepreneurship: success stories from Denmark

Denmark's agri-food sector continues to benefit from a range of EU rural development support that is assisting investments in technology and innovations to enhance the sector's ability to compete and grow in a sustainable manner.

The Danish agricultural sector is in a continuous process of change and optimisation and Denmark's national Rural Development Programme (RDP) supports this process by providing funding for innovative business development projects, environmental improvements and quality products. The aim is to strengthen the Danish agri-food sectors' overall competitiveness.

Win-win benefits from pig waste

An example of this agri-business innovation can be seen in the RDP support provided for the AgroPlast piggery, which has established the first Danish pilot plant for transforming swine waste into wood glue or plastics. The business philosophy driving this project stems from the belief that the revenue potential from waste processing outweighs the expense.

Pig slurry is separated by the plant so that the thin odorous part can be used in the plastic production process and the dry material is used by farmers for spreading on fields as fertiliser. The processed waste smells similar to composted manure and therefore has a reduced environmental impact when compared to normal slurry. Other ecological benefits from this innovative project include the removal of nutrients from livestock buildings which reduces pollution risks.

Much of the slurry is converted into glue and chipboards which provide additional income generation opportunities for the piggery. This type of project clearly demonstrates the win-win benefits that can be achieved through innovative environmental improvements supported by business competitiveness measures in the Danish RDP. For further information see www.agroplast.dk/agroplast-english-site.aspx

RDP competitiveness measures

With a view to improving the competitiveness of EU agricultural and forestry sectors and to facilitating the restructuring, development and innovation of these sectors, axis 1 of Denmark's RDP provides support for investments, human resource skills training and enhancement of the quality of farm and forest production processes and products. In Denmark, the share of RDP funding attributed to these axis 1 measures is 25%, which compares with about 35% at the EU level.

The Danish allocation of axis 1 funds reflects the needs of its agricultural and food sector, which is globally oriented and committed to maintaining high professional standards. The national agri-food sector enjoys a significant economic size, with agricultural exports in the range of €8.7 billion per annum. Danish agricultural systems demonstrate the way in which a high level of environmental,

climate and nature considerations can go hand-in-hand with a modern and competitive agriculture and food production system. Despite difficult financial conditions linked to the global economic crisis, which make it more difficult for Danish farmers to manoeuvre, the sector remains an important player in the support of rural viability and the security of natural and landscape values.

Facts and figures about Danish farms

Danish agriculture accounts for around 65% of the country's land mass. The sector is undergoing continuous structural development, where production is concentrated in larger farms which are fewer in number (41 836 holdings in 2008). The result was that the average farm size in Denmark grew to 63 ha per farm in 2008. Farms over 400 ha, increased by nearly 17%. Farming has also become more specialised with most livestock farms concentrating on specific types of animals. Only 3% of farms in 2008 reared both pigs and cattle.

In addition to the high commercial significance of farmers, they have also traditionally played an important role in promoting and preserving rural culture, often combining this with the development of new initiatives in rural areas. This broader role of Danish farmers is underlined in a recent study by Professor Jørgen Primdahl from the University of Copenhagen – Faculty of Life Sciences who, together with colleagues from two other universities, interviewed over 700 farmers about their views on their farm activities. Professor Primdal's findings emphasise that farmers are often criticised in their role as producers because of fast structural development and on-going debate in relation to the potential negative impact of intensive agricultural production on the environment. However, findings indicate that farmers are increasingly active in several other important roles including: as environmental managers; food producers; land owners; custodians of rural culture, heritage and tradition; and as citizens within their local community. Promoting the competitiveness of Danish farmers is therefore not only linked to the need for continuous economic optimisation but also to ensure their on-going and important multi-functional roles in rural areas.

Innovation and competitiveness

One of the main priorities of the Danish RDP is the axis 1 focus on strengthening business development within the agri-food and forestry sectors, so as to continue to enhance innovation and competitiveness. The aim is to develop these sectors so that Denmark can maintain a market share and a strong position in the global market. This is achieved by encouraging innovation in aspects of competitiveness in Danish agriculture, such as the introduction of intensive technological innovations, including broader use of biomass, improved animal welfare and environmentally-friendly production machinery. Information campaigns and marketing related to the development of quality food, including local or regional foods, represent other competitiveness tools since these offer the potential to enhance earnings and create jobs in rural areas.

Increasing consumer demand for organic food represents other opportunities for the RDP to help improve agri-food competitiveness. The aim is to increase the cultivated organic area from about 6% in 2007 to 15% in 2020. Denmark's RDP also aims to strengthen the competitiveness of Danish horticulture. These types of actions are being co-financed by axes 1 and 2 of the RDP.

Innovation and competitiveness in rural Denmark can also be supported by axis 3 which provides funding for projects that help farmers diversify into non-agricultural activities. Further axis 3 assistance is available to encourage the growth of rural, tourism activities, improve the capacity of micro-businesses and strengthen services that improve the quality of life for rural residents.

A.A.THUESEN



The role of research

Denmark's RDP also encourages links between agricultural production and research, demonstration projects, as well as results-oriented development, to help bolster the rural economy. A range of research projects, funded by the Danish government to promote the development of the food sector, have been set in motion by the Danish Managing Authority in the Ministry of Food, Agriculture and Forestry. Results of such research projects will be included in the midterm evaluation of the current RDP as well as used in the preparation of the future RDP 2013-2019.

The aim of one of these more recent research projects has been to create new knowledge about the methods and instruments that can contribute

to the development of the agricultural and food sectors' future potential. This research connects knowledge about agricultural and food industry development and framework conditions with knowledge about entrepreneurship and the collaborative culture, thereby establishing a foundation for targeted and effective policy measures to enhance sustainable rural development.

Professor Flemming Just, from the Danish Centre for Rural Research at the University of Southern Denmark is taking part in another research project sponsored by the Managing Authority, which focuses on entrepreneurship amongst small food producers. According to Professor Just, there are key challenges for small food producers regarding entrepreneurship and innovation in Danish rural areas. These refer to the challenges of:

discovering, creating and harnessing local economic resources; working together to gain inspiration and achieve critical mass; developing strategic links with other companies, regardless of location, to develop an entrepreneurial spirit; and to be able to innovate on a continuous basis, despite individual errors.

Examples of RDP projects

RDP funds continue to support new developments in Denmark's agri-food competitiveness and several samples of these are noted below:

Colostrum for Calves

Promoting access to the latest knowledge and encouraging the use of environmentally friendly technology can be a very effective way to increase revenues and reduce production costs. A recent example of this is a project funded through the RDP to improve the quality and quantity of colostrum available for calves. Colostrum is the first milk that young livestock drink and it contains a collection of useful antibodies from their mothers that help the young animals to develop healthy immune systems.

The company Calvex has worked together with a Danish cattle producer to optimise the allocation of colostrum to calves, which greatly improves their care. The project has designed equipment that manages colostrum quality and also assists calf feeding processes. In addition, a system has been developed to control the temperature of both colostrum and milk in the crucial early stages of a calf's life.

This type of high-tech project is helping to improve animal welfare and increase the survival rate of calves, since the new technology allows farmers to provide their calves with the right type quantity and quality of colostrum for the first 6 hours after birth. The project has been awarded the Agromek Prize 2009 for the best new product for cattle.

For further information see: www.calvex.dk

A.A.THUESEN



Heated glasshouse becomes energy neutral

Another RDP funded project focuses on new technology to make Danish market gardeners greener and more cost efficient. Greenhouses are traditionally heavy users of energy which represent high cost inputs for commercial horticultural businesses and can also impact negatively on the environment. For greenhouses to remain competitive there is therefore a need for more energy-efficient technologies and a RDP funded project at Denmark's horticulture Hjortebjerg is paving the way for greener greenhouses.

Annually, market gardens receive more energy from the sun than they require for heating. The project at horticulture Hjortebjerg aims to use solar energy from the summer period for heating and lighting in the winter, when energy consumption is greatest. A large-scale demonstration greenhouse has been established to demonstrate technology that consists of a reservoir in the subsurface which stores heat for later use. This project provides cost savings and shows how a heated glasshouse can produce commercial agri-food products with considerably reduced consumption of energy from mains supplies.

Steen Juul Thomsen from Hjortebjerg horticulture explains that "In the short-term, we will be able to produce our products with significantly less energy, but in the long-term we believe that production will become energy neutral. It is a quantum leap".

For further information see: www.hjortebjerg.dk

Quality cheeses win prizes

The RDP also supports farmers who provide value-added to their products and production processes, via for example, developing niche products or ecological branding approaches.

Danish organic farmers and producers of quality food, whose products have been accepted as regional specialities in the EU, can receive support under the RDP for this type of product development and promotion activity. Projects to date include, amongst others, support provided to the Natural Milk Organic Dairy for development work on its' so-called 'hay cheese'. This novel product has introduced a unique new cheese into the Danish market. Hay cheese is made of milk from cows that are exclusively fed with air-dried hay. The cheese was awarded gold in the category 'hard cheese' at the Scandinavian cheese festival 'Nordic Cheese 2009'.

Another RDP co-financed organic cheese production project involves the development of eight different Knuthenlund sheep and goat cheeses. The specificity of the Knuthenlund cheese production is the use of bacterial cultures traditionally only used in mountain dairies in Southern Europe. Knuthenlund was awarded silver at the festival 'Nordic Cheese 2009'.

For further information see:

www.naturmaelk.dk and <http://knuthenlund.dk>



KNUTHENLUNDS GODS

Competitiveness conclusions

Danish agriculture has traditionally engaged in competition on the global market and continues to do so today. To develop the agricultural businesses, farmers must have clearly defined objectives for their farms' long-term development. They must establish a strategy whether they will opt for specialisation or a more multi-functional

approach involving niche products and processes. The Danish RDP provides examples of both these rural development opportunities.

Further information

Danish Food Industry Agency:
<http://ferv.fvm.dk/English.aspx?ID=27059>

Danish Agriculture and Food Council:
<http://www.agricultureandfood.dk>



Developing Human Capital: the example of strengthening skills in rural Romania

Rural Romania is unlike anywhere else in the EU in that it has a huge population of small farmers. Therefore the targeting of axis 1 resources towards developing human capital for improving the competitiveness of the agriculture, food and forest sector, is a big challenge.

Romania has been referred to as the 'perfect land of contrasts and paradoxes'. Not only does around 30% of the Romanian national population work in agriculture – the largest proportion found in any of the EU Member States and more than 5 times the EU-27 average (5.6%) and double that of Poland (15%) – but it also has a strikingly different agricultural structure from other Member States. Its agricultural structure is very different to the medium-sized family farms that EU agricultural policy is largely tailored to fit.

In fact, Romania has two very contrasting types of agriculture with very different development needs. In 2007, according to Eurostat, there were around 3.9 million farms in Romania, with an average size of 3.3 ha. Of these, the vast majority (97.4%) are less than 10 ha in size and utilise 49.8% of the agricultural area. This includes an estimated 2.6 million subsistence small-holders with less than 1 ha of land who mainly produce food for their own consumption and around 350 000 semi-subsistence farmers (defined in Romania

as between 2-8 ESU) who, under certain conditions, could potentially develop into market-orientated holdings.

In contrast, around 0.3% (less than 10 000) of all farms are much larger commercial units managing over 100 ha (usually significantly more) or 37.6% of the agricultural area. Somewhere between these two extremes is a small number of medium-sized family farms (between 10 - 100 ha) using 12-13% of the agricultural area.

The Romanian authorities are very aware of the challenges to be faced in improving the overall competitiveness of this diverse agrarian structure, and skills development is recognised as an important long-term tool that policy-makers can harness for beneficial effect.



R. BARBU



SAPARD Measure 4.1 - “Improvement of Vocational Training”

A total of €3.649 million was invested in five vocational training projects under Measure 4.1 of the SAPARD Programme for Romania (2000 – 2006). These covered five broad themes:

- Improvement of production practices for agriculture;
- Diversification into alternative economic activities;
- Processing and marketing of agricultural products;
- Environmental protection, with specific reference to agri-environment payments;
- Setting-up producer groups and the improvement of their activities.

The project under the first theme was named ‘Vocational Training for the Development of Competences Related to Vegetable Production and Animal Breeding’. It was implemented in three project regions from February to December 2007 with the overall objective to “...improve the knowledge and skills of the operational staff in units that have as their field of activity animal breeding, field crops and horticulture”.

The main results of the project were:

- A team of 18 local trainers were trained in the three project regions (six trainers per region), with each regional team headed by one regional training co-ordinator;
- Three farmer focus groups were organised (one in each project region);
- Training materials were developed and printed for distribution to all trainees;
- Two different training modules of 10 days each, were delivered to a total of 640 trainees in 16 training events.



The Challenge of improving rural skills

Rural development remains a relatively new concept for Romania. Under the previous communist regime, rural areas were simply seen as a reservoir of labour, cheap food and other resources for the expanding urban economy. No special attention was given to the development needs of rural communities. On the contrary, rural communities were often weakened and undermined by the coercive processes of agricultural collectivisation.

According to Dr. Cosmin Salasan, a researcher from the Banat University of Agricultural Sciences and Veterinary Medicine in Timisoara, the legacy of this era still remains in the poor education of the majority of farmers, “The level of education of the head of the farming household, other family members and employees, all follow the same pattern, with 95% of them having only practical experience. The lack of basic agricultural education explains the current performance levels of various production practices and the possible orientation towards mixed farming instead of specialisation”.

The poor development of advisory and training services is identified as a major weakness of the agricultural sector in the Romanian National Strategy Plan for Rural Development 2007-2013. Whilst it is assumed that the emerging private advisory system meets the needs of the larger farmers that can afford to pay for advice, particular concerns are expressed about:

- the capacity of the state-funded National Agency for Agricultural Consultancy (NAAC) to meet the needs of the smaller farmers, notably those classified as semi-subsistence with the potential for greater commercialisation
- the limited number and quality of vocational training facilities, with a particular emphasis on the importance of improving these facilities to meet the training needs of young and semi-subsistence farmers for

the development of more market-orientated businesses that comply with relevant EU standards.

The Romanian government's approach to correcting these deficiencies has been two-fold. Firstly, with the support of the World Bank, the Ministry of Agriculture and Rural Development (MARD) has, since 2006, implemented a major project entitled, 'Modernising Agricultural Knowledge and Information Systems' (MAKIS), which aims to build the capacity of various key agencies and institutions active in agricultural research and to provide advice to farmers. The specific objective of supporting the national agricultural research system is to broaden and diversify the knowledge and skills base, necessary to improve the competitiveness and sustainability of Romanian agriculture in line with EU membership.

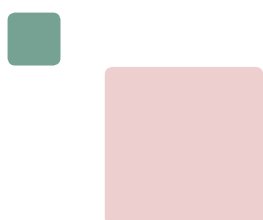
Measure 111 - Vocational Training, Information Actions and Diffusion of Knowledge

Vocational training, information and diffusion of knowledge activities are seen as an important RDP priority under axis 1 for building human capital in four main areas:

- Increased competitiveness and the diversification of products in the agricultural and forestry sectors;
- Restructuring and modernisation of the agricultural and forestry sectors, including processing;
- Encouraging the necessary management skills for encouraging more market-orientated businesses;
- Achieving more sustainable land management and environmental protection.

Measure 111 therefore aims to finance short-term training courses and other information activities which are specifically targeted at supporting a variety of other axis 1 and axis 2 measures. In addition and most importantly, it raises awareness and understanding of the cross-compliance conditions attached to Common Agricultural Policy (CAP) Pillar 1 payments.

Direct beneficiaries of the measure are eligible providers of vocational training, information and knowledge diffusion activities, whilst the final beneficiaries will be farmers, especially young farmers, semi-subsistence farmers, members of producer groups, those farming in a less-favoured areas (LFAs), and the existing beneficiaries of axis 1 and 2 measures. The measure is being launched in two phases. The first phase is due to focus on young farmers and the second phase on semi-subsistence farmers.



Measure 143 - Providing Farm Advisory and Extension Services

Measure 143 is a complementary measure offered to Bulgaria and Romania under their Treaty of Accession in recognition of the large number of smaller-scale farmers in both countries. In particular it aims to address the difficult financial circumstances faced by these farmers which can limit their capacity to pay for commercial advisory services.

The measure is designed to provide financial assistance to eligible providers of advisory and extension services, who in turn will offer free-of-charge advice to individual farmers. In Romania the measure is specifically targeted at facilitating the uptake of rural development activities in four RDP measures, namely:

- Measure 112 – Setting-up of Young Farmers;
- Measure 141 – Supporting Semi-subsistence Agricultural Holdings;
- Measure 221 – First Afforestation of Agricultural Land;
- Measure 214 – Agri-environment Payments.

During the first phase of implementation, only beneficiaries of these measures will be eligible to receive the free advice. During the second phase of implementation it is proposed to limit this to semi-subsistence farmers. The general aim of measure 143 is to support the improvement in the day-to-day management, productivity and financial performance of small-scale farms, the diversification of their farming activities and improved compliance with EU standards.

Secondly, MARD has been preparing to make appropriate use of the available RDP funding. The Ministry's own process of learning-by-doing began with pre-accession SAPARD funds and the disbursement of just under €3.7 million on building capacity for, and implementation of a range of vocational training activities.

This pre-accession support paved the way for rural skills development, but still left much work to be done. Consequently, one of the four key priorities of axis 1 of the current National RDP 2007-2013 for Romania is to "...address the problem of low levels of labour productivity and low levels of education and skills in agriculture, through rejuvenating the current generation of farm managers (i.e. support for young farmers), improving

skill levels through vocational training, and supporting the public advisory agency and emerging private consulting sector".

There are two important measures sitting under Strategic Objective 1 of axis 1 – measure 111 'Vocational Training, Information Actions and Diffusion of Knowledge' and measure 143 'Providing Farm Advisory and Extension Services'.

However, these measures have been subject to delays which demonstrates that their potential contribution has not been exhausted. Certain NGOs are also active in providing advisory and training support for subsistence and semi-subsistence farmers, but their resources and the scope of their activities are inevitably limited. In

addition, it is important to note that these RDP measures are also complemented by a range of vocational training activities funded by the European Social Fund. This includes support for short term programmes of initial training in agriculture and forestry offered through specialised high schools, plus vocational training on skills development in non-agricultural activities for those people already actively involved in subsistence and semi-subsistence agriculture.

Opportunities therefore exist for the two EU funding sources to work together and co-ordinate skills support, to add value to each other's development activities and gain synergies in areas such as expanding alternative skills for farmers to use outside of agriculture.



M.REDMAN

Conclusions

The Romanian RDP has very good intentions in terms of the use of rural skills development to improve the competitiveness of the farm, food and forest sector. However, the execution of these good intentions has clearly been challenging for the relevant authorities. Huge numbers of small-scale farmers, often in relatively isolated rural locations with poor infrastructure, are obviously not an easy beneficiary group to target with training or advisory support. Many farmers could be reluctant to participate unless they can see clear and immediate benefits, and this requires well-formulated training courses and advisory messages, which in turn also requires skilled and experienced trainers and

advisers. Further investment in building such capacity is essential.

In the longer term, Romania's subsistence and semi-subsistence farmers could also emerge as key players in addressing the new rural development challenges and opportunities identified following the CAP Health Check. Small farms may not be so competitive in commercial food production, but they can be very effective at delivering a range of desirable public goods, such as biodiversity, plus many wider socio-economic benefits.

Around two-thirds of Romania is hilly or mountainous and has been farmed for hundreds of years by communities of peasants and pastoralists. The resulting high nature value (HNV) agricultural landscapes are stunningly beautiful and full of an abundance and diversity of wildlife. These are agricultural landscapes that could, with appropriate policy support, yield a viable economic future and modern quality of life for local people. Low intensity farming methods, quality food products, traditional crafts and rural tourism could sit at the heart of sustainable rural development in much of Romania. But encouraging farmers to make sustainable use of the natural resources available to them will continue to require, amongst other things, the introduction of new skills and competences through education, vocational training and well-targeted advice.



For further information see

www.madr.ro (Romanian Ministry of Agriculture)

Networking activities support rural competitiveness



The EU's National Rural Networks (NRNs) are implementing a variety of different national and multi-national activities that assist, both directly and indirectly, competitiveness in Europe's agri-food and forestry sector, with particular emphasis on promoting entrepreneurial opportunities that can add value to on-farm incomes.

The global economic crisis has increased rural development challenges across the EU. The impact on employment and income generation has been particularly significant. Key services such as public transport, health and education have been scaled back across Europe's countryside, as a result of the downturn. These effects contribute to a reduction in the prosperity, growth and quality of life in rural areas.

NRNs have an important role to play in enhancing the capacity of rural development stakeholders, to maintain competitiveness during the current economic climate. NRNs have been actively involved in this type of work and recognise the necessity to focus particular attention on supporting Europe's agri-food and forestry sector, recognising that farming and forest businesses can generate vital multiplier effects on incomes and job opportunities for the wider rural economy.

Enhancing development dialogue

Member State NRNs, including Germany and Sweden, among others, acknowledge these important social and economic linkages within rural regions and continue to implement support for their traditional rural economic bases. In Germany, a series of capacity building workshops for farm and agri-food sector representatives was organised in 2009, and Sweden's NRN has been facilitating efforts to bring agricultural and forestry bodies together with different rural stakeholders, so as to join forces, and share ideas, information and research. Hans-Olof Stålgren from the Swedish NRN explains, "Our task is to enhance dialogue between all rural development actors. These include, for example, the Association of Ecological Farmers, the Federation of Swedish Farmers, the Board of Forestry, and agricultural businesses active in 'social farming' fields".

Membership of the Swedish NRN involves all national public bodies as well as groups dealing with rural matters. "At the moment we have about 100 member organisations and added to that we count the Leader Local Action Groups (LAGs) as members, even if they are more regional than national," Hans-Olof continues.

Arising out of this enhanced dialogue between Swedish NRN member bodies is a useful development device called 'network cheques'. Member organisations can apply for the NRN cheques to fund a variety of rural development activities including conferences or seminars, about specific issues linked to the implementation of Sweden's National Rural Development Programme (RDP), such as farm diversification.

By March of this year, the NRN's 'network cheques' had been used to co-finance 22 different rural development conferences, including capacity building initiatives

aimed at maximising the potential for research to serve as a tool to help maintain competitiveness in the agri-food and forestry sector. Events in this subject area have also allowed the Swedish University of Agricultural Sciences to run a well received seminar on 'Participatory research' which was arranged to strengthen and develop organic farming operations. Other associated NRN assistance for agri-food sectors in Sweden, can be seen in its collaboration with the Swedish Farmers Foundation, which helps network farmers

to collaborate with researchers on actions of mutual interest and benefit.

NRNs from across Europe are also proactively promoting dialogue between primary and tertiary sectors in rural areas, in order to help generate multiplier effects, and the media is being used by many NRNs to highlight RDP opportunities. For example, Malvina Gondova from the Slovak NRN says communication with agricultural companies, forestry workers, Local Action Groups (LAGs) and other rural groups

forms an essential part of their capacity building strategy. This involves featuring RDP success stories in the regular NRN publication 'Spravodajca NSRV' which aims to inspire and encourage networking between the NRN's 450 members. Plans are also underway to cooperate with Slovak television to produce short promotional programmes so as to heighten awareness among farmers, foresters and other eligible applicants of the RDP's development potential for income generation ventures.

“ Networking does not exist in a vacuum. There are many rural development-related networks with different levels of experience in Europe. By sharing ideas and experience we can learn from each other's successes and lessons learnt and collectively build a stronger programme. ”

Rebecca Frost, UK NRN Manager



EU-level NRN cooperation

NRNs know that the development challenges facing their rural stakeholders are shared by other Member States, and so cooperation between NRNs has been established in a number of topic areas to address common concerns and seek synergies in the process. These European-level alliances between NRNs include support for on-farm activity, such as separate thematic NRN initiatives exploring how social farming and forestry can be best used to the advantage of rural areas.

The UK's English NRN is a member of both these EU groupings. Social farming remains a relatively new arena for the English NRN, whilst many RDP measures and Regional Implementation Plans (RIPs) in England are dedicated to supporting forestry, with a focus on adding value and integrating the supply chain. A projects database (www.rdpnetwork.org.uk/projects),

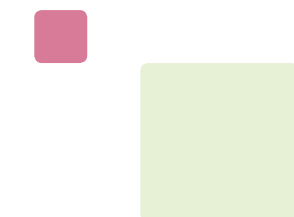
set up by the NRN, gives examples of where funding has been used to help farms diversify or support forestry businesses.

In addition to the retrospective database, the English NRN held a forward-looking event in November 2009 entitled 'Maximising Opportunities for Forestry Businesses within RDPE,' which drew attention to the opportunities where RDP and national funds could be used to help farms diversify or support forestry. The scoping event proved productive in its aim of discussing and sharing relevant information, ideas, approaches and experiences of engaging forestry-related businesses in NRN activity. Participants were also able to exchange knowledge about their experiences in dealing with common issues affecting forestry, within the context of the RDP's implementation. Other positive longer-term outcomes were noted in the event's networking facilities, which helped bolster relationships and dialogue between those organisations who work with businesses in the forestry sector, such as consultancy companies that help forest owners apply for RDP grants.

Entrepreneurship and competitiveness

NRN thematic activities have come to the fore following NRN forum meetings. These NRN networking occasions are organised by the Contact Point for the European Network for Rural Development (EN RD). During the NRN forum meeting of December 2009, it was agreed that a thematic initiative should be set up to identify and promote viable strategies and actions for responding to economic change in rural areas. The Irish, Dutch and Italian NRNs expressed strong interest in this new initiative and are taking the lead in developing a framework for the mutual benefit of other NRNs.

As part of this EU level action, the Dutch NRN is preparing a trans-border event to bring rural economic experts together from across the EU 27, to discuss how RDPs can improve regional entrepreneurship. This conference, planned for November 2010, will study how border areas can be used as economic drivers for sustainable rural development and investigate effective methods for encouraging entrepreneurship in order to stimulate cooperation, bridge (governmental) cultures and improve regional competitiveness.



Reve Lambur of the Estonian Rural Network says Estonia is working towards encouraging more joint marketing initiatives in the country's agri-food sector. A survey, 'Practical examples of the joint marketing of agricultural products,' was organised during 2009 to look at existing examples for joint marketing, between agricultural producers and other representatives in the agri-food enterprise. Three follow-up seminars were also coordinated, in order to raise awareness about the survey with agricultural producers and a study-tour took place to examine good practices in Sweden. This involved close cooperation with the Swedish NRN and led to a larger networking event in November 2009 on the topic of joint marketing for agricultural products. In 2010, the Estonian NRN is also planning a forum on rural entrepreneurship.



The Italian NRN has identified access to capital as a key issue to enhance entrepreneurship and is reviewing different perspectives - to see how RDP funding award processes for grants, loans and credits - can be made more efficient. This analysis will include the establishment of models and structures for credit guarantees. Findings from the NRN's entrepreneurship support work are expected to be directly relevant for current and future agri-food and forest beneficiaries under Italy's 21 different regional RDPs.

Italy's interest in rural entrepreneurship led to the topic enjoying a prominent position on the agenda of the 8th NRN forum meeting, which was held in Rome during March 2010. Attended by 96 NRN representatives from across the EU, the

forum meeting launched a dedicated NRN initiative entitled 'Rural Entrepreneurship and Responses to Economic Crisis'. This thematic initiative has been set up with specific objectives to clarify RDP positions for strengthening rural entrepreneurship and the responsiveness of RDP's to economic change, throughout Europe.

Following discussions at the Rome forum, the Hungarian NRN is compiling a list of 'smart tools' to help rural entrepreneurs in Hungary. "Smart tools in this context does not mean reinventing the wheel, rather it builds on the working method of the NRN," says Péter Tóth of Hungary's NRN. This working method is based on cooperation with rural stakeholders, bringing together potential partners from government, business or civil sectors, and finding and supporting

new opportunities for synergy between farmers, foresters, food businesses and other rural enterprises.

"During all stages, the Hungarian NRN will continue to exchange information on best practices and methods, with its partner NRNs in Europe," Mr Tóth continues. "Both working at home and drawing on our EU partners expertise, are the best ways to maximise the added value that the NRN can create in this field."

The NRN's thematic initiative targeting 'Rural Entrepreneurship and Responses to Economic Crisis' is:

- Identifying and promoting viable strategies and actions to respond to economic issues in rural areas;
- Thinking beyond the provision of short-term relief, by preparing rural areas for sustainable recovery paths;
- Promoting and enhancing diversified rural economic bases;
- Confirming main areas for creating opportunities associated with modern rural economies, the environment and climate-friendly RDP actions;
- Increasing leverage of public investment by working more effectively in partnership with the private sector;
- Exploring the potential of social dimensions in economic development, such as culture, care, social networks and social capital among others.

Stakeholders involved in the initiative are divided into three distinct levels:

- Local Community level: rural enterprises, LAGs, local government bodies, municipalities;
- National & Regional Decision/Policy making level: RDP managers, Managing Authorities at National and Regional Levels;
- Other possible actors involved in entrepreneurial activities: NGOs, professional organisations, research institutes and universities, banks and credit institutes.



EN RD CONTACT POINT

In-country NRN cooperation

As well as cooperating with each other at EU level, the NRNs are supporting competitiveness of agri-food and forest sectors by teaming up at national and regional level with rural advisory services.

An example can be seen in the survey launched during 2009 by the Irish NRN investigating the impact of the recession on Irish agriculture. Conducted by the research unit of Ireland's rural advisory service, Teagasc, the study concluded that the most important factors determining how well Irish rural companies and communities respond to any changes in the economy are the skills level, demography and innovation capacity of farmers.

Such findings reinforced the Irish NRNs' endeavour to increase chain-reaction results from investments in land-based developments. In this regard, renewable energy has been identified as an area of growing interest, with considerable potential for demonstrating how innovative and dynamic Irish agri-food and forest businesses can be.

Rewards are already being gained from the Irish NRN's support for renewable energy and this is evidenced through their association with the Nexus initiative, which is establishing a local value chain, based around the supply of wood fuel for district heating in County Kilkenny. Set up by the regional LAG and partnered with national colleagues from Sustainable Energy Ireland and the power supply company CRESCO, Nexus is cited as the type of innovative rural development project that other rural communities can embrace.

Declan Rice, Chief Executive of the Kilkenny Leader Partnership, says "There is value in it [the Nexus model] if rural stakeholders like farmers, transporters and others work together to retain the value for the local area". He goes on to state "We believe most renewable energy projects will have a rural focus. The key is how to capture this development in rural areas."

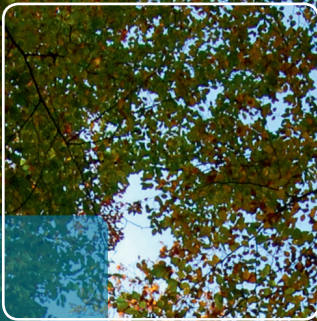
Irish MEP Mairead McGuinness is also aware that "Rural areas need to look very seriously at developing alternative enterprises on farms, such as renewable energy projects, as part of our long-term strategy for economic recovery". She continues: "Working to ensure the continuance of family farms in Europe post-2013 CAP reform is essential."... "The reversal of sharp income decline will be crucial to encourage farmers to stay farming."

The role of NRNs and their increased cooperation with all relevant stakeholders will be central to this rural development process, and the substantial resources of the EN RD remain at the NRNs' disposal to help them continue to make their important contributions towards maintaining the competitiveness of Europe's farm, agri-food and forestry sectors.



T. HUDSON

Rural Citizens





Sustainable competitiveness in farming on the islands of Malta

Vincent Cortis is President of Assocjazzjoni tal-Bdiewa (ATB), the Maltese Farmers' Association. Founded in 1921, the ATB is the oldest representative organisation in the agricultural sector in Malta and he looks after the interests of the majority of full-time farmers in the country. Mr. Cortis began farming at the age of 18 with just 5 tumoli (0.56 ha) of land on a plot in Burmarrad, northern Malta. Today, Mr. Cortis farms full-time, in partnership with his son. The Cortis family holding currently comprises some 11.24 ha, including vineyards, greenhouses and open fields with potatoes, tomatoes, strawberries and cabbages, amongst other crops.

Malta's agricultural sector employs more than 17 000 people on a full- or part-time basis out of a total population of some 400 000. Maltese farmers face particular challenges caused by their island location, close to the coastline of North Africa, and the semi-arid climate that are unknown to many of their counterparts elsewhere in Europe.

For Mr. Cortis, the greatest challenge facing the agriculture sector in Malta is "the restructuring of the local market in order to reflect more accurately the supply and demand chain. There should be more incentives for full-time farmers to sustain and safeguard their livelihood. Prices being paid to the farmers are not reflecting actual production costs."

Financial backing from the EU for farmers, via Malta's Rural Development Programme (RDP) has been extremely

important in tackling specific handicaps that Maltese agriculture is facing as a result of its geo-physical status, and in ensuring that the country's farming industry can develop and continue to deliver fresh and quality produce without harming the islands' unique landscape features.

The European Union provided €26.9 million out of a total budget of €33.6 million in support of rural development in 2004-2006, and is providing €77.6 million for the current 2007-2013 RDP period, out of the total budget of €101.6 million. Mr. Cortis is one of the many farmers who has benefitted from this support, using it to purchase new greenhouses, and more recently to buy additional machinery and other equipment to improve the efficiency of his crop production. He also increasingly uses more environmentally sensitive farming practices.

"There is a pressing need for the rural sector, which includes the farmers, the local public sector and the government, to work more hand-in-hand to tackle the challenges of maintaining sustainable competitiveness in an island context and build opportunities that local farmers can exploit," Mr. Cortis believes. The ATB has taken steps to encourage Maltese farmers to produce GLOBALGAP-certified potatoes for export, and the ATB President notes that "there is a need to further exploit export markets and niche markets and to identify other opportunities. Local farmers must be allowed to make use of and benefit from, the opportunities that can be provided through the EU and its programmes" he adds.

RDP support provides the opportunity for consolidation

According to Mr. Cortis, the EU can have the biggest impact on farming in Malta through the Rural RDP for 2007-2013, which he hopes will lead to a more consolidated, efficient and effective approach to the country's agriculture sector.

Malta's rural communities have made considerable progress in the last decade thanks to EU assistance, he believes. He continues "one important development following accession was the ratification of some important legislation, especially from the environmental point of view. This has led to a considerable improvement with regards to the general environment, especially with the introduction of the economic, functional and environmental standards. Helping farmers to farm sustainably and improve the general landscape has also had a direct and positive effect on tourism, one of the pillars of the Maltese economy."

The country's farmers are also adapting to other current rural development challenges with EU support, explains Mr. Cortis. "There is more self-regulation, especially with regards to water," he notes. "Farmers are learning to use water more efficiently and also capitalising on more efficient irrigation techniques." RDP funds have been made available to help train farmers on how to implement more sustainable techniques ("for instance, the use of fertilisers and pesticides"). EU support sources are also helping to tackle the challenge of climate change and energy efficiency. "With regard to energy, there is an ongoing process of using more innovative technologies and machinery which harm the environment less and help farmers to become more competitive," notes Mr. Cortis.

Three key lessons for other rural development practitioners

In his many years farming in Malta, Mr. Cortis has learned a number of valuable lessons. He has three key pieces of advice for other practitioners involved in developing sustainable competitiveness in agriculture: "Firstly, it is fundamental that farmers adapt themselves to the various challenges, be it climate change, new practices, the demands of the consumer, market trends and so

on. Secondly, to adapt to new practices, it is important that there is transfer of knowledge and experience from farmer to farmer and an on-going learning experience in order to complement policy initiatives and to make the most effective use of investments. Finally, there is a need for more consolidation of the sector in order to meet market demands and ensure equity in the profits and livelihood of different farmers and make up for distortions in the market."

Further information

The Maltese Farmers' Association -
www.maltafarmers.eu

Rural Development Programme for Malta -
www.agric.gov.mt/programming-period07-08?l=1

"I take a great deal of satisfaction from my work," says Mr. Cortis. "I have been in this business since my childhood and I like the independence of this kind of work. It is very satisfying cultivating a crop from seeds to the final product."



J. ELLUL

T. HUDSON



Learning for successful rural development

T. HUDSON

Jouni Ponnikas is the Director of the Lönnrot Institute at Oulu University in Finland, and an expert with the European Evaluation Network for Rural Development. With over 10 years' experience in evaluation of rural development projects and programmes at all levels, he believes this is now an essential tool in developing more effective responses to the challenges facing rural areas.

A passionate believer in the benefits of evaluation, Mr Ponnikas is also aware, however, that not everyone shares his enthusiasm. "I understand that people sometimes think evaluation is a rather mechanical and bureaucratic exercise," he acknowledges. "Programme-level evaluation is inevitably very general and those involved at local level don't always see the benefits."

He believes that it is only when evaluation is adopted as a management tool by local groups and practitioners that they begin to appreciate its potential. "During the period of the Leader+ programme we helped many local groups to undertake self-evaluation and they found this to be very useful," he notes.

"But programme-level evaluation is also necessary. This allows managing authorities and the European Commission to better understand the impact of programmes; what works and what needs to be reviewed or reoriented. Ultimately, this is to the benefit of

everyone who cares about rural areas, so it is important that local actors participate and appreciate the wider benefits of evaluation at this level."

Can you tell us about any interesting and recent rural development projects that you have worked on?

At the moment we're part of a consortium working on the on-going evaluation of the mainland Finland RDP. Our part of the work focuses on the evaluation of Local Action Groups (LAGs) and the Leader approach. We are trying to find out how the social capital of local areas develops during the period of the programme: are there new actors getting involved in local initiatives? Are local groups and stakeholders developing new ways to cooperate? And what is the "atmosphere" like; do they trust each other?

There is growing interest in the concept of social capital at national and EU level. Results from evaluations of earlier

programmes show that the Leader approach does help to build social capital, but we need to better understand how.

What do you find most rewarding or satisfying about working and living in your part of rural Europe?

I live in Sotkamo, in the Kainuu region, which is a municipality of about 10 000 inhabitants. I live in a residential area near a lake. On the opposite side of the lake there are summer houses and farms, so my lifestyle is a mixture of rural and suburban. I have all the services I need nearby, but the distance to work is quite long and, with limited public transport, I am dependent on the car.

Probably the most rewarding aspect of living and working in rural areas is to see how people find solutions to their problems, in sometimes very difficult circumstances. Local people are innovative when we give them a chance.

I also appreciate having the opportunity to work with other people. For example, at the end of 2009 I organised a self-evaluation exercise for a LAG, which involved working closely with the LAG governing body. The groups found this exercise very useful and many of the recommendations put forward were implemented and helped the group to improve its functioning.

What do you think are the main issues, challenges and opportunities for rural development in your part of Europe and area of expertise?

I'm worried about the future. There is a strong trend towards centralisation and urbanisation in Finland and politicians don't seem to be concerned about the implications of this for rural areas. If we want rural areas to revert back to wilderness then we let this process continue. But some people want to stay in these areas and there are others who want to move there. I think we should try to facilitate this.

It's also worth remembering that we have built up infrastructure in rural areas, so if people move we have to build this infrastructure somewhere else. This is also a cost to society.

But there are some important questions that we still need to answer. What will be the new roles for rural areas in society, especially when there are less and less people living in these areas and fewer and fewer people working in agriculture? What are the new meanings of and solutions for rural areas? And what is the future of the Leader method and the LAGs?

What needs to be done, by whom and how, in order to address these challenges and take full advantage of the opportunities?

Ultimately, we have to find a way to keep people in rural areas and this means they need to be able to find jobs and enjoy a good quality of life. But I don't think we will change the trend of urbanisation, so we also need to look at how we can attract more immigrants to rural areas. But for this, attitudes need to change.

The credit crisis, and its impact on jobs and employment security, has probably hardened opinions even further, but we need new people and we have to overcome this. We also need new projects in rural areas aimed at changing attitudes and at facilitating the integration of newcomers. Such projects exist in Finnish urban areas, funded by the European Social Fund, but we also need these projects in rural areas.

What types of useful lessons have you learnt during your rural development work and what would be in your 'top three' pieces of advice to other practitioners?

Never give up; share things and always do things together if possible; and don't trust that some public administration or public service solutions are permanent in sparsely populated areas. Only change is permanent and communities in these areas need to be open and prepared for change.

There is a lot of good work being done across Europe, and many success stories; rural areas where the "can do" attitude of local communities has achieved some wonderful results. We need to learn from these. Rural areas have important assets, we shouldn't forget this. The challenge is to find new value in these assets. But not everything will work, and this is why evaluation is so important, to identify quickly what does and doesn't work and then make the relevant adjustments. In this way, failure becomes part of a learning process, rather than an end in itself.

“ It is important that local actors participate and appreciate the wider benefits of evaluation. ”





Annaharvey Farm Foods: a recipe for Irish rural success

R.DEVERELL

Rachael Deverell owns Annaharvey Farm Foods, a thriving rural agri-food business, located in the south-east of Ireland. Thanks to EU Leader support, in just three years the business has evolved from a weekly market into a supplier of quality, home-baked products to over 40 food retailers.

The company uses top quality ingredients to produce a range of pies with a variety of fillings such as apple, blueberry, raspberry, rhubarb and many more, depending on the season. It also makes a selection of cakes from carrot, walnut, coffee and chocolate.

Employing six people, including a full-time delivery person, the business recently relocated to a new 5000 m² production facility in Bunclody, County Wexford. The aim over the next 12-18 months is to continue to grow the business and to expand distribution into new areas of the country. Already supplying well-known Irish grocery stores, her products are also set to be sold on the shelves of several larger supermarket outlets.

Growing the business

Ms Deverell grew up on her family's Annaharvey farm in Tullamore, County Offaly (in the Irish Midlands), where, in 1998, she helped set up and manage an equestrian centre and riding school. This family business is still going strong (now run by her brother). The idea for

Annaharvey Farm Foods came indirectly from her mother, who runs another business connected with the farm, the Annaharvey guesthouse and farm shop. Her mother taught her everything she knew about good, home-baked food – including the recipe for its number one best-seller: apple-pie made with the company's acclaimed pastry.



"Everyone loves homemade apple-pie," she says, adding that all her products (tarts, cakes, biscuits and savory pies) are baked according to traditional recipes, with no artificial preservatives or additives. "It's good, Irish, wholesome, homemade food, using quality ingredients."

Ironically, when she was growing up, she did her utmost to keep out of the farm kitchen, preferring to focus instead on another passion – horse-riding. However, when her mother started the farm shop, she became involved. And she enjoyed it so much she decided to open a coffee shop/ farm market on Saturday mornings, selling her own products to a growing and appreciative clientele.


Her first real break came when she was asked to supply 40 apple pies to a local convenience store, which was part of a chain of convenience stores run by an Irish food wholesaler. This gave her the idea for the business – supplying her home-baked produce to food retailers, operating out of her first, 1000 m² kitchen built on the farm premises. "I realised there was a real opportunity here to supply direct to retailers and to caterers, good food, made properly, with the finest ingredients." Rachael uses online sales, via the company website, to reach a wide market of these customers, particularly those from the catering trades.

Leader funding

Crucially, she was able to take advantage of co-funding from the Irish Rural Development Programme (RDP) which provides valuable grant support for rural enterprises, such as hers. In Ireland, all RDP assistance for farm diversification into 'non-agricultural activities', like the Annaharvey Farm Foods' initiative, selling home/locally grown and manufactured products from farm shops is managed by Leader Local Action Groups (LAGs).



Annaharvey Farm Foods
Provider of Premium Home Baked
Foods to the Retail & Catering Trade



R. DEVERELL

**“ I couldn't have got to where I am today, without this assistance. It has enabled me to grow the business over a three-year period. Without it, it would have taken much longer...
...I realised there was a real opportunity here, to supply direct to retailers and caterers good food, made properly with the finest ingredients... ”**

These LAGs implement the RDP's axis 3 measures via their local development strategies. Following a fairly lengthy application process (which took 12 months) she received initial co-funding of around €23 000 in 2006, during the previous programming period. This was used mainly to buy essential catering equipment. She also used personal savings and a bank loan to fund her share of the start-up phase. More recently, in November 2009, she secured a grant of €37 000 from the RDP, which enabled her to purchase a much larger, commercial oven.

Summarising the significance of her Leader support – she says, “Quite simply, I couldn't have got to where I am today without this assistance. It has enabled me to grow the business over a three-year period. Without it, it would have taken much longer to reach this point, and it may have taken years to raise the money to buy the equipment that I need now.”

Key challenges

Looking back over the rapid rise of her business, she says the hardest part was in the beginning, when she was on her own: “I had to do everything myself – the baking, the accounts, packaging and deliveries, pricing, marketing etc. And I needed to be knowledgeable in all areas of business. It felt like every day I had to learn something new.”

Fortunately, help was on hand – mainly via the Offaly branch of the Irish National Rural Network. She says she was very lucky to have a contact person from the network, who was knowledgeable on the needs for start-ups in the rural agri-foods' sector, and who was able to organise training courses locally. Covering key issues such as food hygiene, labeling and packaging, marketing and pricing, these have proved “invaluable”.

“I put myself forward for everything. I know lots of small businesses who don't do these courses, because they feel they're far too busy to spend time away from the business. It's a 'catch 22' situation. But, you have to realise that this is going to make you more money in the long-term,” she says.

Opportunities

Finally, despite the difficult economic climate, and particular challenges to the Irish rural economy, Deverell believes there are still opportunities out there for female rural entrepreneurs. For those who may have recently lost their jobs, or for women who are finding it difficult to find another job (e.g. older women, or those with children), she says the recession may have provided exactly the spur they need to go out and start working for themselves: “If you really want to do something, you can achieve it,” she says.

Further information

Annaharvey Farm Foods
www.annaharveyfarmfoods.ie

Irish Rural Development Programme
http://www.agriculture.gov.ie/media/migration/ruralenvironment/ruraldevelopment/strategiesandprogrammes/Summary_of_RDP.pdf

Irish National Rural Network
<http://www.nrn.ie>

Research gains insight into rural areas' long-term innovation needs

The multi-national IN-SIGHT rural research project has been exploring key factors behind innovation trends in European rural development. Its conclusions highlight how successes in this field can be improved, by creating common visions, acknowledging the changing needs of rural businesses and embracing multi-functional strategic approaches.

Coordinated by the Institute for Rural Development Research based in Frankfurt, part-funded by the EU's 6th Framework Programme, and supported by partner organisations from across Europe, the IN-SIGHT research projects has helped to strengthen European policy on innovation in agriculture and rural areas.

The IN-SIGHT research project addressed the question of what kind of knowledge and innovation infrastructure is required to support the future needs of rural economies. Rather than simply seeing innovation as a purely technological issue, the project assessed innovation in broader terms, namely "as the successful exploitation of creative ideas, which can relate to products, services, processes, markets or even institutions".

As such, the researchers were able to improve our understanding of agricultural and rural innovation "from a societal point of view" with emphasis on "promoting the resilience of production systems, the provision of rural amenities, efficient use of natural resources, and environmental protection".

To illustrate the type of activities which are now at the forefront of rural innovation, the project conducted in-depth research into direct (agricultural) marketing, bio-energy and new rural services, and has identified some useful findings.

Beneficial outcomes

With regard to direct marketing, predominantly this practice relates to the different and often personal ways agricultural producers sell their products directly to consumers, which for example can be supported by new technologies such as the Internet, direct relations between producers and consumers such as on-farm markets, and semi direct relations in which producers sell their products to a collective system of marketing (involving several producers). In this way, direct marketing can be described as an alternative way of re-connecting producers and consumers, and diversifying farmers' income streams.

For example, in Italy and Switzerland, the research looked at how new consumption practices are being developed via solidarity purchasing groups (Italy) and community supported agriculture (Switzerland). In these cases, producers sell their produce



regularly and directly to a defined consumer group in the form of an association. These buy in advance a part of the total crop, which is delivered to them weekly in baskets.

Community-supported agriculture goes beyond this, as the community and farm stakeholders have a stronger contractual role in the planning of the types of crop and quantities, joint management of the farming system and common decision-making based on voluntary dialogue. Established by self-initiative and self-organisation, these innovative social organisations take advantage of (often urban) consumers who are ethically and environmentally aware, and who prefer to actively connect with the agro-food system and avoid traditional 'industrial' consumer practices. Farmers have also benefited from this approach since it allows them to engage with, and better adapt to, their local customers.

Agricultural and rural innovations within the bioenergy sector featured strongly during IN-SIGHT's research. Significantly, the primary rationale for innovation in this field is to break away from fossil fuel dependency, in a bid to identify an alternative energy source, which is renewable, sustainable and environmentally friendly. Through the country-level studies, various innovations were identified which included inputs such as production methods for biomass (cultivation of new crops, crop rotation methods, harvesting or usage of industrial waste or slurry), processes such as technological solutions and novel management and organisation techniques, and outputs such as ways to use bio-energy and to establish channels to sell the energy.

Innovation trends

Interestingly, what the research team discovered was that rather than the technologies themselves, which produce bio-energy, being the main innovations, it was the way in which various farmers, landowners and public, research institutes and private bodies had begun to cooperate and take initiatives forward, which were the key innovative factors. For example, in Finland and Italy, collective and communal wood-based heating plants enabled farmers and foresters to differentiate their economic activities with the assistance of local/regional public sector bodies, who were able to manage and provide the necessary institutional support along with the appropriate technology and infrastructure.

The emergence of new rural services has also come to the fore via innovative activities within agricultural and rural areas. So what are they? They have been broadly identified by the research team as a wide collection of services, that emerge in response to increasing needs and opportunities, which have led to new forms of service organisation and products.

For example, rural tourism is one of the fastest growing activities in the countryside and is provided by a wide range of collaborating actors such as local authorities, farmers, entrepreneurs, LAGs and rural residents. Whilst predominantly targeted at urban dwellers, tourism services are becoming increasingly varied and include conservation and cultural activities.

Another relevant example relates to the rural social care sector, which is becoming increasingly established across Europe and includes both public, private and third sector cooperation and delivery of services targeted at vulnerable groups. This includes housing services for the disabled, rehabilitation services for disadvantaged children and nursing homes for the elderly.

IN-SIGHT researchers explored innovation factors within the social farming sector through a detailed case study that focused on care farming in Germany. The research team illustrated how certain farms had developed “social functions and services” that comprise therapy, rehabilitation, recreation, education and employment. This included horticultural enterprises that integrate socially underprivileged people; farms that offer school children

opportunities to understand the origin of food; and a range of farms that offer support to vulnerable groups such as the mentally ill, long-term unemployed, people recovering from drug addiction, former prisoners and elderly people with dementia.



Rural innovation requirements

How have these innovations come about? Well according to Dr Karlheinz Knickel, Coordinator of the IN-SIGHT project, innovations tend to be the “outcome of collaborative networks”. Typically such networks involve a diverse range of actors and interests such as research bodies, SMEs, farmers, consumers and regional and local authorities. Rural communities, partnerships and initiatives therefore can facilitate critical “information flows and social interactions” which can lead to them become the “motors of innovation because they integrate different perspectives and competences better than single institutions”.

The researchers’ conclusions go on to highlight how successful rural

innovation requires “common vision creation” within networks to choose and develop innovation pathways, which very much rely upon farmers’ and rural entrepreneurs’ knowledge and instincts. Consequently, innovation authorities, whose mission it is to support changes, need to acknowledge the needs of farmers and society (and these of course are constantly changing) and ensure that they themselves do not become a barrier for further innovation development.

In terms of enhancing future rural development activities, the project results indicate that innovation in rural development is much more than simply applying new technologies, and can often simply be exploited by new forms of organisation, cooperation and thinking. Moreover, innovation in this sense shows that there are ways for farmers to move

away from traditional production based on volumes and that there are options for “a more consumer, environment and society-related, multi-functional strategic direction”.

By taking this route, with its recognition that consumers are willing to pay for quality services and products that embody rural sustainability, the exploration of new opportunities can be addressed, which adds value to the capacity of the agricultural and forestry industries and provides avenues to increase rural incomes.

See the IN-SIGHT website for further information

www.insightproject.net





Making Europe's tomatoes and potatoes more competitive

As Europe's agri-food sector faces more challenging times with regard to changing operational conditions, it has become increasingly essential for stakeholders of the EU's two most important non-cereal products, to develop more sustainable practices to meet such challenges.

Funded by the EU's sixth framework research programme, the EU-SOL project was established to develop high quality and healthy tomato and potato varieties for consumers, processors and producers. Tomatoes and potatoes both belong to the same plant species (the nightshades or Solanaceae) and the EU-SOL researchers also set out to create a model for how scientific collaboration for these important commercial EU crops, can lead to innovations in improved food security.

The five year rural research project will conclude in May 2011, and is being coordinated by the Netherlands' Wageningen University. Overall the project includes more than 50 partners from within and outside the EU.

Crop improvements

Being aware of consumer concerns regarding genetically modified products, core objectives of the EU-SOL scientists include improving the crops' taste, aroma and texture; nutritional value; resistance to drought and salt tolerance; and issues related to storage of both tomatoes and potatoes. In order to achieve this, scientists need to find out about internal processes within the plants; identify genes that influence these processes; use the largely unexplored biodiversity in the plant families by searching wild relatives for genes that could improve the quality of tomatoes and potatoes; and finally, test such genes in crop plants to see if they give the desired quality.

Whilst important research needs exist to address specific demands of consumers and producers, there is

also an increasingly significant need to develop crops that are better adjusted to a changing climate, including traits for improved yield on poorly fertile soil and for tolerance to situations of reduced water availability or increased salinity. Another global issue, linked to the EU-SOL project, refers to the benefits of developing crop varieties with improved yields that will enable producers to feed a growing world population.

Dynamic markets

The drive behind finding solutions to improved crop quality is based on the fact that the market for tomatoes and potatoes is highly dynamic. Both consumers and producers demand products with new characteristics that meet present day conditions. Consumers seek better taste for a reasonable price. Quality and pureness of food are another



two prominent consumer demands, and societal trends increasingly prefer 'regional' and 'niche' food specialties.

Within this market context producers also have to cope with changing operational conditions such as environmental issues, price competition, land shortage, and plant pests. Furthermore, producers are interested in adapting their agricultural

systems in order to grow crops that harvest sufficient yield with less labour, less pesticides, and less energy. The industry requires fruits and tubers that need less processing and produce high quality products for their customers.

All of these demands require rural researchers, like those involved in the EU SOL project, to carry out ongoing

breeding for crops with adapted characteristics, in order to help maintain the competitiveness of EU agri-food sectors. EU-SOL's role here is focusing on mapping, isolation and characterisation of genes responsible for traits that are important for consumers and processors, and gaining better understanding about the mechanisms underlying these commercial characteristics.

“ Consumers value taste, fragrance and shelf-life whereas producers want to find out about the architecture of the plants in order to maximise yields by estimating how many fruits each plant can produce. By examining the genes and unexplored biodiversity in tomatoes and potatoes, EU-SOL provides information to assist both. ”

Dr. René Klein Lankhorst

Initial results

According to the project co-ordinator, Dr. René Klein Lankhorst, initial results confirm that by establishing consumer preferences, such as taste, fragrance, shelf-life and information on vitamin contents, producers can better choose the type of tomato and/or potato they want to produce.

EU-SOL undertook a survey of several hundred European consumers who were asked to taste tomatoes and provide feedback on each type of plant. In parallel to the consumer tasting and rating of fruits, specialist tasters were also asked to provide feedback on the same types of tomatoes. Survey outcomes provided an overview on what consumers expect, want and like. Findings revealed that up

to four different types of consumers exist in each country for tomatoes and potatoes.

Such information remains highly beneficial for the plant breeding industry, since knowing what flavours and characteristics consumers like and expect allows breeders to apply so-called 'markers' in order to develop the desired end product by finding the relevant genes in tomatoes.

Marker Assisted Selection is a technology that makes it possible to detect desired characteristics in cross-bred plants at an early stage of development, for instance in the seeds or seedlings, by looking at specific DNA sequences. By linking specific plant characteristics to certain DNA strings in their genome, it is possible to know whether crossings have inherited these characteristics. Sets of such well-defined DNA strings or markers can be easily detected with DNA analysis tools, thus enabling plant breeders to test for the associated characteristics.

By using Marker Assisted Selection technology, the EU agri-food industry can develop new, more sought-after, and so more competitive, crop varieties that better fit changing market and operational factors, such as climate conditions and consumer tastes.

Project strengths

EU SOL's strengths relate to its large membership which includes major breeding companies and research centres throughout Europe, and outside, who have access to up-to-date information databases. This type of model for rural research programmes often proves to be effective due to its combination of supply chain linkages and commercially-oriented competitiveness objectives.



EU-SOL has now collected both biological and business-related data on around 7 500 different types of tomatoes. This information is being processed and prepared by the researchers for dissemination and results of the project's breakthroughs on both tomatoes and potatoes will be published in 2010, in order to help raise producer awareness about new rural development opportunities.

Other capacity building conclusions for the EU agri-food sector have already been released via various newsletters to different audiences, internet sites, and more recently through the setting up of educational programmes. Once complete, the latter will include web-based tools for high-school teachers and

short films designed to appeal to youth markets. This type of modern approach to rural research dissemination takes a long-term perspective to achieve market development and demonstrates the innovation that can be applied to assist farm and food business competitiveness.

For further information, please visit

The EU-SOL project website: www.eu-sol.net

The EU-SOL network database: www.eu-sol.wur.nl

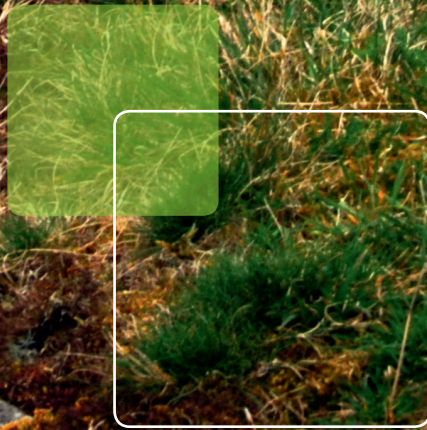
The sol genomics network: <http://solgenomics.net>


The Natural History Museum, UK:
www.nhm.ac.uk/research-curation/research/projects/solanaceaesource



Rural Development Perspectives

Policy and practical perspectives on agricultural product quality





To get a fair price, farmers must be able to demonstrate the quality of their products. The European Commission is giving them a helping hand, with work to streamline and improve quality labelling schemes.

When it comes to food, European consumers have a remarkable choice and reliable supply of produce from highly productive farms. For this, they can thank the dedication and innovative spirit of the EU farming sector, supported over the years by the Common Agricultural Policy (CAP).

While the EU is now a world leader in agricultural production, the CAP's original focus was quantity – overcoming food shortages in post-war Europe. But, says Joris Baecke, President of the European Council of Young Farmers, and a farmer in the south-west Netherlands, the CAP has also resulted in quality, a factor that is too often overlooked.

“In general, the EU level of quality is the highest in the world,” Baecke says. Strict regulations cover the whole gamut of EU agricultural activity, from pesticide use and animal welfare standards, to marketing of the final product. This has helped make quality intrinsic to EU produce, which is as true of commodities such as wheat and beef as of traditional products, such as cheeses or olive oils.

But the quality message has not always been adequately conveyed, and this

constitutes a risk. EU farmers face global competition, and are adjusting to the process of CAP reform, in particular the ending of production quotas and the associated linked payments. If the added-value of EU products is not explained, consumers cannot be expected to pay a fair price and may simply default to buying at the lowest price.

“We need to express the high level of the quality of the food produced by European agriculture,” says Baecke. “It’s a communication issue.”

Commission action

The European Commission fully agrees with the need for better communication. “Quality policy is a strategic priority,” says Frank Fay, Deputy Head of Unit, Agricultural Product Quality Policy in the Agriculture and Rural Development Directorate-General. “To succeed in the future, farmers need to meet their customers’ and consumers’ expectations in terms of quality. That requires a commitment to farming and the production process, as well as successful communication of the farming attributes and product characteristics that the consumers are looking for.”

EU agricultural product quality policy has three strands: EU quality schemes, marketing standards, and certification schemes. A 2009 Commission Communication (COM (2009) 234) on agricultural product quality policy, set out how initiatives in each area could be developed. The Communication stated that quality policy must give farmers the instruments to “inform buyers and consumers about product characteristics and farming attributes.” The information farmers provide should be reliable. “Consumers can only be expected to pay a fair price if they can trust label claims,” Frank Fay says. “A label that has nothing behind it risks misleading consumers, which is why certification and reliable guarantees are crucial in a competitive market for farmers, processors and retailers.”

EU food quality schemes

The EU has a number of existing schemes guaranteeing through certain labels the quality of food. Two of the best-known quality labels are used to define geographical indications: the Protected Designation of Origin (PDO); and the Protected Geographical Indication (PGI). These certify products

as having characteristics derived from their production in a specific area using established and tested methods, and are important for supporting small scale artisan products, as well as other larger scale brands.

Agricultural products and foodstuffs that have been given one of the labels are listed in the European Commission's Database of Origin and Registration (DOOR). In April 2010, there were 477 PDO listings, and 417 PGI listings. Some of the most recent additions feature Jihočeská Zlatá Niva cheese from the Czech Republic, and Provolone del Monaco, a cheese from Italy.

Other quality standards include the Traditional Speciality Guaranteed (TSG) label, designed to promote traditional products from across the EU, and common certification systems also exist for all organic products. Controls governing the quality and classification of organic goods were recently overhauled, and, in February 2010, the Commission selected a new logo for products meeting organic production standards.

The Commission plans to ensure that all the schemes are working as effectively as possible. "We want to develop the schemes, make them a success, and make them coherent," Frank Fay says. This will be done by reviewing the existing systems for PDO/PGI labels, clarifying and simplifying the legal rules where necessary, and possibly strengthening certification arrangements. Meanwhile, a revision of the TSG scheme will be considered, and a new reserved term, "product of mountain farming", may be introduced.

Marketing standards

Marketing standards are the standards and classifications of agricultural product placed on the market. They cover four types of information: reserved terms expressing certain product characteristics (for example, "free range" eggs or "virgin" olive oil); quality classifications (for example, class 1 and class 2 fruit and vegetables); product identity, so that terms such as "milk" and "fruit juice" have clear meanings; and place-of-farming labeling.

The last of these is popular with some consumers, who want to know where the products they buy were farmed, rather than the place the product was processed. The EU requires place-of-farming labeling for beef, wine, olive oil, fruit and vegetables, honey and eggs. However, in some sectors it can be difficult to label products that are farmed in one location but processed elsewhere.

Certification schemes

A wide variety of private or national certification schemes fall into this category. These can usefully demonstrate, for example, environmental performance or high animal welfare standards. Certification is also increasingly used by the food sector to guarantee compliance with health, environmental and other standards. Farmers are thus faced with overlapping demands for certification from each supermarket buyer, which adds to costs. The Commission takes the view that the private sector is aware of the need to take steps to simplify and improve transparency of certification schemes. Thus regulation is not presently needed. However, guidance could play a useful role.



Positive step forward

For the farmers, Joris Baecke says the Commission's ideas are "a step in the right direction." He adds that coherence on product quality "is a central part of what should be achieved with the CAP," and that further measures to spread the understanding of the concept of quality would be welcomed. For example, through educational schemes, "young people in schools should know where milk comes from and or olives are grown."

Frank Fay says that emphasising "tradition and authenticity" of agricultural produce will be at the heart of the quality agenda. The Commission plans to publish a "Quality Package" of more detailed proposals on the three strands of quality policy at the end of the year.



T. HUDSON



Investigating international trade impacts: demystifying Doha



International trade agreements could potentially have a positive impact on rural business, but market liberalisation can also be a double-edge sword, and rural development stakeholders will benefit from being aware of some of the key issues involved.

Whilst European producers could lose some of the protections that they have enjoyed in recent decades, trade agreements, such as the Doha Development Round of the World Trade Organisation (WTO) negotiations, could also open up opportunities in new markets, particularly for the export of recognised agri-products. The challenge is to plan for potential legislation and

The Doha Development Round is the current trade-negotiation round of the WTO which began in November 2001. Its objective is to lower international trade barriers and increase global trade. Talks stalled in 2008 due to divisions on major issues, such as agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies.

promote the added quality value of European goods.

Progress made at the Doha Round of the WTO negotiations has been slow after the breakdown of the July 2008 Ministerial, and some commentators are pessimistic about an agreement to follow up the one of the Uruguay Round, which was concluded in 1995. Antonis Constantinou, Director for Rural Development Programmes in the European Commission's Directorate General for Agriculture and Rural Development, says that the EU has responded positively to the challenge to continue the reform of the multi-lateral trading system under the WTO and has tabled constructive proposals on several occasions. "Although the interests of the EU in the international trade negotiations on agriculture were mostly defensive, it is also true that pressure from the

WTO provided an impetus for the EU to proactively take forward the CAP reform process and to claim credit for progress already made".

"Several rounds of successful CAP [Common Agricultural Policy] reforms in the last 20 years were largely driven by WTO considerations and the second pillar's rural development policies were put in place to facilitate the process of restructuring and adjustment to the new trade conditions. This helped European farmers to better respond to new challenges, improve their productivity in a sustainable way and maximise the positive environmental impact of their activities."

The Agreement on Agriculture that stems from the previous round of multilateral trade negotiations (the Uruguay Round) contains provisions for

a 'green box' that allow payments made under environmental programmes to be exempt from support reduction commitments. Michel Petit from the Institut Agronomique Méditerranéen de Montpellier (and a member of International Food and Agricultural Trade Policy Council), says that any future agreement must respect these provisions. "Rural development measures need to have public and financial support. There must not be any challenges to the classification of these measures into the green box. It needs to remain a domestic European issue that it is not going to be challenged internationally".

"Even though I am extremely pessimistic about the possibility of a follow-up WTO agreement, the question is not completely moot. The Commission has been very careful to propose changes particularly to the Common Agricultural Policy consistent with whatever commitments Europe could make to the WTO. The Commission has to behave as if it believes that there will be an agreement. It has to be sure that what it does internally is not going to be inconsistent with the 'posture' that the Commission will take in negotiations."

Rural Development Programme (RDP) roles

The Commission believes that Europe is well placed to take advantage of developments in the global market place. It believes that the current and foreseeable EU rural development toolbox contains "sufficient ammunition to accelerate" European growth. Constantinou outlines that "global food demand is expected to rise greatly over the coming decades and the changing consumption patterns of several emerging economies, including such giants as China, India and Brazil, favour value-added products, with an up-scale image, especially processed food products, where Europe has a big tradition."

RDPs contain a range of measures to support quality products, whether they are traditional ones with or without a denomination of origin or geographical indication, organically produced ones or simply food products meeting the high

standards of food safety and hygiene required by EU legislation.

"In the foreseeable future, pressure from liberalised agricultural markets may increase even more, but the RDP toolbox contains enough ammunition to empower farmers and rural entrepreneurs to try and turn this inevitable change into an advantage. Various types of aid for 'investment' in physical, human and social capital are available in order to promote improvements in productivity, to develop new products and processes and to exploit the endogenous development potential of rural areas," says Constantinou.

Geographical indications

While most measures for rural development are included in the green box, geographical indications (for example, Parma ham and Champagne) are discussed under the WTO TRIPs (Trade Related International Property Rights) Agreement. Michel Petit believes that geographical indications represent an advantage for European rural business. "If geographical indications gain a broader international recognition, it would give greater scope for economic activity in rural areas around the production of certain products. They would have a greater chance of becoming economically viable, if there were a protected market which permits them to be sold at a higher price."

COPA (Committee of Professional Agricultural Organisations) – which is made up of 60 organisations from the EU and 36 partner organisations from other European countries and

COGECA (General Confederation of Agricultural Cooperatives) also support geographical indications. Says Pekka Pesonen, secretary-general of COPA-COGECA: "We support geographical indications as we feel that these would bring added value, not only to European agriculture but to goods per se because many internationally traded goods have indicators of European origin".

"If there were an agreement on geographical indications it would be an opportunity for certain regions to benefit from trade. It is an opportunity to produce some of our produce for markets outside of Europe, in a way that ensures that it will be protected."

Challenges and concessions

In general, COPA-COGECA supports international trade agreements because "they take into account various concerns in a consistent manner". Pesonen says his organisation can push for the introduction of certain measures that would then need to be universally adopted. But, as part of the trade off, his members would have to accept the removal of certain tariffs and this might not be beneficial to them.

Nevertheless, Pesonen thinks that more could be done to support the EU's agricultural sector. "We would like to see European trademarks respected in trade with third parties outside of Europe. The only way to protect our products is to develop robust registered trademarks, which is out of the reach of most small-scale businesses in Europe. For example, I recently came across a

