

RURAL DEVELOPMENT



The future of the agricultural sector is closely related to the balanced and holistic development of rural areas, which make up over 80 percent of the EU territory and are home to more than half of its population. EU rural development policy (pillar 2) thus plays an important role in creating territorial, economic and social cohesion. In recognition of its potential for improving the competitiveness and sustainability of the countryside, there has been an increasing emphasis on rural development, which is transforming a sectoral policy into a territorial policy.

The 2003 CAP reform involved a major strengthening of rural development, transferring more weight from the first pillar to the second pillar, rural development. This, in conjunction with the reform of the structural funds should lead the EU towards a more integrated and simplified rural development policy, promoting a sustainable management of European areas that takes economic, social and environmental interests into account. In so doing, it can promote a multi-sectoral and holistic approach to the rural economy, strengthen the multi-functional role of agriculture and forestry, and further develop the range of socio-economic and environmental services of rural areas.

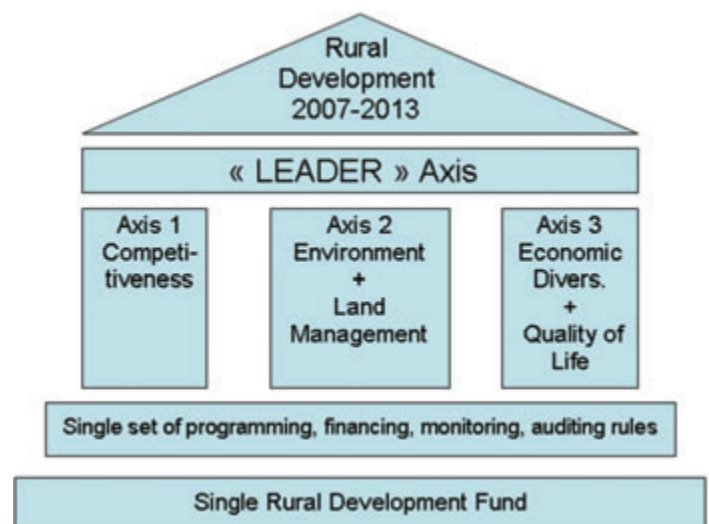
The Rural Development Regulation for 2007-2013 gives land managers and rural regions the possibility of defining activities tailored to local needs through focusing support measures on three areas:

Axis I: improving competitiveness of farming and forestry

Axis II: managing the environment and countryside;

Axis III: improving the quality of life and diversification of the rural economy.

A fourth axis, LEADER, should contribute to the priorities of the other three axes through supporting local capacity building for employment and diversification.



Although progress has been made in some areas, for example forestry has been more thoroughly integrated into the new Rural Development Regulation, it is clear that much more needs to be done.

Supporting economically viable farms and forests and a healthier socio-economic and natural environment: ELO believes that the primary objectives of rural development should be to support economically viable farms and forests and a healthier socio-economic and natural environment in rural areas. These objectives are in line with the Lisbon and Gothenburg strategies, which aim to balance strong economic performance with a sustainable use of natural resources that considers economic, social and environmental dimensions. In order to have the most effective impact, Rural Development Funds should be used, first and foremost, to support practical economic activities in rural areas directly dedicated to sustainable land management.



ELO represents its members' views by participating in the European Commission Rural Development Advisory Committee. Amongst its achievements, ELO actively contributed to the elaboration of the optimum rural development funding allocation in cooperation with the European Commission. This funding allocation within the framework of the Rural Development Programs will better enable landowners to adjust to a changing market. ELO has also helped to mitigate proposed reductions to support schemes that could have reduced the development of competitive rural businesses. In fact, ELO played an influential role in minimising a reduction in financial support for first afforestation.

In order for rural areas to become more sustainable and competitive, they must be provided with the necessary tools. This is especially the case where markets for sustainable goods and services are not yet sufficiently available. Supporting the sustainable production of biomass and biofuel as renewable sources of energy are one of several actions that can be taken to improve the competitiveness of rural areas

Beyond a need to ensure that sufficient support is made available to assist the provision of sustainable products and services within the framework of the Rural Development Regulation, one area of further concern includes the use of limited Rural Development Funds to finance nature protection legislation, such as Natura 2000 (i.e. the Habitats and Birds Directives). ELO wants to ensure that private landowners and managers are provided with the appropriate financial resources to combine nature protection measures with the development of dynamic rural economies.

Rural development funds should also ensure that landowners can face these new challenges for rural areas: providing food security and environmental goods and services while facing climate change events with increased occurrences of natural risks (drought, flooding, damaging storms...). Production losses in "Less Favoured Areas" - with significant natural handicaps (low soil productivity or poor climate conditions) and where maintaining extensive farming activity is important for the management of the land- should be compensated. Criteria for payments should fully compensate for landowners and managers additional costs and income forgone related to the handicap for agricultural production.

Improving the competitiveness of underdeveloped regions in the EU is also a major concern. This is particularly the case in many of the new Member States. In addition to Rural Development Funds, the Cohesion Fund provides some opportunities to co-finance relevant measures. Progress will require a continued commitment to supporting the initiatives taken by landowners and managers in these areas. ELO is involved in measures to support the exchange of information and experiences between rural actors in less developed Member States.

Rural development is key to creating a competitive and truly sustainable European economy. It is important that landowners are enabled to adapt to market conditions and that environmental services are adequately valued. ELO supports entrepreneurial initiatives of landowners that simultaneously provide society with environmental services. This can only be done by engaging stakeholders in the decision making process at local, regional and national levels.

