

# EUROPEAN MOUNTAIN CONVENTION

## Employment in the service of sustainable development.

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### Preparatory document

#### « The issues of the European reforms for mountain regions, employment and sustainable development ».

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*NB : this text was written and prepared by people from different languages. The final writing is not adapted in all languages. We thank you for your indulgence in this respect.*

## **EUROPEAN AGRICULTURE AND DEVELOPMENT OF THE CAP**

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- The CAP is created after the second World War when priority must be given to achieving food self-sufficiency in Europe.
- *In 1975, a European mountain policy is born with regulation 268/75.*
- Until the beginning of the 1980's, production volumes grow very quickly. The number of farms decrease, they specialise. The surplus increase and intervention stocking appear. Priority is then given to controlling the production volumes and reducing the stocks. Export becomes an essential option.
- 1980's - A new social sensitivity is developing faced with adverse impacts of this exponential agricultural development - social, spatial, environmental impacts...Some environmental policies emerge to address the risks of intensive production.

*Since the end of the second World War, the rural areas have seen their population decreased as a logical consequence of the important growing of labour productivity and farm size. Rural employment has fallen. This process has naturally more affected the areas underprivileged for this development of the productivity, and notably the mountain areas.*

*This is a process affecting not only rural areas and agricultural sector. It also results in growing urban unemployment as long as the development of urban activities (industries, services) is no more capable of absorbing the whole rural depopulation.*

- In the 1990's, new concepts appear : sustainability and integration. But the reform of the CAP in 1992 does not deliver a real change on the basis of the principles of McSharry's report. Competitiveness and export remain the main focus of the agricultural policies in Europe.
- Today - The situation is characterized by a growing demand for a multifunctional approach of the development and for quality products in order to face the threats of an excessive liberalisation.

Enlargement of the EU to the CEEC is now an additional element of the Common Policy.

» Hence the three dimensions to be covered by the new Common Policy :

↘ **Common Agricultural Policy** = continuation of the adaptation to the economic and social expectancies laid down at the WTO negotiations.

↘ **Rural Policy** = simplification of the measures and inclusion of the urban areas.

↘ **Enlargement** = progressive integration of rural/agricultural environments of the CEEC, allowing the compatibility with the future CAP.

With concern for the decentralisation at the level of the member states.

## **THE MOUNTAIN AREAS IN THIS CONTEXT**

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### **➤ Mountains and highlands :**

- Represent in the world approximately 20% of emerged surfaces. In the EU they occupy **30% of the territory**, with 20% of the UAA and more than 25% of the farms. In some European States they are even more important: Switzerland, Austria, Spain, Greece, Italy, Portugal (more than 50% of the territory). •
- Are the living area for **10% of the world population** (approximately 30 million people in the EU), but many more benefit indirectly from their resources.
- Present a large range of various cultural and physical situations. Thus, they are a **strategic reservoir of resources** and diversity, and include most of non-fragmented natural areas of Europe (often frontier):

↳ **Biodiversity:** reservoir of fauna and flora. The mountain areas offer unique and exceptional landscapes, with high biodiversity, and many areas with ecological continuity in Europe. The fragmentation of these areas (by an uncontrolled development of the traffic, tourism, infrastructures, urbanisation, by the abandonment of the traditional activities) is one of the origins of the insulation of the species and the limitation of the genetic exchanges. The non fragmentation of mountain areas is in close connection with the maintenance of the forms of mountain and hill farming which are at the base of its balance.

↳ **Cultural and landscape diversity :** the forms of life and use of the territory have, like the ecology of these zones, specific characteristics which must be preserved and developed.

↳ **Air and water resources :** The mountains are « tanks » of quality water and fresh air. These invaluable resources benefit all the European population and require an attentive management.

↳ **Tourism resources :** cultural inheritance, specific activities (ski, excursion...). Once more, this resource benefits the « townsmen », rather than the rural population and, although this resource also exists in other environments, mountains offer privileged and unique places for recreation - but particularly fragile ecologically and economically.

↳ **Specific food productions :** health, quality, genetic resources... The diversity and the specificity of mountains and the economic systems which rely on them are at the origin of productions of quality, varied, and of traditional know-how. The maintenance of such productions is however sometimes difficult because the small-scale farmings in mountains have structural limitations for production and marketing.

↳ **Border areas :** Frequently, the mountain massifs are border areas between States and, in addition, present many similarities. This is why the mountain areas require a transnational processing, in specific matter, to ensure the coherence of the policies to be carried out, in the objective to both avoid ecological and landscape fragmentation and ensure the maintenance of the populations and their economic activities.

➤ **The conservation of these environmental and sociocultural resources** through the maintenance of constant economic activities requires a synergistic and multifunctional approach of the development. The mountains are indeed particularly receptive areas for such a design, since they were always obliged to integrate this multifunctionality.

➤ **The mountain and hill farming** was never one-way, it always had to adapt to a very particular natural environment (altitude, slopes, climate) in order to draw the best party from it. Consequently, it often produced fine and complex agricultural systems (pastures, transhumance, meadows of altitude, mows hay, culture of fodder on the slopes, terrace cultivation...), which developed the habitats and reinforced the biodiversity, providing to these regions a great environmental value. The pluriactive actors, numerous in mountains, contribute to this richness through the maintenance of their agricultural activities.

Thus, the mountain agricultural systems not only respect the natural environment, but also develop it. Thus the quality and the value of the landscapes are the result of a combination of well controlled agricultural activities and natural environment. They acquired a particular environmental and cultural value. Led well, this agriculture can and must protect this asset.

➤ But the evolution of the mountain agricultural systems calls for **vigilance**, because the **current tendencies**, apparently contradictory (on the one hand monofunctionality, specialization and overuse of certain fertile and more accessible lands; abandonment and under use of the slopes and difficult lands on the other hand) cause degradations on the environment which can have further adverse impacts, not only on the natural resources but also on the economic and social situation of the areas concerned. In certain cases, these losses are irreversible. This is also recognized in the draft report of the " 1998 State of the Environment " (Environment European Agency - EEA), where the abandonment is regarded as one of the largest risks for the mountain environment.

➤ **The assets and threats which characterise these regions :**

ASSETS/CHANCES	WEAKNESS/THREATS
<ul style="list-style-type: none"> <li>• Environmental, cultural and landscape <b>richness</b> of mountain areas, which justifies the need for their conservation - beyond their productive value.</li> <li>• Historical <b>heritage</b> of mountain areas, traditional pluriactivity and multifunctionality.</li> <li>• <b>Experience</b> already largely acquired, since the reform of 1992, in the application of environmental, agri-environmental and rural development measures which made it possible to advance in the diversification and the recognition of the various roles of the rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Abandonment</b> of the holdings for lack of profitability (insufficiency of profits in comparison to provided work), and adverse consequences on the maintenance of the territory.</li> <li>• <b>Intensification</b> of holdings having some possibilities to survive under market competition, and consequences on the environment.</li> <li>• <b>Overspecialisation</b> of certain mountain areas towards tourism, forestry development, intensive breeding... which involves some environmental but also economic risks.</li> </ul>
<ul style="list-style-type: none"> <li>• Strong social request for <b>quality</b> products and services.</li> <li>• <b>New opportunities</b> offered by the technologies of information and of communication, which facilitate the relocation of activities and of employments.</li> <li>• Increasingly frequent recognition of the need for approaches in term of <b>multifunctionality</b> and integration in the planning and the development of</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Strong pressures</b> on the natural and socio-economic environment: tourist pressures, urbanisation, infrastructures...</li> <li>• <b>World economic tendencies</b> to liberalisation of the markets, which involve risks of " ecological and social dumping " on the less-favoured and fragile areas.</li> </ul>

the Community policies ·	
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## RURAL AND MOUNTAIN MULTIFUNCTIONALITY

- **If the territorial balance of the CAP is measured**, it appears that it historically gave priority to a highly productive agriculture, concentrated in the muddy plains of middle Europe, and thus neglected agricultures of the dry areas of southern Europe (often mountainous) or the areas with strong natural handicaps. This tendency is likely to consolidate a diagram: PAC/ Highly competitive agricultures of middle Europe - Rural development / rural areas of the south and the underprivileged zones.

From **the Reform of 1992**, even if the objective remained to ensure the competitiveness of the European food production, the total incidence of the CAP on the regional economies, zones in difficulty included, can be regarded as positive. The effect was however less positive in mountains than in less favoured areas, as shows the report of G.Bazin (Researcher of the INRA- Grignon) on the evaluation of the mountain policy in France.

- **With regard to the structural policy**, the differences between Member States were actually reduced (even if they remain still certainly large). But differences within one State between areas of concentration of activities and marginalized zones, and notably mountain areas, were not reduced in the same proportions. This phenomenon can be explained by the limited impact of the lever effect of the structural Funds and by the lack of integration of development plans in strategies of regional planning at broader levels (European Spatial Development Perspective - ESPD).

- **» Do the proposals of Agenda 2000 constitute an appropriate response to the necessity for multifunctional development ?**

- The defence of a multifunctional development model is an essential contribution of Agenda 2000 as set out in the explanatory memorandum :

*« For centuries Europe's agriculture has performed many functions in the economy and the environment and has played many roles in society and in caring for the land. That is why it is vital, as the Luxembourg European Council concluded in December 1997, that multifunctional agriculture must develop throughout Europe, including those regions facing particular difficulties. In connection with Agenda 2000 and its implementation, care will accordingly need to be taken to provide proper compensation for natural constraints and disadvantages. »* - Agenda 2000 - reform of the CAP - Explanatory Memorandum / The European model of Agriculture.

However, the mountain areas did not benefit from a specific analysis within the framework of Agenda 2000. All seems to indicate that the mountains are regarded as a nonsignificant part of the territory; and their difficulties and own problems as comparable to the whole rural area.

Thus the Community policies (CAP and structural policy) do not consider the mountain areas as a specific case and submerge them in the whole rural policy whereas they respond, better than other areas, to the objectives of multifunctionality of the development.

## WHAT SHOULD BE DONE ?

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The development of the mountain areas can be effective only on the basis of sustainable and multifunctional development. So, in order to preserve these fragile areas and their social, territorial and environmental functions,

### **the mountain areas need:**

➤ **the respect of the principle " No rural development without agricultural development, not agricultural development without rural development "**. That implies the specific consideration of the difficulties of the mountains in the agricultural reform, and guarantee:

- **the rights to produce of mountain and hill farming.** That for both economic and environmental reasons.
- **the development and the promotion of quality products.**
- **A remuneration which, in addition to the compensation of handicaps, takes into account the additional efforts that the mountain farmers make in favour of the maintenance of the environment.**

➤ **A political will to promote their model of multifunctional territory** through an approach taking into account the specific characteristics and problems of mountain areas. This political attention must also result in granting a larger eligibility of these zones in the framework of structural policy. The mountain areas would then face more easily their common problems, whatever are their situations : limitations with the agricultural production, natural risks, brittleness of the environment, over-specialisation (case of tourism), abandonment of the territory...

An insufficient attention was given until today to the mountain areas. Even if they were the object in 1975 of the first European policy with territorial contents, since then they never were taken into account specifically in the structural policy in the form of an own Objective or, at least, of a Community Initiative designed for the mountain areas.

This " structural attention " was however given to other types of threatened zones: ultraperipheral areas, islands, zones urban...

➤ **A development from the Common agricultural policy (CAP) towards a Common Agricultural and Rural Policy (CARP)**, in the sens of the proposal of the Report from Mr Cunha of the European Parliament. This CARP would integrate all the policy measures in rural areas, ensuring a rural development based on the local resources (except for human resources for which it is important to associate new actors).

➤ **A specific policy for employment** which takes into account the potential sources of employment in mountains, but also its own characteristics : needs for formation, seasonal work...; this in order to ensure a sufficient and diversified backgrounds of employment. This requires a permanent dealings between local actors and decision makers.

➤ **An approach which allow the integration of the needs of mountain areas (and the various types of areas in general) in the general physical planning** and among the types of rural areas identified in the ESPD. That would indeed make it possible to reconcile agricultural management, rural development and physical planning.

- a narrower connection between the CAP, the structural policy and the regional planning should also exist at national level and in the regional development plans. That should result in a zoning of different types of rural areas, including the mountain areas, which could be used as a reference for the attribution of actions and funds: more intense application of agroenvironmental measures where the intensification of the production is a problem, a main effort towards diversification in areas with special difficulties for production etc... according to the type of zone.
- the maintenance and/or the introduction of an urban/rural-mountain balance would be one of the fundamental goals of the integration of the problems of the mountain in territorial planning. Paragraphs II.C.2.a (*Transfers in the role and the function of rural areas - increasing dependence on urban areas*) and III.A.4 (*Partnership between the cities and the campaigns*) and III.A.5 (*Diversification of the rural areas*) of the ESPD largely approach this aspect.

➤ **The defence during the next WTO's round of a European model for agriculture and rural environment** which integrates the environmental, territorial, cultural and social (in particular employment) aspects with other purely economic and agricultural aspects. To uphold "the European rural exception" is the only mean to resist the social and ecological dumping from agricultures which only suit a pure liberal and productivist model. It is also the position of the Report from Mr Cunha of the European Parliament.

This position is all the more necessary in prospect of the enlargement. The European Union will open to new economies where agriculture is a larger contributor in particular in term of employment, and where the mountain areas are sometimes very important. This is why the intervention of the EU must guarantee a certain economic and political stability in rural areas during the period of changes which will undergo these economies (position of the Cunha report of the European Parliament). That becomes strategic for mountain frontier areas, quite large in the CEEC (with EU but also with other Eastern-European countries).

## GUIDELINES OF THE PROPOSALS

CAP reform	
OBJECTIVES	PROPOSALS
<ul style="list-style-type: none"> <li>• <b><u>Support and development of a multifunctional agriculture</u></b> (role of maintenance, environment, quality...).</li> <li>• Stronger support of the agricultural systems with low inputs, respecting and developing the environment, producing products of quality in economically and ecologically threatened areas. In particular support of permanent pasture systems.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Modify the distribution of funds</u></b> thanks to levelling off direct payments and give the preference to less intensive agricultural systems which contribute to the maintenance of the environment and to safeguarding these threatened regions.</li> <li>• In particular, the pasture systems, which are more respectful of the environment and contribute to the balanced exploitation of the territory, must benefit from a <b><u>premium for the grass lands</u></b>, in compensation of the reintroduction of maize silage premium.</li> </ul>
<ul style="list-style-type: none"> <li>• <b><u>Guarantee of a suitable income</u></b> for the farmers, and in particular remuneration of the non-productive functions ensured by the mountain dwellers.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Support prices</u></b> by controlling the volumes of production.</li> <li>• <b><u>Remunerate the non-productive functions</u></b> of agriculture in areas where it is essential for the maintenance of the environment and its inhabitants ;</li> </ul>
<ul style="list-style-type: none"> <li>• <b><u>Support of the productions and services of quality</u></b>, and recognition of " the European rural exception " at the WTO.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Confirm a strong European policy as regards quality</u></b>, labellisation, " mountain " designation... while succeeding in making it recognized by the other countries during the WTO's round.</li> </ul>
The structural Funds and the rural Development reforms	
OBJECTIVES	PROPOSALS
<ul style="list-style-type: none"> <li>• <b><u>Guarantee of maintenance/increase of employment</u></b> and of population in mountains.</li> </ul>	<ul style="list-style-type: none"> <li>• Development based on local resources, but open to new actors.</li> <li>• Development of programs relying on the new technologies (information and communication) to <b><u>relocate urban activities</u></b> which can currently become rural.</li> </ul>
<ul style="list-style-type: none"> <li>• Setting-up of a mountain <b><u>sustainable development</u></b>.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Development on the basis of endogenous resources</u></b>, respecting the principle of right to diversity (by avoiding the imposition of urban development schemes which are not appropriately adapted), and the encouragement of quality products.</li> </ul>
<ul style="list-style-type: none"> <li>• <b><u>Integration of specific mountain concerns</u></b> in the process of regional planning in the EU.</li> <li>• <b><u>Contribution to a better urban/mountain balance</u></b> and to a significant consideration of ecological and economic characteristics of mountains in comparison with other threatened areas.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Higher recognition</u></b> of mountain eligibility in the structural policy and rural development measures.</li> <li>• <b><u>Specific identification of the mountain territories</u></b> in the new European Spatial Development Perspective (ESPD).</li> <li>• <b><u>Creation of a specific " mountain " Community Initiative</u></b> and establishment of a « mountain » identification in the SPD which allow a global understanding of all the measures applied in mountain areas.</li> </ul>
<ul style="list-style-type: none"> <li>• <b><u>Preserve the cultural inheritance</u></b> as one base of the development in the mountains, including the specific living and production systems, in particular the breeding systems.</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>The Compensatory payments must retain their essential characteristic as means of providing compensation for permanent hardship</u></b>.</li> <li>• <b><u>Develop the rural tourism according to sustainability</u></b> and compatibility criteria; not only as regard safeguarding the environment but also the socio-cultural integration.</li> </ul>
<b>Develop subsidiarity in the application of rural policies, in order to allow an optimal adaptation to local conditions.</b>	

## REFLEXIONS ABOUT THE CEEC

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### ➤ Context :

- **Enlargement to the CEEC is one of the most important challenges the EU has now to face.**
- **Agriculture in these countries** (see table) is still very important, both for its part in the GDP and for the employment (see the cases of Poland among the closest members).

In addition, the geographical importance of the mountains is also very significant in certain countries: Czech republic and Slovenia for the closest adherents to the EU, but also Romania, Bulgaria or Slovaquie among the others.

COUNTRY	AGRICULTURE %	
	In the GDP	In the working population
Poland	6,2	27,0
Hungary	6,0	12,0
Czech Rép	6,0	11,0
Slovenia	4,5	8,4
Estonia	7,1	18,0
Slovaquie	6,4	10,0
Romania	20,1	23,0
Bulgaria	13,0	16,0
Lithuania	9,5	30,0
Latvia	8,5	16,0

- **The role of agriculture on the territory and on the environment on the one hand and rural depopulation** which is likely to increase the problems of unemployment in urban areas on the other hand, oblige to delicately treat the problems of the rural areas in these countries where the process of European integration has already started. All the more in mountain regions, where the share of farming population is sometimes more important than in the plains (case of Romania where the mountain areas gather a dense farming population - small-scale family farms) and where the geographical and environmental conditions require, as in Western Europe, a vigilant attention from architects of development policies.
- **The geographical and geopolitical importance of mountains**, which often constitute the limit between States, add also some difficulties to the general management of the different massifs.

### ➤ Which Community policy ?

- **The Commission will have to ensure the compatibility of the development strategies with the future CAP during the pre-accession stage.** The Commissioner Fischler underlined that the 500 million ECU invested each year for the 10 CEEC candidates to adhesion will not be assigned to the development of the productions in sensitive sectors, but in the objective to guarantee a certain economic and political stability in the rural areas during the transition period which will affect these countries. This prevention policy can be especially relevant in the mountain areas.
- For the examination of the first five adhesions, the agricultural « chapter » will surely be one of the last to be approached, because of its complexity. Six working sessions are envisaged between September 1998 and June 1999.

- **A specific attention for the mountain areas.** In the CEEC as in the current European Union, the territorial role played by mountain areas, particularly under transborder conditions, should constitute a major element for a higher integration and care in the structural policy, rural development and agricultural policies.

➤ **Importance of the exchanges in prospect of the enlargement of the Union.**

- **It is capital to transmit the experiment of the Western countries** to these new comers in the European and world economy. Firstly the various stages of the process of integration of fragile agrarian systems to the world market must proceed in a balanced and progressive way. Secondly, the agricultural development has to be done in parallel and proportionally to the industrial and tertiary development (and not more quickly). The exchanges and the co-operation, in complementarity with European and national policies, must contribute to this controlled integration in respect of the economic, social, cultural and environmental characteristics of each area.

- **In the mountains,** according to the environmental and economic brittleness, in particular when those gather a dense farming population and an agriculture slightly competitive, the co-operation and the exchanges will be all the more essential.

- Lastly, **the actors of the local development need in these areas:**

- information on the European policy, on the experiment (in the short run) of their partner of central and Eastern Europe, of the experiment (in a longer run) of countries from the European Union, on the environmental protection, etc...

- trainings on diagnosis methodology, on follow-up and assessment of projects, on structuring organizations (agricultural federation, association for local and rural development) and production, with environmental attention for sustainable projects etc...

- exchanges, because visits and contacts are extremely important to strenghtenth a real co-operation.

## **ROLE OF EUROMONTANA IN THIS CONTEXT?**

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**Agenda 2000 is certainly decisive for the future of the mountain areas of the EU Member States and the future adherents.**

**But the promotion of the sustainable development is also based on the co-operation and the exchanges with other European countries, contributing largely to the political and cultural balance of our continent.**

- **EUROMONTANA is an organization working in the rural and agricultural field, having a geographically wide network** in Western Europe as well as in Central and Eastern Europe.
- It must play a significant role in the **multiplication of the exchanges**, information, knowledge between the various massifs of Europe and not only at community level. That should facilitate a closer integration of these areas with common problems.
- It is thus necessary to engage a **serious reflexion in connection with the means to implement in EUROMONTANA** to engage this role.

### **Services that EUROMONTANA must propose to the mountain dwellers of Europe.**

For example :

- to improve knowledge on mountain specificities at the level of the European continent,
- to guarantee the sharing of experiences between the various countries and massifs. Organization of forum, publication, informatic exchanges... this role is particularly significant for the CEEC, etc...
- to contribute to set up and develop projects or studies with experimental aspects, etc..
- to follow and offer a contribution to the changes of Community and national policies as regards agriculture and rural areas (as for example currently with Agenda 2000...),

**in close co-operation with the other international organisations working for the promotion of the interests of the mountain populations, with national and regional organisations from the whole European countries and with the national and Community authorities.**

**To achieve completely these objectives Euromontana need :**

- 1. mobilisation of its members in particular in term of working time (regional or local animation)**
- 2. recognition and financial supports by the European authorities.**

## 1- The reform of the CAP

### Agriculture, employment and environment in mountain

#### BACKGROUND

The European model of agriculture and rural environment has not yet been completely established.

It seems that the process of liberalisation of the world agricultural trade is spreading up. In addition to the recent agreements at the WTO, the new American agrarian law which has just been approved in the USA will have some important consequences for the European agriculture.

Progressive opening of the European market to third countries and the pressure of the coming WTO round (1999) threaten the principle of « Community preferences », which on the contrary should be reinforced in prospect of the enlargement of the Union.

So, in order to preserve the European model of agriculture and territory, as President Santer stressed, we have to consider that the internal and external framework of the EU is always changing and this is why the EU has to adapt, evolve and grow.

To make the irresistible current towards global liberalisation compatible with the economic, social and environmental aspirations of the EU society, the new CAP proposed in Agenda 2000 will have to ensure a coherent and integrated rural development based on multifunctionality, integrating 3 essential functions set out in the European Charter on the Rural Area, the European Charter on Mountain Regions and the Alpine Convention :

- Economical function
- Environmental function (water, biodiversity, landscape...)
- Sociocultural function

#### OBJECTIVES FOR A EUROPEAN MODEL OF AGRICULTURE

The main objective of agricultural development strategies should first be to **guarantee the sustainability of agriculture so that farms are both economically viable and compatible with the environment and local resources**. And this for 2 major reasons : 1) agricultural depopulation is now very expensive for a nation in the context of unemployment ; 2) environmental imbalances linked to agriculture become unacceptable for European taxpayers.

**In the mountain regions**, achieving this objective is fundamental and is a concern for the whole Europe :

- **Convergence of economic and environmental objectives : maintenance of agriculture in the mountain regions**. The maintenance of a vibrant agriculture in these regions permits the maintenance, and indeed the development, of the ecosystems. Adverse impacts barely exist, the main environmental concerns are caused by land abandonment. This is why the economic objective (preserving agricultural employment) and the environmental objective (keeping an open and rich landscape) converge.

Mountain agriculture can respond to the expectations of European society expectancies : quality products (varied, authentic and healthy), quality landscape, quality environment.

- **Convergence of threats : economic abandonment and impoverishment of the environment.** Mountain farms are considerably disadvantaged in the race for productivity. Mountain farmers suffer from double disadvantages in comparison with the rest of the society as farmers and as mountain dwellers : lower incomes, difficulties and oncosts related to isolation, topography, climate, lack of services, equipment and so on... The decrease in farm prices is therefore difficult to bear for mountain farmers. An economical attention is therefore absolutely essential for the maintenance of mountain agriculture and farmers and for the maintenance of a vibrant, rich and varied environment.

In pursuing this objective it is necessary to :

- ⇒ **develop and support a multifunctional family agriculture**, arable, forestry, pastoral -integrating within the same farms production, service and tourist functions.
- ⇒ **Promote a wide-spread and balanced distribution of agriculture across the whole territory** for its maintenance ; since in contrast to other socio-economic and cultural schemes, European society is based on a territorial model, the loss of which would consequently be largely beyond (would overstep ?) the agricultural and forest framework.
- ⇒ **promote low-input farming systems which use and exploit to best effect the local resources and which produce quality products, especially in economically and environmentally threatened areas**<sup>1</sup>. The pasture systems, which do not produce surplus and maintain landscape (in contrast to intensive systems) should in particular be strongly supported to resist the excessive decreases of the prices of milk and meat.
- ⇒ **guarantee a decent income** for the farmers, which also pays the maintenance and tourist functions. This would improve rural employment and maintenance of the environment at the same time.
- ⇒ **encourage the traditional production of quality products** in order to satisfy the growing demand from urban consumers, concerned to eat healthy, tasty and authentic products.

## **PROPOSALS OF EUROMONTANA - MAIN OBJECTIVES**

Achievement of the objectives as defined, within the CAP, will require a new distribution of the community credits. This distribution should guarantee solidarity between urban areas and rural areas, and solidarity between advantaged rural areas and less favoured areas, including mountain areas.

Euromontana proposes to address the new CAP according to the following principles, intended to provide the effort demanded by European taxpayers to support European agriculture against WTO pressures and against an uncontrolled acceleration towards free-trade.

- ⇒ **Change the distribution of direct payments by means of a ceiling.** This should balance the current situation (80% of payments to 20% of farms, the biggest, generally impacting most heavily on the environment yet providing low employment rates). Financial resources released from the

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<sup>1</sup> Mountain agriculture systems in general respond perfectly to this model (see the study on « Integration of environmental concerns into mountain agriculture » - Chapter 1). They are sometimes called « extensive » but

implementation of such a ceiling should be assigned to multifunctional farms, where employment rates are higher, and which are situated in fragile areas difficult to farm and with a high environmental value.

- ⇒ **Give priority to low-input productions, which make the best use of local resources** in particular breeding on grass, while allowing small 'islands' of integrated productions (such as horticulture, tree growing, notably in Mediterranean areas). Indeed this objective must be compatible with selective intensification, under controlled conditions, which is necessary for the survival of farms and their competitiveness. It is traditionally the case with horticulture when it is a secondary activity, and of course, it is the case in many Mediterranean production systems, very integrated into environmental, historical and sociocultural conditions of this areas (irrigated horticulture, fruit trees growing).
- ⇒ **Favour the establishment of young farmers** - especially by regionalising the right to produce. It is essential to escape the logic of farm enlargement in order to facilitate the establishment of young farmers. In effect the establishment of a farmer encourages employment both upstream and downstream.
- ⇒ **Support the prices by controlling the volumes of production** (quotas). This system is necessary to support agricultural production in areas where productivity is lower. The Commission must take care to ensure that this system is compatible with objectives defined at the WTO. Price support arrangements could be adapted according to each Common Market Organisation of the CAP.
- ⇒ **Encourage a stronger European quality policy**. It is particularly important that quality products are strongly taken into account in the CAP reform (particularly in the context of the next WTO round (1999)), and in the reform of the Structural Funds and Rural Development. Arrangements for such a policy should intervene at all stages of the production : Production, processing, marketing (with means to identify the products on the market, such as labels, designation...). Particularly a specific 'mountain' designation could be set up at European level, and guarantee its correct use, and support the marketing of mountain quality products. This mountain designation should also address products from other sectors of activity than agriculture : forestry, craft industry...
- ⇒ **Include solidarity within subsidiarity**. The possible modulations of the CAP measures by the members states must reflect a European solidarity. This is why the commission should set up priority criteria to guarantee solidarity and economic and social cohesion.

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this definition, when it is not precised, can be understood as 'systems using little manpower in ratio to area, occupying and maintening little space' - which does not correspond to the model referred to here.

PROPOSAL RELATING TO CAP REFORM.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>ARABLE CROPS COM</b>		
Reintroduction of a <b>silage maize</b> premium. Cost : 1,2 billions ecus/year 350 ecus/ha	<ul style="list-style-type: none"> <li>• <b>Concurrence distortion for the fodder resources :</b> <ul style="list-style-type: none"> <li>- disadvantage the permanent pastures (which are better for environment), encourage intensification.</li> <li>-create imbalance between areas, in so far as corn is growing in plain or at the bottom of fertile valley whereas permanent pastures are often in mountains.</li> </ul> </li> <li>• <b>Consequences on dairy COM and beef COM</b> because milk and beef productions in areas suitable for arable crops become more competitive than in other areas (pastures).</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid this concurrence distortion by introducing a <b>grass premium<sup>2</sup></b> (inside the CMO) of a significant amount.</li> </ul> <p><i>This premium has to be set up by the Commission, and not left to the discretion of the members states. It would demonstrate a 'superior' voluntary policy towards solidarity within the EU in contrast to simple subsidiarity.</i></p>
<b>Conservation of the regionalisation scheme</b> and distinction between irrigated/non irrigated crops	<ul style="list-style-type: none"> <li>• This distinction is important for mountain regions, especially for dry areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Euromontana approves this proposal</li> </ul>
No modulation planned in the framework of this CMO	<ul style="list-style-type: none"> <li>• Modulation is possible in other CMO (milk and meat). Distribution of complementing funds according to defined criteria could also allow, in this CMO, compensation for environmental values of grass systems</li> </ul>	<ul style="list-style-type: none"> <li>• Allow modulation for responsible authorities of the members states according to the following criteria :                             <ul style="list-style-type: none"> <li>-Training and employment,</li> <li>-economical / technical management,</li> <li>-environment and marketing.</li> </ul> </li> </ul>

<sup>2</sup> This premium would address the mountain and permanent pastures as well as permanent and temporary grass lands.

PROPOSALS RELATING TO CAP REFORM.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>BEEF AND VEAL COM</b>		
<b>Decrease of the prices, protection of the environment and quality products.</b>	<ul style="list-style-type: none"> <li>• The decreases of the prices are excessive especially for cattle breeding on grass.</li> <li>• Meat production needs, as dairy production, control of the volumes of production.</li> <li>• As regards environmental and quality concerns, it is necessary not to encourage intensive breeding.</li> </ul>	<ul style="list-style-type: none"> <li>• It is necessary to keep controlling the volumes of production and to guarantee a level of prices allowing the survival of cattle breeding on grass.</li> <li>• Introduce a general ceiling for the stocking density (for any bovine premium) at 2 LU per hectare.</li> </ul>
<b>Increase of the premium for male animals</b> (1454 ecus/head).  <b>Modulation</b> linked to either : -complementary payment per head, -premium per hectare of permanent pasture, -premium for heifer.	<ul style="list-style-type: none"> <li>• This premium reflects a contradiction between the wish of the commission to encourage quality products and agricultural practises respectful of environment and the setting of premium for silage maize and for young cattle linked with intensive systems.</li> <li>• It strengthens the concurrence between beef originating from suckling herd and beef originating from milk production (and favouring the last one with silage corn and premium for male animals).</li> </ul>	<ul style="list-style-type: none"> <li>• Restore the balance between these productions and encourage permanent pasture.</li> <li>• This premium increases the necessity to introduce a complementary premium per hectare of permanent pasture at European level and from the EU (see point maize silage in Arable crops COM). This premium could be modulated if necessary.</li> </ul> <p><i>The financing of this premium could be achieved by the reduction of the premium for male animals and by the subsidiarity in each COM.</i></p>
<b>Decrease of the quotas for suckling cows.</b> Ceiling for the right to any sucking cow premium at a milk production of 120.000 litters for one farm.	<ul style="list-style-type: none"> <li>• The management of this premium is independent of traditional production areas, there is a danger to see a gradual relocation of this production.</li> <li>• There are in the mountain regions several farms with 2 breedings : milk breedings and meat cattle breedings.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a premium quota for suckling cow reserved to the mountain areas.</li> <li>• Increase the ceiling of 120.000 litres for the right to suckling cow premiums.</li> </ul>
<b>Transfer of reference quantities</b> without transfer of the corresponding land.	<ul style="list-style-type: none"> <li>• This possibility could cause abuse, even if there is a warning to limit the transfer outside from sensitive areas, in particular in mountain areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce an obligation to link transfer of reference quantities to a compulsory transfer of the corresponding land</li> </ul>

PROPOSAL RELATING TO CAP REFORM.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>DAIRY COM</b>		
<p>Reduction of 15% of the intervention price for butter and milk powder, balanced by a new dairy cow premium : 100 ecus/virtual cow.</p> <p>Fix a theoretic European yield by cow of 5800 kg to fix the right to premium for each cattle breeder.</p>	<ul style="list-style-type: none"> <li>• This diminution linked to a compensation in the premium seems to forestall a breaking up of the dairy quota system after 2006.</li> <li>• The dairy quota is necessary to preserve a production potential in the mountain areas.</li> <li>• The suggested yield disadvantages most of European mountains, where extensive techniques and presence of hardy animals limit yields.</li> </ul>	<ul style="list-style-type: none"> <li>• The dairy quota system favours mountain areas. It must be retain.</li> <li>• For mountain areas, the yield (used to calculate the number of virtual cow) has to be measured in European mountain areas.</li> </ul>
<p><b>Modulation.</b> Possibility for the member states to introduce a permanent pasture premium or an animal premium.</p>	<ul style="list-style-type: none"> <li>• In so far as the dairy production based on silage maize (which is impossible in mountain areas) and the absence of a ceiling for the stocking density (which favours intensive production), there must be a compensation for dairy production based on permanent pasture.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce a significant <b>complementary premium</b> per hectare of permanent pasture (see point silage maize in Arable crops COM) at <b>the European level</b>.</li> </ul>
<p>Increase of 2% of European quota : -1% for young farmers. -1% for mountain areas.</p>	<ul style="list-style-type: none"> <li>• This support is important for mountain dairy farms, it is welcome by Euromontana members.</li> <li>• This increase should not to be understood as a tacit agreement for the breaking up of quota system.</li> </ul>	<ul style="list-style-type: none"> <li>• This support is very welcome.</li> <li>• Euromontana asks for a guarantee of retaining quota system after 2006.</li> </ul>

PROPOSAL RELATING TO CAP REFORM.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>DIRECT PAYMENTS</b>		
<p>Degressive overall ceiling of direct payments. Where the total amount of payments which would be granted to a farmer under the support schemes in respect of a given calendar year exceeds Ecu 100.000, that amount shall be reduced by :</p> <ul style="list-style-type: none"> <li>- 20% of the part of that amount which exceeds Ecu 100.000 but is not more than Ecu 200.000, and</li> <li>- 25% of the part of that amount which exceeds Ecu 200.000.</li> </ul>	<ul style="list-style-type: none"> <li>• The new decision to introduce a limit to the direct payments is very positive. A new distribution of the funds should then benefit to multifunctional and family holdings contributing to the maintenance of the environment and of vibrant rural areas, producing quality products relying on low-input systems, and notably mountain farming. But changes are not strong enough to complete this new distribution.</li> <li>• There is no real ceiling (simple degressivity).</li> <li>• Choices and priorities must be clearly defined for the distribution of the funds released from a ceiling on the direct payments.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Set up a lower ceiling for the direct payments :</b> Where the total amount of payments exceeds Ecu 50.000, that amount shall be reduced by : <ul style="list-style-type: none"> <li>- 20% of the part of that amount which exceeds Ecu 50.000 but is not more than Ecu 100.000, and</li> <li>- 40% of the part of that amount which exceeds Ecu 100.000 but is not more than Ecu 200.000.</li> </ul>                     The total amount of payments should never exceeds Ecu 200.000.                 </li> <li>• Assign the released funds from ceiling to multifunctional farms, which give priority to employment and environment. Assign them also to policy measures for land management (such as forestry measures), rural development measures, and allow for these measures higher co-financing rates.</li> </ul>
<p>Modulation of the payments by the authorities of each member states. Each member states (or Regional Government) will be able to decrease or even suppress the payments on the basis of environmental or employment criteria.</p>	<ul style="list-style-type: none"> <li>• The possible modulation of the direct payments is positive.</li> <li>• But we wished this modulation doesn't only concern environment and employment.</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to these criterion, modulation should be possible to encourage quality products which indirectly is in favour of employment and environment.</li> </ul>

## **2- The reform of the Structural Funds, rural development and community initiatives**

### **Development, employment and environment in mountain areas**

#### **BACKGROUND**

The **multifunctional approach** we seek towards European agriculture also addresses all rural activities. To be really sustainable these activities should indeed integrate economic, environmental and socio-cultural functions.

To achieve this objective, **the mountain areas need**, and not only in respect of their agriculture, **a specific strategy at the European level** for several reasons :

- mountain areas are a unique source of special ecosystems, living creatures, cultures,.. sometimes confined to very small areas and in exceptional conditions.
- Isolation and other constrains lead to development difficulties of traditional as well as new activities.
- Another form of difficulty arises from the incapacity to control and slow the spreading out of activities with adverse impacts on environment and for which mountain areas are particularly attractive.
- All this leads to mountain regions generally lagging behind the others, even rural areas, and to a general depopulation.

**Despite this the mountain predicament is not recognised in Agenda 2000.** The strict eligibility criteria proposed are based on the wealth of the region. This is not in accordance with the objectives of the structural funds policy which should not only correct imbalances but prevent them. Even though they have not been recognised in Agenda 2000 (in contrast to other threatened areas such as urban areas), the specific characteristics of the mountain areas are clearly identified.

#### **OBJECTIVES FOR A MODEL OF STRUCTURAL POLICY AND MOUNTAIN DEVELOPMENT.**

The European strategy for structural development and in particular for mountain development should not only aim at providing compensation for the hardships but should also provide support for all development initiatives.

Several objectives should be achieved :

=> **Maintain and even increase the population in mountain areas.** The basis principle is that there can be no rural development without agricultural development and no agricultural development without rural development.

**Guarantee the stability of agricultural employment.** In particular pluriactivity, which is a real support to farmers and which contributes to the maintenance of a vibrant agriculture, should also benefit from CAP arrangements.

**Promote new sources of employment** from which the whole rural population could benefit and which diversify the economic environment.

**Increase the value of the mountain activities and products** by using new communication and information technologies which can compensate for structural deficiencies (equipment, services,...). These technologies could even bring new population to work in the mountains.

=> **Set up sustainable mountain development** which relies on the local human and natural resources integrating specific territorial and cultural features. This development is possible with the help of new communication technologies and is a mean to avoid the spreading out of activities which are not compatible with a sustainable environment.

=> **Promote and support a balance between cities and mountain areas**, especially by supporting employment into the mountain regions. Solidarity should be expressed in concrete actions such as youth exchanges, markets...New modes of supplying the surrounding cities should be organised in relation with tourism activities, direct selling and so on...

=> **Preserve the cultural heritage** as one of the bases for the economical development.

### **EUROMONTANA's PROPOSALS.**

These proposals rely on the following principles :

=> **Local development should be influenced by local population but open to new actors.** Simplification and flexibility should rely on an augmented role of the local development agencies which know best the local needs, and the more efficient actions to implement.

=> **Use of new information and communication technologies.** These technologies can allow the relocation of urban activities (which could develop in rural areas) and create new employments.

=> **Right to diversity.** Mountain development should not be copied from urban development but should guarantee the recognition of each specificity. A stronger policy for quality products and services could allow a development which integrates local resources and cultural heritage.

=> **« Mountain » identification inside the SPD** (Objectives, Community initiatives, rural development). A clear identification of the mountain programmes into SPD would highlight and clarify all the measures applied and should improve both their implementation and their control.

=> **Recognition of mountain eligibility.** It seems to us absolutely essential to distinguish the mountain areas from other areas in the new structural funds and rural development policy and to integrate almost all of them into the new Objectives 1 and 2. A sub-Objective 2b could be created for the rural areas. Solidarity between cities and mountain areas could be then enhanced.

=> **European Spatial Development Perspective (ESDP).** The mountain territories should be represented as a special category in the European spatial development policies.

=> **Compensatory payments.** The Compensatory payments must retain their essential characteristic as means of providing compensation for permanent hardship, even if they can constitute, in an independent way, environmental measures.

=> **Sustainable tourism.** Mountain areas are a unique environment for recreational activities (more than twenty could be quoted easily : skiing, hiking, mountain riding, climbing, rafting, and so on..). These activities have played an important role in the creation of new forms of employment in mountain areas but they deserve a special attention because they can be harmful for the environment and can lead to a loss of touristic attraction when it begins to destroy the landscape and also when it produces mass tourism. Sustainable and long term tourism requests a high quality of both environment and services.

**PROPOSAL RELATING TO SF REFORM.**

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>STRUCTURAL FUNDS</b>		
<p><b>Eligibility criteria :</b></p> <p>- <b>Objective 1 :</b> almost unchanged (at level NUT II GDP/inhab&lt;75% of average GDP/inhab in EU). Exceptions : current Obj.6 areas and ultra-peripheral areas (as defined in Amsterdam Treaty) are also included.</p> <p>- <b>Objective 2</b> « supporting the economic and social conversion of areas facing structural difficulties ». Those regions shall include at level NUT III areas :</p> <ul style="list-style-type: none"> <li>• undergoing socio-economic changes in the industry and services sectors (current Obj.2),</li> <li>• declining rural areas (current Obj. 5),</li> <li>• urban areas in difficulty and</li> <li>• crisis-hit areas dependent on fisheries.</li> </ul> <p>The population covered by the future Obj. 2 should represent 18% of the European population : 10% in industrial areas, 5% in rural areas, 2% in urban areas, 1% in areas dependent on fisheries.</p> <p><u>At least 50% of the eligible rural areas must satisfy 2 criteria among 4 :</u></p> <ul style="list-style-type: none"> <li>- either a population density below 100 people per km<sup>2</sup>, or a percentage share of agricultural employment in total employment at least double the Community average in any reference year from 1985, and</li> <li>- either the average unemployment rate recorded over the last three years is above the Community average, or the population has fallen since 1985.</li> </ul> <p><u>The member States can propose additional areas up to 50% of the total eligible, according to qualitative criteria.</u></p> <p>- Objective 3 includes human resources development, with an horizontal aspect in EU.</p>	<ul style="list-style-type: none"> <li>• Future Obj.2 seems to address essentially urban and industrial areas, but don't reflect the crisis of rural areas. For example the unemployment rate, which is an omnipresent criterion in Obj.2, is not a good criterion for areas where the population has already moved.</li> <li>• The large flexibility left to member states to propose areas for the second objective (with qualitative criterion) seems in contradiction with the will to reduce the population in objective 2.</li> </ul> <p><i>Indeed, this large flexibility will make the numbers of candidate areas bigger than those which will be finally chosen. What will then be the final criteria for the selection by the Commission ?</i></p> <ul style="list-style-type: none"> <li>• The mountain areas, even maybe those which meet the defined criteria, are in danger on being neglected by the national authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• For a better integration of mountain concerns (and similar areas) :             <ul style="list-style-type: none"> <li>- Either include the mountain areas (75/268) and similar areas for climatic or other reasons in objective 2, where there are not in objective 1. The only exclusion criterion could be if the average income per inhabitant is higher than the EU average.</li> <li>- Or at least, identify these areas as priority for the selection by the member states of additional areas.</li> </ul> </li> <li>• For the allocation of funds in each target areas of Obj.2 :             <ul style="list-style-type: none"> <li>- Either create an objective 2b for the rural areas, which could avoid concentrating funds in urban/industrial areas.</li> <li>- Or set up a funding division between urban and rural areas.</li> </ul> </li> </ul>

<p><b><u>A linear reduction of the population covered by objective 2 in each Member State.</u></b> The maximum reduction will be the third of the population covered by current objectives 2 and 5b.</p>	<ul style="list-style-type: none"> <li>• Euromontana disapproves this linear reduction <u>per member State</u>, which doesn't take into account the unbalanced dispersion of areas with difficulty into the Union.</li> </ul>	<ul style="list-style-type: none"> <li>• A linear reduction of the population covered by Objective 2 across the Union as a whole instead of a decrease defined per Member state.</li> </ul>
<p><b><u>SPD</u></b> All the actions planned at regional level, in the objective 2 framework, on all the areas chosen will be gathered in one SPD.</p>	<ul style="list-style-type: none"> <li>• It would be negative for mountain and rural areas, which will be diluted into a division oriented to the urban/industrial problematic.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a special SPD for the rural area in each region.</li> <li>• A mountain programme (and other assimilated areas) should be identify in regional SPD, and would take into account all the measures applied in mountain areas in the framework of objective 2.</li> <li>• Same proposal for the responsible authorities in each member state.</li> </ul>
<p><b><u>Budgetary endowment and cofinancing.</u></b> - <u>public expenditures</u> : in Objective 1 areas between 50% and 85%, between 25% and 50% in Objective 2 areas. - <u>investments in infrastructure generating substantial revenue</u> : in Objective 1 areas maximum between 40 and 50% and for Obj.2 maximum 25%. - <u>investments in firms</u> : 35%(maximum) for Objective 1 areas and 15%(max) for obj.2.</p>	<ul style="list-style-type: none"> <li>• We understand the priority given to Objective 1 areas and the need to concentrate them but not really why a higher amount should be allotted to these areas (2/3 of the Funds). Economical cohesion not only relies on Objective 1.</li> <li>• Other areas such as mountain areas deserve also a strong attention.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a different treatment not only for the Objective 1 areas but also for the Objective 2 areas in comparison with areas under no territorial Objective (higher co-financing rates and budgetary endowment).</li> </ul>

## PROPOSAL RELATING TO RURAL DEVELOPMENT REFORM.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>RURAL DEVELOPMENT MEASURES</b>		
<p><b><u>Single regulation for rural development.</u></b> The Commission proposes to gather all the current rural development measures (agrarian structures, accompanying measures, rural development) into one. This programme would be financed by EAGGF Guarantee in all areas except Objective 1 areas.</p>	<ul style="list-style-type: none"> <li>• This will assist legislation clarity. The different measures of rural development should then not be treated separately and funds released from one measure should be used for another measure.</li> <li>• The new measures can be applied in larger areas and for larger population. We question the ability of the Commission to satisfy all the demands, knowing that it only has 1.8 Billion ecus.</li> </ul>	<ul style="list-style-type: none"> <li>• Make sure there is a flexibility of allocation of the funds between the different measures.</li> </ul>
<p>« Menu » proposed by the Commission. <b>Art. 31</b> of the draft regulation offers 12 types of measures to encourage the development of rural areas.</p>	<ul style="list-style-type: none"> <li>• We wished there could have been the possibility to introduce additional measures in Art. 31.</li> <li>• Even if the measures seem to cover a wide field of rural activities, implementation conditions and specific criteria are not always adapted to local needs (for example, agricultural professional training and quality products).</li> <li>• We consider that a policy for quality products is essential for the survival of the European model of agriculture and Art. 35 doesn't leave enough flexibility to fit with local conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Allow the addition of new measures in Art. 31.</li> <li>• Implement a strong policy for the quality products. Include if necessary a new Art. 31Bis for the « development and promotion of the quality products », ⇒ with means to identify the products on the market, such as labels, designation... Especially a specific designation « mountain » could be set up at European level, and guarantee its correct use, and support the marketing of mountain quality products. This mountain designation should also address products from other sectors of activity than agriculture : forestry, craft industry...</li> <li>• Allow the addition of new measures in Art. 31 for oncosts due to investments which are higher in mountain regions because of the lack of services : technical support, research, settling, housing stock, food processing...</li> </ul>
<p><b><u>SPD.</u></b> All the actions planned at regional level, in the rural development framework on all the areas chosen will be gathered in one SPD.</p>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Just as for the structural funds, a mountain programme (and other assimilated areas) should be identify in regional SPD, and would take into account all the measures applied in mountain massives in the framework of rural development.</li> </ul>

<p><b><u>Budgetary endowment and cofinancing.</u></b>          - <u>public expenditures</u> : in Objective 1 areas between 50% and 85%, between 25% and 50% in Objective 2 areas and other areas.          - <u>investments in infrastructure generating substantial revenue</u> : in Objective 1 areas maximum between 40 and 50% and for Obj.2 and others maximum 25%.          - <u>investments in firms</u> : 35%(maximum) for Objective 1 areas and 15%(max) for obj.2 areas and other areas.</p>	<ul style="list-style-type: none"> <li>• We understand the priority given to Objective 1 areas and the need to concentrate them but not really why a higher amount should be allotted to these areas (2/3 of the Funds). Economical cohesion not only relies on Objective 1.</li> <li>• Other areas such as mountain areas deserve also an exceptional attention.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a different treatment for the Objective 2 areas in comparison with other areas (higher co-financing rates and budgetary endowment) and guarantee a priority for the Objective 2 areas (in comparison with areas under no Objective) for the implementation of rural development measures.</li> <li>• The co-financing rates for rural development measures should be inspired by both from direct payments arrangements(in the CMO) and from the co-financing scheme used for the payments to processing and marketing.</li> <li>• Set up special arrangements for the mountain areas outside or inside Objective (co-financing rates and budgetary endowment) according to their special richness and weakness for the rural development measures.</li> </ul>
<p><b><u>Pluriactivity.</u></b> The new proposal of rural development policy has not changed concerning pluriactivity.</p>	<ul style="list-style-type: none"> <li>• Pluriactivity farmers are very useful to land management, agricultural services.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote and ease the access of pluriactivity farmers to all the rural development measures.</li> </ul>
<p><b><u>Compensatory payments.</u></b> They are maintained but there is no more limit for the stocking density and no more ceiling per farm.</p>	<ul style="list-style-type: none"> <li>• We welcome this measure but think the premium per head should really be higher.</li> <li>• The ceiling per farm and the limit for stock density should be maintained. It seems to us necessary not to encourage either intensive breeding or the uncontrolled enlargement of the farms (which would not reflect the real farm's growth) which limit the possibility of new farmer settlements.</li> <li>• We wish there had been some compensatory payments linked with cultures such as tree growing, horticulture... especially in the mediterranean areas.</li> </ul>	<ul style="list-style-type: none"> <li>• The Compensatory payments must retain their essential characteristic as means of providing compensation for permanent hardship.</li> <li>• Increase the premium per head in more difficult situation (major risks areas, high mountains, weaker areas...).</li> <li>• Maintain the ceiling per farm.</li> <li>• We suggest a NUT III level for the management of the compensatory payments, even if a higher level is kept for the budgetary endowment.</li> <li>• We also suggest a regional management which would allow some different arrangements for the stock density limits between the different areas and according to their environment.</li> </ul>
<p><b><u>Forestry.</u></b>          Compensatory payments in areas with serious natural handicaps to individual persons or associations.</p>	<ul style="list-style-type: none"> <li>• The implementation of such a compensation for the forest is something new and interesting for forestry.</li> <li>• In the mountains, the communities contribute highly to the maintenance of the forest.</li> </ul>	<ul style="list-style-type: none"> <li>• The mountain communities should also benefit from this compensatory payment.</li> </ul>

### PROPOSAL RELATING TO COMMUNITY INITIATIVES.

Santer II Proposals (18 <sup>th</sup> March 1998)	Euromontana's observations	Euromontana's proposals
<b>COMMUNITY INITIATIVES</b>		
<p>Concentration of the Community Initiatives. From 13 to 3 :</p> <ul style="list-style-type: none"> <li>- Interreg</li> <li>- Leader</li> <li>- adapt</li> </ul> <p>They can be allotted outside areas under Objective.</p>	<ul style="list-style-type: none"> <li>• We wished there had been a special CIP for the mountain massifs.</li> <li>• We deplore also the unwieldiness both on the European side and on the national side and in particular in respect of Interreg.</li> </ul>	<ul style="list-style-type: none"> <li>• We propose :                             <ul style="list-style-type: none"> <li>- either the creation of a fourth CIP for the mountain massifs (or similar areas),</li> <li>- or the clearly announced priority given to mountain areas in the existing CIP, with a higher co-financing rate.</li> </ul> </li> <li>• In this last case, as well as for the structural funds and rural development SPD, the mountain programmes (and other assimilated areas) should be identified in regional SPD.</li> <li>• Simplification and decentralisation could be based on the local/regional development agencies.</li> </ul>

## **Enlargement of the European Union and its Implications for the Mountainous Areas of Central and Eastern European Countries (CEEC)**

### **Development, employment and environment in mountain areas**

#### **BACKGROUND**

The EU enlargement is one of the main challenges alongside with the creation of the European economic and monetary union. It is expected EU member-states to increase from 15 to 25 in future ten years. The process will radically change the economic and political structure of associated countries from Central and Eastern Europe.

There is a necessity for urgent and effective activities towards integration, adaptation, development and reform of the EU towards economic and social cohesion. The basis for these comprehensive activities is the overall growing need (both for candidate countries and member-states) for a structural policy aimed at the specific needs of each applicant and member state.

Main reasons, that rural and mountainous areas in CEEC needing a new and more efficiency structural policy are :

⇒ **Still big gap in economical and social development between the candidate countries and the member-states.**

With an overall per capita GDP estimated at 32 % of the Community average, the ten candidate CEEC lag behind the four least favoured member states of the present EU, which together stand at 74 % of the Community average.

⇒ **Big disparities in rural development between the applicants which should be reduced.**

Major economic and social differences separate the applicant countries. For example, in terms of per capita GDP the countries range from 18 % of the Community average in the case of Latvia, Bulgaria – estimated at 23 %, to 59 % in the case of Slovenia ; the unemployment rate ranging from 13 – 14 % in Bulgaria to 3 – 4 % in the Czech Republic.

⇒ **Big internal interregional disparities within each candidate country which should be also reduced.**

The applicant countries are also faced with a wide range of internal regional problems. The regional disparities deepen as a result of the structural reforms currently carried out.

The demand for a structural policy is therefore justified both by external factors – reduction of the gap between the CEEC and the members-states, and by the internal necessity of combating increasing disparities within the applicant countries.

European structural policy is by definition regional policy. The regional policy is a concentrated expression of the integration process. Regions will play a crucial role in the EU enlargement not least because the European Union's subsidiarity principle demands it. Regions claim responsibility for planning, decision-making and practical implementation of the *aquis communautaire*. An increase regions involved and extension of local responsibility in accordance with the subsidiarity principle means more European solidarity. And solidarity means giving the weak the opportunity to grow strong. But the strong must also be able to stay strong. Regional policy means economic and social cohesion based on solidarity.

**THE MAIN DEVELOPMENTAL CHARACTERISTICS OF RURAL AND MOUNTAINOUS AREAS IN CEEC.**

There are several conditions which make the present situation in the rural areas of CEEC now under consideration different from EU states. The main reasons for the fact that the development of rural areas lags in these states are the following :

- ⇒ **continuing strong state centralism** by settlement policy, distribution of working places, administrative and educational institutions,
- ⇒ **retrenchment of traffic, social and cultural infrastructure** caused by discriminative legislation, bad planning etc.,
- ⇒ **specific economic regionalisation** due to the collectivisation process and regional determination of agricultural production,
- ⇒ **pollution and destruction of the environment** as negative consequence of previous economic development in rural areas,
- ⇒ **demographic characteristics, unemployment and social problems** caused by strong depopulation from rural areas or on the other hand overpopulation of rural areas in some cases (Romania)

**Rural development characteristics in some CEEC**

	Rural development approaches and systems	Rural development policy aims	Institutional system of rural development policy
Bulgaria	Rural development policy only in the most problematic areas.	Reduce unemployment and improving of demographic structure.	Centralised system with control of regional and local planning operations.
Czech Rep.	Integrated approach – Limited coherent development.	Balanced, equable and steady development of rural areas.	Hierarchical system with co-operation of state and institutions on regional and local levels.
Poland	Rural development policy as a part of the economic policy.	Reduce unemployment and improving of demographic structure.	Modified centralised system with partly co-operation of state and institutions on regional and local levels.
Romania	Rural development policy as a part of regular planning system.	Reduce unemployment and improving of demographic structure.	Centralised system with control of regional and local planning operations.
Slovakia	Rural development policy as a part of regular planning system.	Improving security in food supply with agriculture as an element of economic stability.	Centralised system with control of regional and local planning operations.
Slovenia	Integrated approach – Coherent rural development and renewal of villages.	Balanced, equable and steady development of rural areas.	Hierarchical system with co-ordination of state and municipalities and local authorities.

In general, there can be found a widespread heterogeneity of rural development policies over all countries in transition. The big differences are presented by rural development approaches, but also by rural development policy objectives and institutional systems of rural development policy.

Also the developmental features of mountainous regions are, from the policy but also other points of view, very different. Briefly we can describe the countries into 3 groups :

- ⇒ Slovenia and Poland with predominant private family farms and mostly well developed infrastructure in mountainous regions,

- ⇒ Czech Republic, Slovakia and partly Bulgaria with small number of private farms and consequently almost no social problems in agricultural sector, good infrastructure and important share of nature protected areas (Czech Republic) in mountainous areas.
- ⇒ Romania and also Albania with small private farms, overpopulation, lack of alternative job possibilities, unemployment and badly developed infrastructure in mountainous regions.

**The main characteristics of mountainous regions in some CEEC**

	Bulgaria	Czech Rep.	Poland	Romania	Slovakia	Slovenia
Share of mountainous areas according to : territory (%) population (%)	46,0 28,2	32,6 20,8	8,0 5,8	33,0 15,9	55,0 47,0	80,6 40,5
Population growth in last period	depopulation and ageing of population	depopulation and ageing of population	modest depopulation	stagnation, growth of population in some regions	depopulation and ageing of population	stagnation, depopulation in extremely marginal areas
Share of agricultural land in mountainous areas according to total agricultural land (%)	39,0	24,6	6,5	29,0	47,6	75,5
Criteria for determination of mountainous areas :	natural conditions	natural conditions	natural conditions	natural conditions	natural conditions	natural and social conditions
Economical policy towards mountain areas:						
regional measures	+ (limited)	+ (limited)	-	+ (limited)	-	+
agricultural measures	-	+	+	-	+	+
environmental measures	-	-	-	-	-	+ (limited)

**MAIN COMMON GENERAL OBJECTIVES AND STRATEGIES OF FURTHER DEVELOPMENT**

A long term basic goal of the agricultural as well as general economic and social policy towards the mountains in CEEC should be the preservation of the functional capability of this area. If there is a aim to preserve qualitative economical and living conditions in the rural area, economical development should be reoriented into activities which will use the comparative advantages of this area as much as possible. At the planning of developmental programs the following main dilemmas (questions) should be posed:

- ⇒ **What kind of mountains regions should be – economically active, park-like or covered with woods ?**
- ⇒ **What kind of economical activities (still) exist in these regions and which ones would be worth while revitalising – also for the sake of preservation the cultural heritage?**
- ⇒ **With what new economical activities and in what way is it possible to accelerate the development of this area on the basis of the available resources?**

It will probably be necessary to promote such a developmental policy which will not only preserve the settlement of the mountain regions but will be able to ensure an attractive way of living and a stable economy for the people living there.

Global measures for such agricultural and general economical development :

- ⇒ **development of an attitude towards a qualitative environment** which should not represent a burden for the local population but should mean a challenge for further economic development,

- ⇒ **education of the population in the sense of a different multipurpose evaluation of rural area,**
- ⇒ **promotion of environment friendly production specialisation** which would produce competitive products ensuring the rising of income,
- ⇒ **revival of traditional and stimulation of new alternative activities in this area,**
- ⇒ **ensuring safety of the investments in agriculture as well as in other activities and allowing further development to economically viable holdings,**
- ⇒ **prevention of interventions into environment** which would destroy the ecological balance of this area,
- ⇒ **improvement of communication, social and cultural infrastructure.**

The main conditions for measures implementation :

- ⇒ **improving of principles of communal autonomy and self-determination in rural development policy,**
- ⇒ **assurance of long-term measures taken by agricultural, social, regional and nature preserving policy,**
- ⇒ **stronger and obligatory including of the leading activities (agriculture, forestry) in the regional political decisions, programs and actions,**
- ⇒ **long-term employment policy, especially in the sense of ensuring new jobs,**
- ⇒ **introduction of production neutral direct payments in agricultural and environmental policy,**

For a successful preservation of settlement and promotion of development of rural area it is necessary to introduce a parallel and co-ordinated introduction and functioning of various economical activities. Our experiences and those from several foreign countries show that to ensure a higher income level and a higher standard of living of the population requires a co-ordinated development of agriculture, subsidiary activities connected with agriculture and of others non agricultural economical activities.

### **THE EU ENLARGEMENT AND THE EUROMONTANA ROLE**

The long-term objectives of Euromontana activities could be seen in promoting the cohesion, co-operation, exchanges and integration on three geographical levels : transitional, national, and regional/local, which lay in the context of the EU priorities :

- ⇒ **Direct and indirect involvement (a dialogue) in development of the common European mountain regions policy.**

Instruments and approaches : lobbying, advocating, support ; presenting statements, opinions, discussion papers to the relevant decision-making European, national, regional/local institutions

- ⇒ **Promoting the implementation of a multi-faceted and integrated policy approach for the mountain regions development, covering economic, social, rural, cultural, environmental, infrastructural, urban, land-use planning, etc. development.**

Instruments and approaches : assistance in the designing of regional plans for economic development in the mountain regions ; development strategies, programmes, projects for the implementation of the newly launched pre-accession instruments for the candidates countries.

- ⇒ **Encouraging larger cross-border and interregional co-operation.**

Instruments and approaches : creation and support to regional structures and information networks on mountain ranges basis – i.e. Balkanmontana, Karpatmontana, etc.; common participation in EU initiatives directed towards the mountain regions development with partners among the Euromontana members.

- ⇒ **Enhancing the partnership among the regional/local authorities in the mountain regions from the candidate countries and the member-states.**  
Instruments and approaches : bilateral and multilateral meetings, design and implementation of demonstration projects.
- ⇒ **Exchange of know-how, experience, skill, information, positive practices.**  
Instruments and approaches : common scientific studies, researches, publications, discussions.
- ⇒ **Training.**  
Instruments and approaches : interactive seminars of practical nature, learning by doing.

Main results of such co-operation :

- ⇒ **Development of pan-European strategic framework for Euromontana activities**, including two types of activities :  
principle activities, which could involve all members,  
activities for solving of different crucial problems in some regions or member states.
- ⇒ **Institutional consolidation (strengthening) of Euromontana itself** by creating of permanent or ad-hoc working groups, councils, committees for purpose work.

The role of Euromontana on the three geographical levels :

- ⇒ **Transnational**  
Euromontana should become the core of a pan-European network of the mountain regions. The association could and should become "a bridge" among the candidate countries and the member-states on mountain policy and issues. It should facilitate the transnational and transborder partnership, co-operation, solidarity on the various aspects of the mountain region matters and thus respectively to contribute to the CEEC accession and integration to EU.
- ⇒ **National**  
Euromontana could become "consultant", initiator for providing support in the elaboration of operational regional plans for economic development of the mountain regions in the candidate countries, applying the experience and skills of its members from the EU member-states. These plans could be a particular part of national economic development plans in the candidate countries and could promote both "external" and "internal" cohesion.
- ⇒ **Regional/local**  
Euromontana could become "assistant" and "trainer" in promoting the development and the implementation of demonstration projects for the mountain regions and thus transferring the positive practice aiming at acquiring and adopting methods and procedures in the EU member-states in structural funds implementation for the mountain regions. This could be an efficient way of training "learning by doing" the regional and local approach to the EU structural policies.

In the enlargement process the role of Euromontana as a whole will be enlarged as well as enhanced. This could be at least because of the fact, that Euromontana is an association of the mountain regions, and as it has been already stated above, the regions and the solidarity among them will gain more and more importance in the European room.