

EUROMONTANA

Second European Mountain Convention

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PREPARATORY DOCUMENTS

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Quality : the comparative advantage of the future
Mountain regions as pioneers of sustainable development

- General introduction

- Synthesis of the seminars

General introduction

The mountain regions in Europe are known for the quality of their landscape, environment and products. These regions are also the place where 50 million people live and work, contributing to the development of these areas. However, the relief, isolation, climate and other factors are all permanent handicaps that stand in the way of the development of economic activities.

The recent reform of Community policies and the preparation of the European Union's enlargement are bringing European countries new measures for rural development but also new challenges for the most fragile regions. Thus, to cope with the increased competition between the European and world economies, these regions have to find original ways to develop, taking advantage of their specific assets.

Quality production and quality regions, due to the traditional nature of their activities and the diversity of their environments, are an essential asset of mountain regions. Furthermore, the public's growing awareness of environmental problems and of the conditions in which food is produced is resulting in new consumption patterns. People's concerns are focusing on the quality of products.

That is why in 1999-2000 Euromontana is organising **a project whose aim is to put quality at the centre of the dynamic of the development of mountain regions**. Called "*Mountain regions: pioneers of rural development, quality as a comparative advantage of the future*", the project is a vast awareness campaign to stimulate discussion on the topic of quality and mountain regions.

During the project's first phase in autumn 1999, **a series of three thematic seminars** was organised, bringing together experts from Western, Central and Eastern Europe. Their purpose was to explore the courses of action that will make quality the decisive asset for the development of Europe's mountain regions.

These seminars attempted to identify ways to:

- better develop and distribute quality mountain products, the topic of the first seminar which was held in Saint-Etienne, France on 3 and 4 September 1999;
- make quality the basis of sustainable development of disadvantaged regions, the topic of the second seminar which was held in Vitoria-Gasteiz, Spain on 29 and 30 October 1999;
- approach development and more specifically in the mountain regions of the CEEC, the topic of the third seminar, held in Cracow, Poland on 17 and 18 December 1999.

The experts convening at these seminars presented their analyses of these topics. The questions that they raised and the comparison of points of view enabled them to present Euromontana with a set of proposals. These conclusions will fuel the debates of the Second European Mountain Conference during which Euromontana will propose the guidelines for a quality-based sustainable development strategy for the mountain regions.

Ist SEMINAR

DEVELOPMENT AND DISTRIBUTION OF MOUNTAIN QUALITY PRODUCTS

- Among the characteristics of mountain regions, the geographical aspect (relief, climate and soil) is the most prominent. Although geography was a handicap in the past because it restricted the possibilities of development, today it seems to have certain advantages despite the isolation it creates for mountain communities.

The combination of this environment and human activities results in a special environmental and cultural wealth. Thus, the mountain regions, with their diversity at the European level, together have a set of specific characteristics whose products bear the "mountain" mark.

- In the case of mountain products then, what are the common characteristics that consumers see as an asset?

- Can there be a common strategy to make better use of these characteristics?

- In Europe, there are tools (Community or national) to protect and identify quality products. These are sometimes old tools (e.g. like in France) that have proved to be efficient in terms of their impact on local development

- Consequently, should new tools be developed specifically for mountain regions? Should more effort be made to adapt existing identification and protection procedures to the specific characteristics of mountain regions?

- If not, are there better ways to use the existing tools?

- What lessons can be learned from the different national or regional experiences, particularly with regard to consumer expectations?

- As the growing success of organic products shows, the quality of food is at the centre of consumers' concerns. Also, the most effective strategy has to be identified for the distribution and marketing of quality mountain products. From the collective trade mark to the use of new information technologies, the courses of action are many and probably complementary. In addition to using official quality brands, what are the best ways to develop mountain products and increase their sale? What are the common needs the different mountain regions share?

A - Characteristics of mountain products: what special features?

As a whole, Europe's mountain regions produce a multitude of specific products. What is specific about them is first of all the **natural environment**. Certainly, the microflora of mountain products can be considered specific, and it plays an important role in the case of fermented products (cheeses, cured meats, bread). But then there is the **work of the people** who make these products that has to be considered. Over the years, the natural environment has practically not changed whereas people have organised economic and social systems for themselves that have been constantly evolving. It can therefore be argued that applying industrial methods to agriculture and the agri-food sector leads to a situation where most of the characteristics specific to mountain products are lost.

Mountain farmers would like to earn a living from their products by selling these special features. A list of specifications or requirements must therefore be defined to produce these characteristic features sustainably.

The quality of the raw materials and the know-how is important, but the quality of the communication of the producers, the quality of the distribution and the quality of the technology must also be considered.

Before we attempt to answer objectively the question of what is specific to mountain products in Europe, we must first stop a moment to consider how **consumers** perceive mountain products. The question then becomes: "how can mountain products be defined in relation to the image consumers have of the mountains?"

This question is even more important if we consider two models of "consumers" of the mountains: the non-participatory model and the more participatory model. The first model surely corresponds to winter tourist behaviours. The more participatory model is probably more receptive to the notion of the local heritage of a mountain area and therefore to the specific features of food products. Here we come a little closer to the problem faced by Euromontana's development actors: do we want a very superficial definition of the mountains whereby a variety of marketing actions based essentially on communication (short-term strategies) are possible, or do we prefer a more in-depth approach that focuses on the specific characteristics of mountain products, an approach where we maintain and take advantage of these characteristic features (sustainable development strategy)?

In the minds of consumers, the mountains are probably more or less synonymous with the "Alps", and it is this image of the Alps that is going to attract consumers to mountain products. Here too is an important issue that has to be dealt with, that of maintaining a very positive image of the mountains, because mountains areas are of several types:

- extensive, preserved mountains
- intensive mountains, industrial, urbanised valleys.

According to a consumer survey done a few years back, a mountain product had to satisfy **4 essential criteria** to be considered a quality product:

- low volume of production

- natural product
- traditional product
- non-industrial production (on a human scale).

Cultivating these characteristics without necessarily using the word "mountain" in the name has proved successful for a large number of mountain products with a strong image.

The problem then is trying not to be too restrictive. If these four criteria became the basic rule to define mountain food products, there is the risk that **the number of products** that could benefit from the name **would be extremely limited**.

In short, the image mountain products conjure up in the minds of consumers is definitely a powerful one, regardless of whether or not the word mountain is on the label. But mountain products are especially associated with a **variety of specific features**. Giving meaning to this positive image characterises, then isolates (defines) this variety of specific features.

B - Can meaning be given to the notion of mountain product?

The question is whether it is possible and desirable to come up with a definition of the word "mountain" that applies to Europe as a whole. If it is possible to define this concept, can it be protected and used as a communication tool, meaning a tool to develop mountain products?

Protecting the word "mountain" means that it cannot be used in a way (implicit or explicit) that reduces the value of those products that comply with the basic rules.

For farmers, the only way to protect the very positive image of the mountains is to link mountain production to the mountains. Therefore the logic that applies is that of regional planning. For this, three imperative conditions must be fulfilled:

- the mountain area must be defined in relation to criteria that develop a positive image of and promote the characteristic features of the mountains, and not in relation to criteria for the payment of compensation for natural handicaps (the current Community criteria).
- rules must be defined to guarantee observance of the characteristic features of the mountains.
- Community funds must be made available for qualitative objectives and not just quantitative objectives, i.e. the means must be provided to promote a mountain policy aimed at quality.

It appears that for some of the experts, the "mountain" designation used with no other reference is too general and is not relevant for consumers. But when associated with a geographical name, it is more meaningful, permitting the product to become rooted in its territory and reinforcing its identity.

On the other hand, there is a serious risk in using a positive attribution in the form of an "umbrella brand" common to all mountain products without first providing a strict framework defining the meaning of this positive reference. A negative perception by the consumers of one of the products using such an attribution could indeed have repercussions on the whole "range" and discredit it. This interdependence of images makes it difficult to manage the coherence of the whole.

For most of the experts present, it is clear that **coming up with a common definition of what is specific to mountain products is an extremely difficult, if not impossible, task.** It would certainly be more advantageous and easier to reason along the lines of subsidiarity, favouring regional or national approaches (as is the case in France), each region developing a strategy and adapted means to develop its own image.

Moreover, the existing Community tools leave no room for the transversal protection of the word "mountain", meaning protection that is valid for all the product lines. However, the Community regulation (labelling directive) does not prohibit the use of the word "mountain", provided the consumer information is not misleading.

Without abandoning this course of action that certain countries have been working on for some fifteen years, **two types of action** could be imagined in order to **nonetheless continue making progress:**

- . a "**mountain product charter**" or "**common policy paper**" could be elaborated, listing the specific objectives to maintain the positive image of products from mountain areas,
- . **experiences could be exchanged** between mountain regions across Europe, in the spirit of this charter, to promote more contacts, to develop synergies as opportunities arise, to maintain and in the end finalise a common culture of mountain production. After a while, a fresh attempt could be made to approach the notion of "mountain products" from a European perspective.

The different mountain areas therefore have to be encouraged to develop their characteristic features, particularly through quality policies adapted to the local situation, in accordance with the markets targeted.

These different actions should also enable another somewhat different but also very important goal to be reached: **the image** society, and particularly city dwellers, have **of mountain agriculture** and of mountain farmers **must be improved.** It indeed appears that mountain agriculture very often has an image of declining activity in a less favoured area. Euromontana surely must concern itself with conveying a positive image of the mountains to society and to the European Union.

C - A toolbox for quality policies in the mountains

A large number of regulatory and marketing mechanisms are available for all economic operators to develop their products. Other tools are more concerned with marketing, operating in networks, etc. These tools can be mobilised under certain particular conditions when the aim is to take advantage of the characteristic features of mountain food productions. The rational and adapted use of all these tools must be encouraged according to the different situations.

We must work with the idea that we have a "**toolbox**" for mountain products. These tools are defined and adapted for a very local level, or for a massif, or for a country, or for Europe. Everyone must be able to choose the tool best suited to his or her needs.

These mountain regions whose characteristic features are so different therefore have a common need: to have the complete toolbox and to have the method to adapt and choose the right tool for each type of need. Greater thought surely needs to be given to this at Euromontana.

Becoming acquainted with and mobilising this "toolbox" must be an opportunity for fruitful and coherent exchanges. What is the most effective way to use protected designations of origin (PDOs) or trade marks, or organic farming, or the Internet tool, or even the word "mountain" in order to develop mountain products locally, staying as close as possible to the idea of the charter mentioned above?

Rather than to attempt a common definition that would not satisfy anyone in the short term, it is probably better to try and take advantage of a larger movement, a combination of local initiatives and dynamics. The difference in quality can then be a common strength.

D - Electronic commerce: the Internet at the service of mountain areas

The information technology tool could be very useful to establish and add value to traditional products from mountain areas. Two main approaches were presented and discussed during the seminar : the refinement of traceability and electronic marketing via the Internet.

As regards Internet, the question seems not to be whether it is a relevant tool in the medium term but rather to employ the know-how in a fashion suitable for small and medium enterprises. Internet should indeed be considered as a tool for expansion available to mountain enterprises, in particular to develop new and more distant markets to complement the local market.

The biggest important difficulty is to co-ordinate enterprises which do not have the possibility to invest alone, and to federate them in an harmonious way in order to share communication systems strengthened by a coherent image. This brings us back to the issue of the positioning of the mountain image and the purpose behind it.

A structure like Euromontana could play this federating role, all the more since nothing has been done until now for the promotion and distribution of mountain products. Currently Internet search engines only identify, by reference to mountains, sites relating to winter sports.

Thanks to its networks, Euromontana could easily, quickly, legitimately and for a reduced cost acquire the necessary competencies to structure and manage such a service for mountain enterprises. Its role would be on the one hand to provide information on the different European mountain territories, food-stuffs, tourism, crafts, and on the other hand to facilitate electronic marketing.

E - Future courses of action

Courses of action for Euromontana:

- elaboration of a "mountain products charter" or "common policy paper" on the quality of agri-food productions

- exchange of experiences: regular organisation of thematic forums face to face or via the Internet,

- formalisation and dissemination of a "toolbox" with :
 - regulatory tools (regulation of the different states and community regulation for the certification of the products and processes and the protection of the designations),
 - marketing tools (information and regulation concerning the use of collective or commercial brands, tools for advice on the strategic commercial positioning) and
 - business tools (see previous point : method and support for organising commercial actions : exhibition, shows, direct selling, positioning for large-scale distribution; method and support for the development of electronic commerce),to promote the different characteristic features of quality products from mountain areas,

- permanent search for funding to support local projects (utilisation of the toolbox in the spirit of the charter). It would be interesting to highlight the difference in production cost in the mountains.

- communication to the general public to reverse the trend of seeing mountain farming as being less favoured and assisted areas, for example via the Internet.

- support for marketing of quality food products from Europe's mountain areas; local marketing and especially the possibility to develop electronic commerce (to be developed as a specific element or integrated more globally as one of the elements of the "toolbox").

IInd SEMINAR

QUALITY AT THE SERVICE OF RURAL SUSTAINABLE DEVELOPMENT

The major idea of this theme is that not just quality products, but other territorial items in mountain areas as well, can help produce or stimulate sustainable development in these regions.

The mountains of Europe offer myriad quality products and numerous assets to allow an integrated system of quality development to flourish in a rural environment.

Various experiences in this realm provide an opportunity to try to show how a quality product, be its based on agri-foodstuffs, agri-tourism, forestry or another form, may give momentum to a sustainable development policy. It also has to be investigated how, in addition to a sector or circuit-specific approach, a move can be made towards a demand for integrated development whilst giving due account to the various components : territorial, inter-sectoral (all the key local players) and economic factors.

The WTO negotiations are unfolding within an international framework and these always have implications for quality products in mountain areas. These have to struggle to ensure recognition for the special features of their territory-related products and to obtain a valid form of international legal protection.

Within the Community, Agenda 2000 will provide a means for consolidating the resources available to rural development, regarded as the second pillar of the CAP.

These are all challenges developing within a rapidly changing context that the mountain areas have to take up as soon as possible.

Consequently, the major questions in connection to this theme should be :

- 1) How are mountain regions well placed to deal with quality-based sustainable development ? How do they meet society's expectations ?
- 2) Can the quality of mountain products, services and the environment be developed in similar ways ?
- 3) What are the conditions for developing integrated quality centres ? What role do the key rural players have in the rural development process in mountain areas ?
- 4) Is quality a necessary and suitable strategy for mountain areas to adopt ?
- 5) How can sustainable development approaches be backed in mountain areas (logistical and financial support)? What role do the various local, regional, national and Community authorities play ?

A - Different dimensions of quality in mountain areas in a bid to promote sustainable rural development

- It may be difficult at present to imagine a “mountain labelling” scheme, in view of the variety of circumstances and the way the mountains of Europe are perceived, but there is, nonetheless, a broad agreement about the sustainable development “concept”:

A valid form of sustainable development calls for the availability, “integration”, of three criteria:

- economic dimension: this is the driving force behind the quest for a better income, based on promoting identity products (registered designation of origin - protected geographical indication - regional brands...) so they stand out from all the others and getting them into position on the short-term marketing circuits (but this is not the only means) so as to bridge the gap as much as possible between consumer and producer and therefore retain the added value associated with mountain areas.
- social dimension: this means society as a whole. With the key players, the producers, processing entities, incorporated into sectors or inter-sectoral partnerships, on the one side, and consumers, who seek truthfulness, safety, risk-free products (health), culture, services, etc., on the other.
- environmental dimension: this involves protecting the environment in which the local development agents operate by retaining and enhancing the value of quality landscapes, biodiversity, a link between the product and the geographical location (concept of territory linked with human know-how, of the “wild” or “natural”) based on sustainability.

At this level, there is a heavy social demand, with signs of an answer emerging via the “total quality” system, even in the case of smaller companies (managing quality from the earlier to the later stages). There may be a general agreement about how to define the sustainable development concept, but the consensus tends to break down when it comes to determining how to apply the various strategies to achieve this form of development. The wide variety of situations and perceptions in the various mountain regions in Europe is matched by various development approaches.

Some say that quality implies a comprehensive approach incorporating the above-mentioned criteria (economy, social, environment), whilst many more rely on an often sector-specific quality strategy to achieve a lasting inter-sectoral system.

This is the case, for example, with:

- tourism using and capitalising on local, high-quality agri-foodstuff products (cheese, wine, meat, for example) that live up to consumers’ expectations
- forestry, which in essence fits into the context of duration and sustainability in the way it has a role to play in maintaining the quality of water, air, and landscapes. On top of this it has an economic and social part to play by promoting job creation and meeting consumers’ expectations by providing space for leisure activities, hunting, gathering (fruit and the like), along with forging a partnership with beekeepers for

honey production, with stockbreeders for a more effective management of forestry and grassland resources...

- renewable forms of energy: mountains have at their command, wood, wind, air, sun and an expertise in renewable forms of energy, which can help promote job creation, export new technologies and be more independent of companies presently supplying power. If the aim is to argue the case of sustainable development, why not apply a tax to non-renewable energy? Conversely, renewable energy production has to be encouraged and mountain areas are well placed in this respect.

conclusion:

- The sustainable development of mountain areas has to involve an overall rural development approach, including economic, social (cultural, human expertise - transport - schools - hospitals) and environmental factors, in a drive to create living spaces. Mountain regions are often well placed in integrated, sustainable development terms. Items such as a multi-purpose farming system, multiple activities, environments rich in renewable resources, varied forms of expertise, etc. are extremely helpful in this respect, but these have to be developed and capitalised upon as part of an overall approach, acting as a guarantee of longevity.
- The strategies worked out to achieve sustainable development vary according to country, type of mentality and knowledge and this is what creates the variety to be found in European mountains. Hence the need to encourage mould-breaking approaches so as get away from the stereotypical view of THE MOUNTAIN (for agri-foodstuff products, for example under pressure from consumers and major distributors which are highly concentrated to the detriment of family business and co-operatives (a fierce competitive environment)) .
- Conversely, a great many sustainable development-related initiatives are reported, but there is no methodology behind strategies for achieving sustainable development. Opportunities for comparing notes and networking may produce practical information and items required to meet this need.

B - Choosing an integrated quality model or models as a basis for sustainable development in mountain areas

The quality of farm produce may undoubtedly make a significant contribution to sustainable development, often acting as the driving force or initiator, or indeed even a catalyst, but it is, nonetheless, just one of many components.

- Various initiatives have highlighted the importance of the social dimension in integrating this quality into a project, a guarantee of success and longevity. Leaders initiating innovative schemes need to be able to count on the support of the local population and all the key rural players along with technical backup from development agents. Time and skill is required in order for this approach to succeed. The key local players have to be taught how to overcome their “fears” and reluctance to cooperate. The stage has to be set beforehand by being attentive to their needs and expectations so that all parties can fit smoothly into the development project and have the feeling of belonging to a community, without any risk of conflicts erupting. Technicians have to lend a hand here to promote exchanges between the agents via the dissemination of the skills they have observed elsewhere, provide backing to these development groups over time and act as the cement binding all these parties together. In other words, what is required are people, products or services and a timetable suitably adjusted to the approach.

- The inclusion of this social component has to lead to an inter-sectoral approach involving both tourism, services, quality agri-foodstuff products and the like.
- In order to push further ahead with the inclusion of the quality aspect so as to establish a firm basis for sustainable development, the territorial dimension has to be added to lend consistency to the project via a feeling of shared identity, a firm relationship between individuals, their territories and the products derived from the territory. This is a guarantee of a whole host of specific local features making it possible to avoid the stereotypical view of the mountain and be in a position to offer consumer a range of “authentic” quality products that is not available everywhere (in this case, the fact that small quantities are produced may act as a trump card, if well exploited at mountain level).

Mountain areas have all the necessary resources, as a result of their know-how, traditions, architectural, environmental and culinary heritage, their missions, their renewable resources, etc.

conclusion

- Sustainable development is achieved at local level.
Owing to their variety of identities, their innovative capabilities, underscored here by the various accounts, mountain areas enjoy a number of advantages. However, they are also subject to constraints.
The way to create valid “integrated quality centres” is to make an assessment of the advantages and constraints and to do so in consultation with all the key local rural players and incorporating the economic and environmental components.

The key ingredients for the success of such centres are:

- Individuals (a leader sponsoring a project, local agents, population), technical and logistical support to smooth the channels of communication between the key players and lending backing to them over time, to take account both of resources and local aspirations and the market circumstances and competition...
And hence to promote measures for the maintenance and setting up of farmers and companies, particularly via territorial organisation.
- Products or services: good quality agricultural products such as olive oil, meat with a proprietary name and quality tourism are often the “engines” behind inter-sectoral sustainable development at local level. They therefore provide companies with innovation systems on the basis of development research focused on products and services that have to be brought closer together within the context of a territorial approach.
- Territories that strengthen the cement of the local development approaches on the basis of an overall approach, coordinating all the agents at a given location and adding their special touch. And hence the related resources such as collective infrastructures (abattoirs, processing systems, transport and communication systems, promoting products enhancing the reputation of the territory, etc...)

C- Discovering the national (in the broad sense of the term) and Community instruments needed to back up sustainable development policies in the mountain regions of Europe.

From the international context...

Although the European rural and mountain development model is based on a local economy, on the production of good quality farm produce not to be found on the major markets offering mass-produced goods, it nonetheless fits into a global context and not least the World Trade Organisation (WTO) negotiations now in the making.

The clash between the American and European models is based primarily on different concepts of quality, methods for producing goods and services, and the aid that goes with them. The negotiating topics include one item directly affecting mountain areas: the international protection of geographical indications linking “territory” and “know-how”, a concept that is not used in countries that grant priority to health quality (to “industrial” goods) and trademarks.

The challenge for Europe and mountains area is therefore to strengthen the extent to which geographical indications” are protected and to do so via legal arrangements that avoid any confusion with trademark rights, thereby sharpening the competitive edge of agri-foodstuff exports, whilst enhancing the value of quality farming, based on promoting the territory and know-how, on the use of the territory and respect for the environment.

...to the Community context

A “tool box” has been created on a Community scale so as to promote an integrated rural development strategy based on quality. And there is no longer a need to demonstrate how support has provided a means for these flanking measures to be targeted on local agents (structuring of sectors, investments)

Hence the Agenda 2000 programme is being called on to strengthen rural development with it being regarded as the second pillar of the CAP, even though solely 10% of the total farm budget is earmarked for the 2000-2006 period (against 2 to 3% over the 1994-2000 period).

The new Regulation on rural development (1257/99) also seeks to facilitate access to this tool box by bringing all the earlier nine flanking measures together in one Regulation. We do not intend to go into details here.

The thinking behind the Regulation is based on a system of integrated development, by allowing for the funding of farm schemes linked to the production of quality goods, environmental-friendly practices, the preservation of landscapes etc. This also involves territorial initiatives for improving rural infrastructures, upgrading villages, developing tourist and craft activities, improving living conditions, etc.

On top of these multi-sectoral measures are more specific rural development schemes: the Community Initiatives, Leader + and Interreg (cross-border cooperation) initiatives for the 2000-2006 period. These provide a means of creating development schemes based on local agents and acting as “incubators” for innovative pilot projects.

More sector-specific tools coexist in this tool box focused on rural development:

- for safeguarding quality products via rules on registered designations of origin, protected geographical indications, specific features certificates we referred to in the context of the WTO negotiations
- for promoting environmentally-friendly organic farming systems and renewable resources
- for promoting the development of sustainable rural tourism activities (pilot projects)

- for quality projects (FAIR programme)
- via direct aid derived from market policies so as provide succour to farms in disadvantaged areas.

The subsidiarity principle is a key component of EU policy-making. And it is against this background that the French authorities “appropriated” the new rural development Regulation by partly transcribing it in the form of CTSs (Territorial Operating Contracts). This involves a contract-based system of agricultural management with a farm, as part of a collective approach and a global development strategy.

conclusion:

Owing to the increasing globalisation of trade, mountain areas in Europe are not free agents in spite of their various specific features and they have to be on their guard and be present during the WTO talks to uphold their quality product-related interests via geographical indications and other designations and thus define their production model based on a balanced development of the rural environment.

This integrated rural development system has to be underpinned and backed up by the EU by providing local agents with a valid tool box so as to be able to live up to social expectations and ensure environmental balances.

The key rural players in mountain areas have to pay special heed to the importance of the EU, for one, providing suitably adapted support to vulnerable areas, such as mountain areas.

On top of this “set” of measures for rural development and quality, what is involved is ensuring a territorial balance, as, in spite of the action that can be taken in each region to enhance “quality”, natural handicaps continue to exist.

D- Euromontana guidelines for a system of sustainable development based on promoting quality in mountain regions.

Euromontana’s internal network

Euromontana has to promote this form of development by mobilising its network:

- Pressing on with its quality-related consultation and information campaign (2nd European Mountain Convention, on 17/18 March 2000 in Trento, Italy).
- Strengthening and building upon the campaign to disseminate information and transfer experiences, mountain projects, etc. This work could be “consolidated” by producing theme-specific information sheets and making them available to the network
- Organising other seminars on this more specific theme (per massif, on more specialised topics so as to consider them in more depth, etc.).
- In addition to exchanges of experience, Euromontana must of course build upon its European-wide expertise by mobilising and consulting its experts
- Promoting the use of new communication and information techniques to further the territories and quality mountain products, based on the NEKANET.et web scheme in the Spanish Basque Country, for example.

As a spokesperson for European mountains in the context of policies for promoting quality systems in these regions, Euromontana has to:

- **“Sell a European mountain model**, based on a balanced development of the rural territory, focused on local quality approaches involving the economic, social and environmental dimensions on a broad basis
- **“Take advantage”** of the media’s attention to food safety concerns so **as to enhance the value of quality mountain products** and the concept of sustainable development living up to social expectations. Information campaigns. Carrying out information campaigns to show the value of European-scale backing for sustainable production systems (particularly in vulnerable areas, such as mountain areas) and quality environments
- Remain alert at all times and ensure a presence at the WTO negotiations
- urge the EU to provide aid for rural development as vital resources for maintaining activities and a quality of life in mountain areas, including financial resources to pay for the technical support needed to back and follow-up rural development projects.

IIIrd SEMINAR

QUALITY AND RURAL DEVELOPMENT IN THE MOUNTAIN REGIONS OF THE CEECS

The third theme seeks to follow a dual objective :

- to describe, analyse and (as far as possible) to synthesise successful and unsuccessful experiences with introduction of quality production in mountain areas of Central and Eastern European Countries (CEECs),
- to outline programmes of structural, economic and administrative adaptations aiming simultaneously at agricultural growth and the promotion of sustainable development in rural areas.

In mountain areas of CEECs, as in mountain areas elsewhere, the relatively unfavourable production conditions diminish the competitiveness of agriculture, since they make production more expensive and limit the range of possible production orientations. Relatively low incomes, in particular in distant and difficult accessible regions, may convince young people to leave agriculture.

On the other hand, relatively favourable ecological conditions can be seen as a comparative advantage for promoting the production of high-quality food, produced with environmentally appropriate farming methods in mountain areas of CEECs. This is particular the fact for those production orientations which can combine common less intensive farming methods, the requirements of market and ecological demands.

For many mountain farms in CEECs production of quality food would not require major adjustments, since they should already comply with most of the quality production standards. But, as experience from other countries shows, farmers switching to quality production could have problems with legislation regarding building quality and product conformity and also with the marketing of quality produce. Therefore to change the production methods is often not the main challenge. Processing and marketing often seems to be more difficult to launch.

The production of quality food should run in parallel with other activities which involve the continuation of fundamental production, i.e. with food processing. On the one hand, processing has historical weakness, on the other, the activity is traditional in mountain areas. It should be noted that the development of food processing is also of key importance for the introduction of quality production farming, for marketing of region-related high quality produce and for the introduction of trademarks. Since not all supplementary activities are suitable for every production unit, attention has to be paid to the problem of how to organise farms and farmers and how to direct them towards appropriate supplementary activities. In this light the main emphasis has to be given to previous experiences, education level and also available financial resources.

1. Agricultural policy and how it affects the development of the rural regions of Central and Eastern Europe

1.1 Rural development problems before 1980

The socio-economic transformation of rural regions and agriculture depends first of all on the overall level of economic development. Given the political and economic history of the countries of Central and Eastern Europe in the 19th and 20th centuries, it was rather difficult to develop the countryside and agriculture in this part of Europe. Most of these countries, which did not regain their sovereignty until after World War I, lost their independence twenty years later when the Yalta and Teheran conferences (1943 and 1944) returned them to the sphere of influence of the Soviet Union.

Entirely against their will, the CEECs were forced to adopt a new socio-economic system called «Socialism» but whose main consequence was the overall nationalisation of sectors like industry, transport, and banking and the introduction of a centralised planned policy. The aim of agricultural policy and the development of rural regions was to nationalise land and to destroy private peasant farms. All these actions were imposed for ideological reasons, the purpose being to dismantle anything left from the capitalist economy in agriculture.

During this period, the objectives of agricultural policy were:

- nationalization of land as a way to regulate agricultural production;
- creation of State farms and nationalized cooperatives, even against the laws of the market and the economy;
- preferential treatment of the nationalized and cooperative sector in relation to private farms; and pure productivity, not the development of rural regions.

The introduction in agriculture of a centralized bureaucratic planning system and a uniform agricultural policy for the entire country created a particularly difficult situation for mountain regions. Because of natural constraints, the agrarian structure and high production costs, the income of mountain farmers was 30% to 50% less than the income of farmers in the lowland regions.

1.2 Rural development problems in the 1980s and 1990s

The problem of supporting agriculture in mountain regions was not mentioned in the legislative systems of some of the Central and East European countries until the beginning of the 1980s. In 1981, eligibility criteria were defined in Poland for mountain regions, and a system of aid was set up whereby the official purchase price for cattle and sheep was increased by 10% and for milk by 15%. The property tax in these regions was also lowered.

The last piece of legislation that comprehensively took into account the problems of mountain agriculture in

Poland was the «Mountain Region Decree» adopted on 6 January 1985. This concerns the socio-economic and agricultural development of these regions.

The «Mountain Region Decree» specified actions that the regional governments should have taken to speed up the development of the socio-economic infrastructures in mountain regions. However, aside from a preferential price system for purchases of milk (+30%), beef (+20%) and wool (+10%), and a certain improvement in the agrarian structure and water supply, the decree did not have any real effect. Its main drawback was not to provide for any measure on the distribution of funds by the national and local government agencies to development actions. **The decree is a typical example of centralised bureaucratic planning.**

Support for mountain agriculture in the form of tax relief or purchase price support has existed in the cooperative sector in Poland but also in other CEECs.

1.3 Rural development problems after 1990

The profound transformation of the socio-economic system which occurred in the CEECs beginning in 1989-90 led to the introduction of free market policies which replaced the old centralised planning system. Agricultural markets were totally liberalised.

Today's agricultural policy should be based on the decentralisation of rural development policy. One of these elements should include support for the development of economic activities in mountain regions.

There are different rural development policy levels in the Central and East European countries :

- *regional bureaucratic planning*: the projects are announced in a national plan and then listed by sectoral policy. This is followed by a geographical distribution of separate large-scale industrial or agricultural projects;
- *sectoral approach based on the support granted to agriculture*;
- *sectoral approach complemented by regional policies*;
- *area-based rural development policies*: the economic, social and environmental aspects of rural development are taken into account; various approaches are adopted depending on the local circumstances.

There are four ways to set up agencies:

- *purely bureaucratic*, top-down approach: development strategies are defined outside the area concerned;
- *partially decentralised* approach: the democratically elected local authorities are behind a lot of the initiatives and assume much of the responsibility to deal with local problems;

- *decentralised* approach involving the creation of central agencies responsible for coordinating rural development policies;
- *flexible* approach establishing vertical and horizontal partnership links between the various agencies responsible for rural development policies; development is a bottom-up process encompassing the wider socio-economic and political aspects; at the local level, community organisations, public bodies and private individuals actively participate in pinpointing local problems and solving them.

Figure 1 below sums up the rural development approaches of the CEECs and the countries of the former USSR:

Figure n°1 : Rural development policy approaches

Scope of policies Creation of agencies	Bureaucratic regional planning	Sectoral approach	Sectoral approach involving regional policies	Area-based integrated rural development policies
Flexible approach involving the establishment of mixed horizontal and vertical links	Policy for the sustainable development of rural regions introduced in the countries of the European Union Goal of the CEECs			
Creation of central agencies coordinating rural development policy			* Czech Republic * Estonia * Hungary * Poland * Slovakia * Slovenia	
Partially decentralised system		* Latvia * Lithuania * Albania * Bulgaria * Romania		
Bureaucratic, top-down approach	* Belarus * Kazakhstan * Russia * Ukraine			

In general the rural development policies differ between CEEC countries. The major differences have to do with the rural development approaches but also with each country's specific rural development policy objectives and with the institutional systems that they have been able to build (see table 1). There seems to be a connection between rural policy achievements on the one hand and the level of economic development and the progress made in restructuring the agricultural sector on the other. However, rural development policies do not appear to have received enough attention in the transition countries, even in countries like the Czech Republic, Poland, Slovenia, or Hungary.

The main reasons why rural areas in these States are lagging behind in development are:

- ◆ *a low level of economic development* - most of the countries in question are still having to deal with the macro-economic problems involved in restructuring and privatisation, and the public authorities are giving more priority to this than to rural development issues.

- ◆ *State centralism* which continues to play a major role in regional policy, the distribution of workplaces, administrative and educational institutions;

- ◆ *few resources to finance the development initiatives of local authorities* because of the combined effect of restrictive central budget policies and the pressures of social policy programmes. In some countries, the local authorities do not even have tax revenue or their own budget;

- ◆ *a continued tendency to treat rural areas and agriculture as one and the same* - public funds are channelled to the countryside almost always only through agricultural policy measures. This is justified in part by the still important role that agriculture plays in most of the transition economies. However, this attitude has been strengthened by the fact that the farm lobbies enjoy strong political representation in comparison to the rural, non-agricultural population, less equipped to defend fragmented interests. What is more, rural policies in most cases are decided by the Ministries of Agriculture which obviously favour policies that are strictly agricultural;

CEEC countries – Importance of agriculture

Table 1

	Agricultural areas		Agricultural production		Agricultural jobs		Agri-food trade		Food expenditure
	000/ha	% total area	Billions of Euros	% GDP	000s	%total jobs	% total export.	% total import.	% of household income
Albania	720	24	1,1	54	761	69,8	21	28	67
Bulgaria	6164	55,5	0,9	12,8	769	23,4	18,8	8,0	54
Czech Rep	4279	54,3	1,2	2,9	211	4,1	5,7	7,5	31
Estonia	1450	32,1	0,3	8,0	74	9,2	15,7	15,6	30
Hungary	6184	66,5	2,1	5,8	298	8,2	17,5	5,1	24
Latvia	2521	39,0	0,3	7,6	208	15,3	16,8	13,4	39
Lithuania	3151	48,5	0,5	10,2	398	24	13,1	17,1	52
Poland	18474	59,1	6,2	5,5	4130	26,7	11,3	10,7	35
Romania	14789	62,0	5,3	19,0	3975	37,3	8,8	7,6	58
Slovakia	2445	49,9	0,7	4,6	169	6,0	5,4	8,6	35
Slovenia	785	38,7	0,7	4,4	61	6,3	4,2	7,8	23
CEECs – 10	60242	55,9		6,8	10293	22,5			
EU - 15	135260	41,8		1,7	7514	5,1	7,4	9,6	18

Source: Agricultural situation and perspectives in the Central European countries, outline report, working document of DG VI, June

1998, *Albania: INSTAT, 1998; MAA, statistics, 1998.

2. Quality of the natural environment and its impact on productions

The structure of the economy, its importance and operating principles have an essential impact on the natural environment. Such an impact can in certain conditions create ecological barriers to development. Negative changes in the environment can jeopardize the ecological balance.

An analysis of the current state of the natural environment in the mountain regions of the Central and East European countries shows it to be satisfactory. The ecological barriers are only of a local nature, in rather limited areas. The industrial development of urbanised areas has only caused a certain amount of water pollution. In contrast, it is possible in a lot of regions to develop productions based on renewable resources. These are mostly agricultural and forestry productions and concern over 80% of these regions.

In the past, the main job of agriculture was to feed the people living in these regions. In a totally autarkical economy, this function was of the utmost importance, considering that the mountain regions in southern Poland have always gone through periods of food shortages and poverty.

Considerable cultural diversity has arisen from the fact that the conditions of economic development in general and of agricultural production in particular have been relatively less favorable. However, these regions' isolation from the rest of the country and a multiethnic population have also played an equally important role in this. These regions have very strong cultural traditions, very old lifestyles and production methods and technologies, but at the same time their inhabitants are extremely dynamic and are characterized by a willingness to act and real individualism.

3. Food quality and ways to monitor its production

The centralized economic planning model that existed in the CEECs for 40 years created an anti-quality management system whose characteristic features were:

- ⇒ the worship of quantity (payment per piece and premiums for surpluses),
- ⇒ the worship of mediocrity;
- ⇒ recruitment at the base (e.g. managers or teachers),
- ⇒ domination of hard-line economic policy (ideological reasons always prevailed);
- ⇒ responsibility-sharing (which actually meant lack of responsibility for the work done).

The poor performance of the economy in this political system created the following situation:

- ⇒ the supply of all products was always less than demand;
- ⇒ competition on the market was very limited;
- ⇒ market demand was never satisfied;
- ⇒ production was standardised and industrial;
- ⇒ the producer imposed the level of quality;
- ⇒ the lack of control over production costs increased the price of a product.

This socio-economic system in the CEECs led not only to a drastic drop in the quality of products and services but also in the quality of labour because of the demoralisation of society. The economic crisis caused by the

centralised system considerably lowered the quality of labour, which meant low-quality products and services and inefficient government agencies.

Now that the CEECs have switched to a market economy, businesses are having to adapt to the new conditions:

- ⇒ supply exceeding demand;
- ⇒ stiff competition on the market;
- ⇒ a saturated market which is demanding increasingly higher quality;
- ⇒ diversification of production which is requiring constant innovations;
- ⇒ level of quality imposed by the markets;
- ⇒ a lack of cost control does not increase the price but lowers the profit margin.

The economic transformations that the CEECs have undergone these past few years, particularly in agri-food production, reveal the need to make these countries' agri-food industries more productive and profitable. This can only be done by steadily improving the quality.

In the past, quality control for consumer products was solely based on inspection of the finished product, where the aim was to test and analyse the product in relation to set standards.

As a result, quality management was aimed at avoiding defects (especially through risk elimination procedures), and assessing the level of quality of a finished product was not important.

There are a number of systems to guarantee quality. Where they differ is in their main objectives, selection criteria and operating principles. The systems most commonly used in the agri-food industry are:

- Code of Good Production Practice
- Hazards Analysis and Critical Control Points – HACCP
- ISO 9000
- Total Quality Management.

The Central and East European countries currently have to make an effort to help their agri-food enterprises adapt to these systems. In Poland, the HACCP system is currently being used, especially in firms that make diet food and export their production to EU countries. Before they join the European Union, all the CEECs will have to set up this system in enterprises operating in the milk industry or in the meat and fish processing sector. Some 30 agri-food enterprises in Poland have introduced the HACCP quality system and obtained the ISO 9000 certificate. In most of the other CEECs, an even lower number of agri-food enterprises has the HACCP system and the ISO 9000 certificate.

4. Conclusions and discussion

The EUROMONTANA working seminar in Cracow on «QUALITY AND RURAL DEVELOPMENT IN THE MOUNTAIN REGIONS OF THE CEECs» was attended by 60 people from 14 countries of Western, Central and Eastern Europe. The purpose of the seminar was to prepare proposals on the CEECs' current situation and development prospects for presentation at the Second Mountain Conference which is to be held in Trento, Italy.

The participants' presentations and several hours of debate were aimed to answer the following questions:

- what does «quality» mean in the Central and East European countries ?
- What are the development prospects of mountain regions against a backdrop of profound economic restructuring ?
- Why is an active sustainable development strategy needed ?
- How can quality be used in the CEEC mountain regions to achieve sustainable development ?
- Can the liberalised form of agriculture that was introduced in our countries some ten years ago have positive effects and bring positive solutions for the development of mountain regions ?

The presentations by the CEEC representatives showed us that their countries found themselves in a very difficult situation in 1990 when they had to transform their economic system. The governments of these countries for the most part chose the free market road and replaced the old centralised system by a totally liberalised market. The problems with agriculture and rural development have not been solved - they have often been considered minor issues. These countries have still not come up with any real agricultural and regional policies to support the development of agricultural and rural regions.

The agricultural policies introduced in the CEECs in the 1990s led to a systematic decline of the economic situation and caused farm income to fall. In 1999, this culminated in a series of social conflicts in several countries.

After ten years of a free market economy in Poland, public opinion and politicians are increasingly aware that the totally liberal system cannot solve the problem of agriculture's transformation and development. The new economic situation has caused the economic and social decline of small farms, particularly in the disadvantaged regions. There is no longer any doubt that the farms in these regions cannot compete on equal terms with farms in the lowlands. As a result, measures supporting agriculture and rural development projects have to be introduced like in the Western countries by adopting in particular a special law for mountain regions.

Given the many purposes fulfilled by the CEEC mountain regions, development programs that only serve one purpose and solely focus on agriculture need to be replaced by multipurpose programs that cover activities like agri-tourism, crafts, services, and SMEs.

In all the sustainable development programs and strategies for the CEEC regions, particular emphasis must be placed on the notion of «quality of the environment» and on «quality of food and utilitarian products» in the manufacturing, distribution and marketing phases. We are fully aware that food production costs are higher in these regions, but there is definitely room on the market for products of higher quality.

On several occasions, the Seminar's participants said that without a certain amount of financial aid from the European Union their countries would not be able to implement development policies for their rural regions and agriculture that satisfy today's European standards. Here, EUROMONTANA could play an essential role as an organisation that knows a great deal about promoting the development of mountain regions in Europe. Cooperation between the CEECs and the countries of the European Union should focus first of all on the practical aspects of the Common Agricultural Policy and Regional Policies, preparing together sustainable development projects. Local players absolutely have to be involved in these projects. The CEECs also need help with legislation and organisation. In most of these countries, the old Communist legislation is still in force, at least as far as rural development is concerned.

In preparing and elaborating sustainable development projects and strategies for the CEECs, the more than fifty years of successful and very effective development experiences of countries like France, Italy, Germany or

Switzerland need to be used.