

Opinion of the European Economic and Social Committee on 'The northern dimension of the less-favoured areas' (Own-initiative opinion)

(2009/C 318/07)

Rapporteur: **Mr NURM**

On 26 February 2009 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

'The northern dimension of the less-favoured areas.'

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 September 2009. The rapporteur was Mr Kaul NURM.

At its 456th plenary session, held on 30 September and 1 October 2009 (meeting of 30 September), the European Economic and Social Committee adopted the following opinion by 175 votes to 1 with 5 abstentions:

1. Conclusions and recommendations

1.1 The underlying aims of the common agricultural policy, including security of food supply, remain just as pertinent now as they were in the past, inasmuch as farming traditions need to be preserved throughout the European Union, including in the northern regions.

1.2 The present opinion focuses on the natural, climatic and geographical particularities and problems of the EU's northern regions, in which farming is hampered by the cold climate, obliging farmers to bear higher costs than their colleagues in more favourable agro-climatic zones.

1.3 Farming is more cost-intensive and productivity considerably lower in the northern areas than in more favourably located regions. Ever shrinking profitability combined with dwindling motivation among farmers puts the future use of farmland in these regions in doubt. This danger can be avoided by the use of appropriate agricultural policy instruments.

1.4 Land must continue to be farmed in regions with natural handicaps in order to preserve the traditional rural landscape and conserve nature-rich areas. This can be achieved through compensation payments for less-favoured areas, but only with the proviso that support is directed more rigorously than hitherto to those regions where the danger of land ceasing to be farmed is greatest.

1.5 In addition to setting new criteria for the way regions with natural handicaps are defined, the principles behind the

funding of this initiative also need to be re-examined if tangible benefits are to be achieved. One possibility that should be considered is to integrate compensation payments for less-favoured areas into the first pillar of the CAP. The system in force to date, in which the level of direct payments is based on historical yields, works to the advantage of farmers in more favourably located areas. The compensation payments do not adequately offset the unfavourable production conditions in areas with natural handicaps.

1.6 When future support payments for less-favoured areas come to be calculated, the total outlay needed to overcome natural handicaps and unfavourable production conditions should be taken into consideration for each individual region: the worse the natural conditions, the higher the support payments should be, albeit with upper and lower ceilings.

1.7 In determining natural handicaps, consideration should be given not only to each region's accumulated positive temperatures in the vegetation period but also to the accumulated negative temperatures in winter.

1.8 The northern regions are remote from Europe's large markets, the rural regions there are extremely sparsely populated, and the arable land is scattered. This drives up production costs. Compensation payments from funding set aside for less-favoured regions are needed to prevent these areas being depopulated and to keep farming alive. Consequently, the EESC recommends that low population density should also be taken on board when the criteria defining less-favoured regions are set and additional criteria drawn up to support farming in heavily forested areas.

1.9 The EESC recommends that the natural, climatic and socio-economic characteristics of the northern regions mentioned in this opinion be taken into account when the criteria for a new definition of less-favoured regions (areas with natural handicaps) are worked out and established. One possibility would be to define the areas concerned as special areas in a similar way to uplands.

2. Background

2.1 The European Economic and Social Committee has already addressed the issue of less-favoured areas in earlier own-initiative opinions ⁽¹⁾.

2.2 On 21 April 2009, the European Commission published its Communication COM(2009) 161 final, which proposes altering the principles for defining less-favoured areas and establishing corresponding criteria. Among other things, the Commission proposes that these areas be renamed and known in future as 'areas with natural handicaps'. The EESC welcomes this new approach.

2.3 Since the EU single market guarantees the free movement of goods and services, farming in the EU's northern regions, where unit costs are higher, cannot be sustained in the long term without special support. This in turn adversely affects both the social and environmental sustainability of these areas and their biodiversity.

2.4 The rules for less-favoured regions in the various Member States – and the impact they have – are impossible to compare. Since a whole range of criteria are used, the current subsidy rules for less-favoured regions fail to give due consideration to the specific growing conditions arising from an area's natural and climatic characteristics. As a result, these conditions are not adequately or proportionally reflected in any compensation.

2.5 The long-term security of food supply in Europe and the world requires the farming tradition to be kept alive in the European Union's northern regions, where the climate for farming is forecast to improve in the next fifty to a hundred years due to global warming. As a result, the southern regions are set to dry up and farming in Europe is likely to shift northwards.

3. Distinctive natural and climatic characteristics of the northern regions, outline of problems and grounds for special treatment of these regions

3.1 Farming in the northern regions of the European Union differs from that in the centre and south of the continent in

having a far shorter vegetation period, a markedly smaller range of temperatures necessary for crop growth, and excessive moisture for most of the year. Rain falls unevenly throughout the year: in spring and summer, when plants germinate, sprout and grow, it is insufficient, while the heavy rainfall in the autumn makes it difficult to bring in the harvest in time and impairs its quality.

3.2 The long winters and concomitant ground frost also have a major impact on farming in northern regions. Temperatures can drop to below -40 °C. Soil frost penetration is contingent on the accumulated negative temperature and the depth of the snow cover, which in Latvia and Estonia can be up to a metre, and up to two metres in the north of Finland and Sweden. It takes time for the snow to melt and the soil to thaw. This in turn sets back the spring sowing and the onset of vegetation. Depending on latitude and distance from the sea, the spring sowing in the northern regions can be any time from late April to mid-June. Thus, in any new criteria for the way less-favoured regions are defined, consideration must also be given to accumulated negative temperatures.

3.3 Building is considerably more costly due to the need to lay frost-free foundations, install water pipes and sewage systems below the frost line and insulate the external walls. Winter heating and snow-clearing costs are also considerable.

3.4 The soil layer in the northern areas was formed over a short period after the Ice Age and is thinner as a result. These areas also have a diverse soil quality and texture: land in the northern regions is usually wet, stony in parts, and excessively loamy, sandy or peaty. Improving the soil requires heavy investment, especially in installing and maintaining drainage systems, but also in liming.

3.5 Characteristic of the northern regions are hilly and fragmented glacial landforms dominated by barren forests, wetlands and other natural areas. As a result, fields suitable for farming are small and scattered. In some areas, average field size is less than a hectare, and the fields themselves are scattered in forest areas quite far from the farmhouse. This makes it impossible to use large, more efficient machinery and at the same time drives up the farm's production and (intra-farm) transport costs. Natural handicaps of this kind cannot be offset by reverting to alternative crops or rationalising farm production in some other way. Thus, additional criteria need to be brought into play to take account of the natural handicaps of heavily forested areas. One such criterion might be the share of farmland per hectare. To further assist less-favoured areas, arrangements should also be made to provide compensation for the extra transport costs faced by farms there.

⁽¹⁾ OJ C 318, 23.12.2006, p. 86, OJ C 44, 16.2.2008, p. 56 and OJ C 120, 16.5.2008, p. 47.

3.6 Rural areas in the northern regions are very sparsely populated. With the exception of the big towns, population density stands at less than ten inhabitants per square kilometre, falling to below three in remote areas. This drives up transport costs both for farming and in terms of providing access to public and private facilities. In the twentieth century, mechanisation led to a sharp rise in labour productivity in the northern Europe, with jobs being lost in rural areas. The low density of population and services in turn became a reason for people to leave rural areas – many abandoned farming as there was no younger generation to take over farms. Yet, alongside forestry and tourism, farming remains the economic backbone of rural life in the northern regions. Rural communities are considerably smaller so that per-capita spending on public services such as schools and non-formal education are significantly higher than elsewhere. Life is more expensive in sparsely populated areas since the few people that do live there form only a small customer base for goods and services. The remote areas of the northern regions are too far away from the main centres for people to be able to commute there daily to work or take advantage of the services on offer. To assist less-favoured areas, compensation should be provided to offset the additional transport and shipment costs from the main centres (the market) to the remote farms.

3.7 The fewer people that live on the rural areas in northern Europe, the more expensive life becomes for them, since great distances have to be covered to get access to goods, services, healthcare, education and so on. This is why retaining and creating jobs in farming and other sectors in sparsely populated areas is especially important. Efforts should be made to this end in both the common agricultural policy and regional policy. The successful implementation of these policies will determine whether it will be possible to balance rural-urban migration, halt the rural exodus to the towns and put an end to the economic and social desertification of peripheral areas. From the point of view of security policy too, it is the interests of the European Union as a whole to avoid the depopulation of these EU border areas.

3.8 Together with extensive farming and semi-natural ecosystems, the forests and wetlands of the northern regions are the foundation of natural variety and biodiversity. Besides, the north is a breeding ground for millions of migratory birds that forage for food on the fields and natural meadows.

3.9 Because of the natural limitations and the transport costs entailed by the fragmented nature of the farmland and the low

population density, farms in the northern areas are less profitable and farming incomes are lower. This in turn explains the low direct payments to date under the first pillar of the CAP. In northern regions with natural handicaps, farming of agricultural land, the sustainable production of food and care for the countryside can only be achieved if farmers are guaranteed an income comparable with that of their counterparts in more favourably located areas. Failing this, people will leave their villages and stop cultivating the land, which will then fall fallow and cease to be productive. The EESC would recommend that the European Commission look in greater depth at the specific features of the northern regions and, where appropriate, define them as special areas in a similar way to mountainous areas.

3.10 The type and extent of natural handicaps to be faced can vary greatly from region to region. When future support payments for less-favoured areas come to be calculated, the total outlay needed to overcome natural handicaps and unfavourable production conditions should be taken into consideration for each individual region: the worse the natural conditions, the higher the support payments should be, albeit with upper and lower ceilings.

4. Natural limitations to arable farming, outline of problems and grounds for special treatment of these areas

4.1 The cold winters, short vegetation period, low effective accumulated temperature and, finally, the wetness in the northern regions – requiring heavy investment in drainage systems – all take their toll on arable farming. Depending on the materials used, drainage systems have a lifespan of between thirty and fifty years before they need to be replaced. Moreover, extra costs are incurred every year for their care and maintenance. Wet soil cannot be cultivated unless drainage systems are installed and maintained.

4.2 Soil in the northern areas is often acidic due to crystalline parent rock or sandstone. To be cultivated, fields must be regularly limed (every six to eight years), thereby incurring extra costs that do not have to be borne in areas with pH neutral soil. This is not about improving soil fertility: liming is simply indispensable for cultivating on acidic soil and for offsetting permanent natural handicaps. In the EESC's view, the problem of acidic soil merits greater attention than hitherto in the definition of less-favoured areas and the establishment of new criteria.

4.3 In northern regions, the entire grain harvest must be dried in special dryers, since its moisture content at harvest may be as high as 30 %. However, a moisture content of between 12 % and 14 % is needed for storage. Building grain dryers requires large investment and the energy needed for drying again entails considerable extra outlay. Dryers and drying facilities can cost as much as EUR 300 000 to build and have lifespan of between ten and fifteen years depending on how heavily they are used. According to data from farms, the average cost of drying grain is between EUR 20 and 25 per tonne, although the energy needed for drying varies from year to year. At an average yield of three to four tonnes per hectare in the northern regions, this drives up production costs by EUR 60 to 100 per hectare.

4.4 The crop varieties cultivated must be more resistant to cold and withstand the night frosts, which often continue into June. This also explains the smaller harvests. The short growth period makes it impossible to cultivate varieties, such as maize feed, that require longer timeframes and thrive better in higher average day- and night-time temperatures. The cultivation of such crops would do much to cut the cost of rearing livestock, which instead have to be fed predominantly on grass silage, which has a higher unit cost than maize feed.

4.5 Night frost is a particular danger for fruit trees, berries and for vegetables. At least once in ten years, night frosts during blossom periods are so severe they wipe out the entire harvest. Although there are various ways to avoid such damage – including sprinkler irrigation, smokescreens and frost blankets – all these methods involve additional outlay and labour.

4.6 The short vegetation period means that all field work has to be completed in a very short period of time. This requires relatively high levels of machinery, thereby increasing average investment per hectare.

5. Natural limitations to livestock farming, outline of problems and grounds for special treatment of these areas

5.1 In the north, the livestock grazing period is shorter (from mid-May to late September), so more fodder has to be stored for the winter, which in turn drives up production costs. This also requires special stores to be built. Weather conditions often prevent the grass being harvested at the most favourable time,

thus diminishing the nutritional value. Frequent bouts of rain during the hay or grass silage harvest can damage feed quality

5.2 The costs of buildings and livestock facilities are higher than in more clement areas, given the need to lay frost-free foundations and install water pipes and sewage systems below the frost line (in Estonia, over 1.2 metres deep, for instance).

5.3 Additional costs are also incurred in cleaning farmyards and roads from snow and ice. Road surfaces have to be renewed every five to ten years due to frost damage. The low population density means that northern countries have a large number of dirt and gravel roads. Maintaining and improving these requires additional financial resources, especially to repair damage in spring and reduce dust in summer.

5.4 The per-kilogramme cost of milk is higher in sparsely populated areas than in densely populated ones with intensive farming, since long distances have to be covered to collect it. Milk production has, for instance, stopped on many sea and inland islands because transport costs made it unprofitable. It also costs more to deliver other operating materials to farms.

6. Preservation of farming and rural life in the northern regions is important for the European Union as a whole

Maintaining farming activities and preventing rural exodus in the northern regions are important for Europe as a whole, as this helps:

- ensure that the populations of these regions have a supply of locally sources food, and safeguard the food security of the EU in the event of global warming,
- save jobs and avert the depopulation of rural areas,
- preserve – and in some cases even increase – biodiversity,
- keep the countryside accessible and make it attractive for the tourism and leisure industry, and
- guarantees the security of the EU border areas.

Brussels, 30 September 2009.

The President
of the European Economic and Social Committee
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