

Opinion of the European Economic and Social Committee on ‘Agriculture and crafts — a winning combination for rural areas’ (own-initiative opinion)

(2012/C 143/07)

Rapporteur: **Adalbert KIENLE**

On 22 September 2011, 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

Agriculture and crafts – a winning combination for rural areas (own-initiative opinion).

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 20 January 2012.

At its 478th plenary session, held on 22 and 23 February 2012 (meeting of 23 February), the Committee adopted the following opinion by 184 votes and 8 abstentions.

1. Summary and recommendations

1.1 With this own-initiative opinion, the EESC wishes to give the European Commission, the European Parliament and the Council impetus for policy configuration, particularly regarding further development of the second pillar of the CAP and the structural funds for the period 2014-2020. This own-initiative opinion is intended to contribute to the implementation of the EU’s Europe 2020 strategy and make specific proposals regarding future EAFRD funding and structural support, and other EU policies. To civil society organisations representing agriculture and craft industries, this clear commitment to regionalism and/or regional value chains represents a significant boost to their activities. The EESC also hopes that its own-initiative opinion will provide an important impetus for national debates.

1.2 In view of the European Commission’s legislative proposals of 5 and 12 October 2011 on EAFRD and structural funding for the funding period 2014-2020, the EESC recommends the following:

1.2.1 The proposed SME investment support in the EAFRD should be expanded and duly qualified, with a view to regional cooperation between rural businesses and to crafts and agriculture in particular. For this purpose, regional communication networks and mentor networks of entrepreneurs should be initiated and supported on the ground.

1.2.2 EU-led local initiatives in the EAFRD and the structural funds are an important opportunity to support regional crafts, agriculture, tourism and retailing. However, these initiatives should give priority to the interests of economic and social partners.

1.2.3 There should be sustained support for scientific, information and innovation exchange amongst SMEs in order to encourage and secure employment in rural areas as well as to support resource-efficient and climate-friendly economic activity. Traditional skills and experience should not be forgotten, but rather protected and utilised as a valuable resource.

1.2.4 Regional value chains are a significant opportunity for crafts, agriculture, tourism, retailing and the entire rural economy. They should receive attention particularly as far as regional umbrella brands and joint processing and marketing are concerned.

1.2.5 Crafts and agricultural businesses rely on adequate business infrastructure. The structural funds, in particular, must create the prerequisites for this – though flexible regional budgets, for example.

2. Introduction

2.1 As a sector where SMEs predominate, agriculture and crafts shape the economy of the countryside in diverse ways and play a major role in maintaining service structures and community life in EU villages and small towns.

2.2 Looking to the imminent scaling up of EU support for rural areas for the period 2014-2020, this own-initiative opinion is intended as a contribution to harnessing additional value-creation potential from agriculture and crafts in rural areas. The Commission’s legislative proposals for the CAP and cohesion policy post-2013 provide the context. These expand EAFRD funding to include all businesses, including small businesses, in rural areas, which represents a major change. This

own-initiative opinion is intended to stimulate the debate in Europe about smart, sustainable and inclusive growth in the context of knowledge and skills transfer. Another concern is how to improve conditions so that collaborative, cross-sectoral measures can have an enduring impact on quality of life and economic potential in the countryside and safeguard service structures when the population is declining. This own-initiative opinion should also feed into the public debate on dealing with the effects of demographic change and into national debates on preserving the competitiveness and vitality of rural areas.

3. State of play

3.1 The small and medium-sized craft and agricultural businesses established and entrenched in the countryside have considerable potential – in terms of both their economic activities and their social commitment – to strengthen existing economic and social structures and meet future challenges. They also have a direct impact on quality of life, and their products and services help to shape regional identities. They conserve important traditions whilst also delivering innovation. Crafts and agriculture stand for modernity and sustainability, high-quality products, energy security, sustainable protection of the environment and nature, and preservation of cultural heritage. The people active in crafts and agriculture are highly qualified, autonomous and to a large extent capable of learning and adapting. These qualities are a foundation for many economic and social success stories in rural villages and small towns.

3.2 Almost all rural areas in the EU have further potential for shared value creation from crafts and agriculture. This potential lies in cooperating on production, processing and marketing at the regional and interregional level. But it also rests in fair competition between operators and equal participation of women and men.

3.3 Rural areas in the EU are very different structurally. Alongside very prosperous regions with low unemployment and robust growth are regions with mounting economic problems, emigration and an ageing population. In addition, opportunities for vocational education and training are not always available in acceptable proximity. There is a risk that the gap in social and economic development and infrastructure standards will widen further.

3.4 Elderly people in particular are dependent on journeys being short and local services easily accessible; and younger people need a well-functioning basic infrastructure, including internet access, nurseries and primary schools. Demographic change creates a pressing need for adjustment in rural infrastructure and utilities. The expertise of local businesses, especially SMEs, is often insufficiently drawn on in meeting these challenges. Socially responsible and locally active crafts and agricultural businesses make an important contribution to integrating disabled people into the community.

3.5 To be economically successful individually or jointly, craft businesses, farming and other regional business operators are reliant on fast local internet connections. But broadband access is often unsatisfactory, especially in remote rural areas.

3.6 Social debate is increasingly defined by regionalism, which typifies a society of responsibilities and values and is a prerequisite for sustainable economic activity and co-existence. However, regions often lack the right drivers, and incentives for leveraging regional value-creation potential can be too weak. Interaction between entrepreneurs in a region is often absent or inadequately developed.

3.7 Together, crafts and agriculture face the growing challenges of protecting resources and tackling climate change more effectively. Resource-efficiency and climate-friendliness are key concepts in both crafts and agriculture when it comes to forward-looking business strategies. Through the cooperation of both sectors, rural regions can contribute significantly to overcoming challenges affecting society as a whole.

4. Objectives

4.1 The EESC holds that it is essential for European institutions and national governments and administrations to better recognise the potential of crafts and agriculture, take the right policy measures and thereby help secure the prospects of rural regions.

4.2 The EESC strongly supports the harnessing of additional value creation potential from crafts and agriculture.

- Regional value chains should be created or strengthened in agriculture and crafts as well as in other sectors such as retailing, tourism, healthcare and forestry; this also means that fair competition rules should obtain and systems be developed to mobilise regional economic potential with the help of local SMEs.
- There should be support for maintaining, diversifying, setting up and further expanding SMEs in rural areas, and for cross-sectoral business cooperation.
- Support for smaller businesses in the countryside should be improved by developing accessible programmes to promote growth, innovation and skills; in all regions of Europe, there should be adequate access to vocational education and

training as well as exchange of practical knowledge of cutting-edge technologies that will shape the future.

- Schoolchildren should spend time with local artisans and farmers to become acquainted with traditional and modern methods of production, and learn about the values of autonomous and self-sufficient work.
- Production, processing and marketing of regional foods and other regional products should be geared towards specific local requirements and characteristics; in line with this, there should be support for quality control systems as well as brand development and marketing.
- Resource-efficient and climate-friendly economic activity should be supported.
- Public utilities, infrastructure and community life in rural areas should be safeguarded and improved.
- Connections to modern broadband networks should be improved as a basic prerequisite for harnessing value-creation potential in the countryside through SMEs.
- Decentralised energy supply systems and energy efficiency measures should be viewed as a great opportunity to create added value.
- In view of the serious challenges arising from demographic change, it is essential to retain qualified labour in the countryside and win workers for viable activities in the crafts and agriculture sectors.
- Institutions, organisations and businesses in rural areas, particularly those in the agriculture and crafts sectors, must be encouraged to engage in closer civil society dialogue and economic cooperation and to learn from positive examples.

4.3 The EESC would like to highlight three goals that are particularly important with a view to more effectively activating this potential for the regional economy in a spirit of partnership:

4.3.1 Regionalism and value creation

A major strength of agriculture and crafts lies in their local and regional rootedness. Local and regional products become particularly important in a globalised economy. Local trade holds the key to solving many current problems. Expanding regional value chains is therefore becoming increasingly relevant. In many regions there have traditionally been close links and cooperation between farming and craft industries, particularly in the food sector: links that create significant added value for the consumer in these areas. There are plenty of positive examples of this that should be further developed and expanded in other regions. This should also serve as a model for other product and service sectors, such as wood processing and rural tourism. At the same time, such cooperation can help to safeguard local utilities and reduce traffic, thus contributing to climate protection.

An approach based on value chains via increased cooperation between key rural players also makes it possible to gear the production and sale of foods to specific regional requirements and characteristics and create an unmistakable local identity. The development of regional umbrella brands for joint marketing reflects the growing demands of consumers as to the quality and origin of products. Quality and origin labels should be introduced for craft products, as with foods.

4.3.2 Energy and raw materials

Introducing decentralised energy supply systems and energy-efficiency measures in the countryside will become much more important in Europe in the future and is an ideal area for cooperation between the craft industry and the agricultural sector. The environmental benefits of renewable energies and resources can be fully realised only if they are processed in the regions where they are produced. This requires local experts.

Regional cooperation in the field of cultivating, processing and marketing renewable (raw) materials also offers good prospects.

4.3.3 Securing a skilled workforce

Demographic change and the noticeable migration from peripheral rural regions to urban centres are making it increasingly difficult for agricultural and craft businesses to find skilled staff⁽¹⁾. As already stated in another Committee opinion, particular attention should be paid to employment of women⁽²⁾. "Soft" location factors – such as quality of life, housing, education, leisure and cultural facilities, and especially facilities for young families – must be improved so as to guarantee long-term local viability. Efforts of businesses to raise awareness among schoolchildren and young people about jobs with a future in crafts and agriculture should be backed up by policy measures and support from employment

⁽¹⁾ CESE 1704/2007, OJ C 120, 16.5.2008, p. 47.

⁽²⁾ CESE 1175/2011, OJ C 318, 29.10.2011, p. 43.

agencies and schools. Individuals trained in these vocations are highly employable, and particularly adept at making necessary adjustments to new challenges in the labour market ⁽³⁾.

5. Measures

5.1 To achieve the above-listed goals, the Committee considers it necessary to build consistently on the Europe 2020 strategy to promote smart, sustainable and inclusive growth; to take into account funding for rural development through the EAFRD with its six funding priorities and through the structural funds; and to achieve an enduring impact on quality of life and economic potential in rural areas through integrated policy approaches. A cross-sectoral multi-fund strategy would be conducive to the development of shared value chains, to stemming migration and to maintaining service structures in rural areas, and hence to the benefit of all locally established industries and segments of society.

5.2 In the EESC's view, specific elements of future EU structural policy for rural areas include:

- investing in diversification, setting-up, transfers and further expansion of SMEs in rural areas;
- promoting and establishing cross-sectoral cooperation and platforms (for example, through the establishment of regular round table discussions);
- supporting regional (traditional) economic activity with short transport routes;
- promoting regional umbrella brands for joint processing and marketing of regional products and services;
- supporting quality and quality control systems as a key to successfully selling products;

- encouraging resource-efficient and climate-friendly economic activity;
- supporting targeted knowledge and skills transfer to businesses in the craft and agricultural sectors, as well as other rural economic partners;
- promoting innovation partnerships between research and industry, with a particular focus on application and process-oriented innovations for SMEs;
- securing and expanding business infrastructure in rural areas (especially broadband);
- supporting measures by economic and social partners to cover future workforce needs;
- public relations work in the form of site visits for schools and the public;
- extending the current LEADER initiative to include entrepreneurs to a much greater extent and leverage economic potential in rural areas;
- supporting existing mentor networks of SMEs, particularly with a view to guiding cooperation;
- creating and further developing platforms for collecting and disseminating best practice in regional development and cooperation between rural economic and social partners;
- promoting rural regions by providing flexible regional funding.

Brussels, 23 February 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

⁽³⁾ *ibid.*