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(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

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Opinion of the European Economic and Social Committee on ‘Towards a more balanced territorial development in the EU’ (own-initiative opinion)

(2014/C 214/01)

Rapporteur: **Mr NILSSON**

On 9 July 2013, 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

Towards a more balanced territorial development in the EU.

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 12 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 230 votes to 4 with 3 abstentions.

1. Conclusions

1.1 **‘All Europe shall live’** was proclaimed at the first ‘European Rural Parliament’ (a forum for European and national rural organisations), hosted by the EESC on 13 November 2013. With the appropriate policies, rural areas can thrive and contribute — just as much as cities can — to the well-being of Europe. A geographically targeted, multi-sectoral, grassroots policy based on participation and partnership was called for.

1.2 This own-initiative opinion takes up this challenge and pleads for more balanced development so that all parts of the EU can contribute to the objective of territorial cohesion enshrined in the Lisbon Treaty, against a background of increasing territorial imbalances within countries and regions.

1.3 Depopulation must be regarded as the most severe threat to rural economies. Many rural areas are seriously affected by depopulation. In some countries and areas the recorded figures are dramatic, standing at around 1 per cent depopulation a year, sometimes even more. However, the picture is very uneven. Most EU rural areas are not experiencing a decline in their populations and continue to be attractive places for people and businesses.

1.4 The EESC stresses that strong political action is urgently needed at every level to tackle the economic and social consequences of depopulation. There should be a focus on **jobs, infrastructure and services**, supported by integrated rural development policies at all levels (European, national and regional) and focusing on making use of endogenous local resources. Full use should be made of all EU programmes, not least the cohesion policy and its instruments for rural and local development, such as Leader and CLLD (Community-Led Local Development). Member States must allocate financial resources to those areas hardest hit by depopulation.

1.5 Every policy decision with a geographical dimension should be assessed in terms of its territorial impact. Existing environmental and socio-economic assessments should be given more attention and new specific quantitative and qualitative indicators should be developed.

1.6 In parallel with developing the primary sectors, there is a need for a policy framework for diversification and promotion of enterprise through investment, innovation and knowledge. Short supply chains should be promoted in areas such as food and energy. Incentives for decentralisation should also be considered.

1.7 Creating job opportunities is vital and it is urgent to ensure that the individual's right to education and training is secured in practice by investing in appropriate facilities for promoting knowledge and technology. Developing attractive jobs and education for young people should be a key concern. There is a need to create the right conditions to facilitate the installation of young farmers as a factor of stability in rural areas. The potential of women as workers and entrepreneurs should be unlocked. The employment of regular migrants could, if supported by accompanying measures effective in preventing segregation, be an opportunity to include migrants as active players in rural development.

1.8 Investment in infrastructure in the form of efficient transport, communication (including high speed broad band) and energy links, is necessary in order to reduce geographical disparities and make rural areas attractive locations for people and businesses.

1.9 An adequate supply of services — both commercial services and social services of general interest — is another key condition for making rural areas attractive and reducing territorial imbalances. Investment not only in health, education and care centres of different kinds but also in cultural and other leisure activities is urgently needed.

1.10 The EESC considers that participatory democracy is a prerequisite for achieving better territorial balance in the European Union. People living in rural areas and their organisations should be involved in planning and implementing territorial cohesion policies and activities. The partnership principle of the EU structural funds should be used efficiently and also extended to other policy fields.

1.11 In its role as institutional bridge to civil society, the EESC supports the idea of a recurrent 'European Rural Parliament' — i.e. a European rural forum with broad representation — to be held in partnership with the Committee.

2. Background to the own-initiative opinion

2.1 The ultimate goal of this EESC opinion is to make the case for territorial impact assessments of relevant EU policies in order to tackle the dramatic depopulation of certain rural areas.

3. Introduction

3.1 Differing cultures, languages and history — the European Union is rich in diversity, but there are common principles and ideals that unite us all, enshrined in Article 2 of the Treaty ⁽¹⁾. A decent job, access to social and economic services of general interest, and high environmental standards are fundamental needs in all regions.

3.2 However, conditions within Europe are not the same everywhere. Disparities between areas may include historical differences and inherited cultural structures, contrasting political systems, diverse socio-economic development patterns as well as an array of combinations of these factors. Deeper knowledge of the complex phenomenon of geographical disparities and its effects on policies and practices is needed.

⁽¹⁾ Article 2 states that the EU is 'founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities'. The Member States share a 'society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail'.

3.3 Rural areas face a common challenge: their capacity to create high quality, sustainable jobs has fallen behind that of urban areas ⁽²⁾. Average incomes are 25-30 % lower than in urban areas, but can in some cases in Central and Eastern Europe be up to 50 % lower. There are fewer job opportunities and these are in a narrower range of economic activities. Poor infrastructure, including a low quality of broadband communication, low accessibility to commercial and social services and a lack of both education and training facilities and cultural and leisure amenities, are contributing to a considerable outflow of rural populations, particularly young people and predominantly young women.

3.4 However the overall picture is not so bleak. On average, in the decade from 2000-2010, predominantly rural areas experienced slightly higher growth than urban areas ⁽³⁾. This also reflects the many interesting ways in which rural communities have been able to manage the challenges and achieve positive outcomes by exploiting endogenous and other local resources ⁽⁴⁾. During the recent crises, rural areas have been less volatile and shown a higher degree of resilience. A recent study has also demonstrated that, as a result of congestion costs and high rents, economic activities are beginning to spread to less developed — often rural — regions ⁽⁵⁾.

3.5 The existence of unbalanced territorial development between and within states, regions and rural/urban communities is a major challenge. Having rediscovered the role of **responsible territorial players** for their regions and local communities during the process of EU accession, regional and local development have now become major fields of interest for the countries of Central and Southeast Europe. In other European regions as well, there is a renewed interest in local and regional development.

3.6 Sparsely populated areas and deserted villages are spread out all over Europe and this is a common issue even for the smallest Member States. These sparsely populated areas have specific features and needs. Nevertheless, despite their differences, they have to face at least four common problems: their geographic isolation with ensuing high transport costs, the demographic problems of emigration, ageing and low fertility rates, their weak and monolithic economic structure and finally their low average income accompanied in some cases by severe rural poverty.

3.7 The opinion seeks to outline how rural areas can contribute to territorial and social cohesion exploiting endogenous resources within an integrated development policy, thereby overcoming the economic crisis, maintaining and creating jobs and protecting the environment. The agriculture and agrifood sectors play a predominant role in a number of regions. However, diversification is needed. All sectors must be able to contribute if supported by targeted policy measures.

4. General comments

4.1 Challenges for EU policy-makers

4.1.1 The measures on economic, social and territorial cohesion laid down in Articles 174 to 178 of the Lisbon Treaty provide for harmonious development in the EU, aim to reduce disparities in development, focus on areas affected by natural or demographic handicaps and call on Member States to conduct and coordinate their economic policies with a view to attaining these objectives.

4.1.2 According to the EU Commission, territorial cohesion is about ensuring the harmonious development of Europe as a whole and making sure that Europeans are able to make the most of the inherent features of its different regions. Territorial cohesion is therefore a means of transforming diversity into an asset that contributes to the sustainable development of the entire EU ⁽⁶⁾.

4.1.3 Regions comprise both dynamic and problem areas. It is difficult to strike a balance between political coherence and territorial cohesion, since regions are by definition heterogeneous. Consequently, there is a need for a political perspective based on cooperation between regions and coordination between different sectoral policies in partnership with the territorial actors. The subsidiarity principle is also a key component of any regional policy approach, since it is always preferable to tackle specific community-related problems at local level.

⁽²⁾ See for instance EESC information report CESE 425/2011 (rapporteur: Narro) and OJ C 376, 22.12.2011, p. 25–31.

⁽³⁾ Fifth report on economic, social and territorial cohesion.

⁽⁴⁾ OJ C 132, 3.5.2011, p. 82–86.

⁽⁵⁾ ESPON 2013 Program CAEE — the case for agglomeration economies in Europe Project 2013/2/1.

⁽⁶⁾ European Commission, Directorate-General for Regional Policy, 2008.

4.1.4 In terms of EU policy, the Common Agricultural Policy is the most important tool for agriculture and rural development. However, it should not be the only tool — when elaborating the operational programmes of the other funds, Member States should also focus on the sustainability of rural areas.

4.2 *Depopulation*

4.2.1 EU statistics⁽⁷⁾ show that in 2008 and 2009, rural regions in Europe experienced a limited population growth (0,1-0,2 %). In 2010 and 2011, population stagnated while urban regions grew by about 0,5 % during those years. However, the picture is very uneven. In many rural areas the population has grown over the last five years. In 2011, the average rural population grew in 8 out of 27 countries. Conversely, for the same year very negative figures were recorded for Latvia and Lithuania in particular, where the rural population decreased by 2 %, followed by Bulgaria (-1 %), while Portugal, Germany, Romania and Hungary were all at around - 0,5 %.

4.2.2 When analysing region by region (NUTS 3), the figures become dramatic. Around 100 out of 1 300 such areas experienced a 5 % (and in some cases even greater) reduction in their population during the years 2007-2011. They are mainly found in the countries listed above. Bulgaria, Lithuania and Latvia stand out from the curve, with generalised high depopulation. In Germany they are concentrated in the eastern part, while in Portugal they are concentrated in the interior.

4.2.3 Statistics also show that the EU population distribution is remarkably uneven, resulting in enormous differences between average densities in different regions and between urban and rural areas. Perhaps the most disturbing demographical feature is the startlingly low population density in some regions compared to the density of 50 to 100 years ago. Depopulation must be regarded as the most severe threat to rural economies, not only because it limits growth opportunities, causes environmental problems, affects social structures and complicates the provision of public services, but because it may jeopardise the very existence of small towns and villages as inhabited settlements.

4.2.4 The trend is ongoing. The rapid expansion of cities due to the location of industry and services draws labour from rural areas. Restructuring of farm activities encourages further rural-to-urban migration. Large infrastructure investments may also cause displacement. Rural depopulation, when the rural exodus outstrips natural growth, reduces the total number of inhabitants to a critical level while also causing ageing of demographic structures.

4.2.5 Rural depopulation causes a range of types of environmental impact. For instance, as people leave an area, one dominant habitat comes to take over from the diverse mosaic of human-maintained landscapes. This 'ecological homogenisation' can lead to a decrease in biodiversity at a local level. Other types of ecological impact include soil degradation resulting from inadequate terrace maintenance in mountainous areas, as is the case across large swathes of the Mediterranean and Southeast Europe.

4.2.6 Other concerns have also been raised in relation to rural depopulation, including forest management and fire risks in Mediterranean areas and potential security problems along the external borders of the EU.

4.3 *The role of organised civil society*

4.3.1 The EESC has stressed that '**participatory democracy**, recognised as one of the Union's democratic principles, is an essential condition for the achievement of better territorial balance in the European Union'⁽⁸⁾. Organised civil society should have the opportunity for responsible and transparent involvement at the regional and local level in shaping and implementing territorial cohesion policies and activities. The partnership principle of the EU structural funds should be used efficiently, and also extended to other policy fields affecting rural areas.

4.3.2 On the one hand, the traditional social partners and the socio-professional organisations have a key role to play in coping with the growing territorial imbalances by promoting employment and businesses that improve working and living conditions.

⁽⁷⁾ Rural development in Yearbook on Regional statistics. Pages 238 ff. Eurostat.

⁽⁸⁾ OJ C 228, 22.9.2009, p. 123–129.

4.3.3 On the other hand, there is a rural community movement growing all over Europe. In some countries this movement is recent, while in others it has been in place for many years. (The forerunners are mainly found in northern Europe.) At national level, these movements are being organised into federations and networks including both traditional socio-professional organisations and new grassroots initiatives. They give a voice to people living in rural areas in a bottom-up approach, as well as promoting new enterprise and organising local production and services.

4.3.4 In November 2013, the EESC hosted what was termed the first 'European Rural Parliament'⁽⁹⁾, a forum for national and European organisations involved in rural issues which aims to strengthen and provide a common voice for the rural movement in Europe. Its main focus is to influence European rural policy, improve dialogue between policy-makers and the local level and exchange good practice.

4.3.5 In its role as institutional bridge to civil society, the EESC could enable people living in rural areas and their organisations to play a leading role in the process of shaping and implementing rural policies. The Committee therefore supports the idea of a recurrent European Rural Parliament — i.e. a European rural forum also extended to socio-professional organisations and social partners — to be held in partnership with the Committee and which also could serve as a link to its Liaison Group.

4.4 *Assessing territorial impact*

4.4.1 The EESC earlier proposed that EU legislation, policies and programmes should be analysed in terms of their impact on territorial cohesion. The Commission has a particular responsibility for this impact assessment, which should closely involve all the players concerned⁽¹⁰⁾.

4.4.2 This proposal was recently echoed by the Committee of the Regions which called 'for territorial impacts to be assessed right from the outset on an equal footing to economic, environmental and social impacts when assessing sectoral policies' and urged 'cooperation with local and regional authorities to channel consultations towards the interested and affected parties'⁽¹¹⁾.

4.4.3 The concept of impact assessments already exists in the various horizontal clauses in the Treaty on the Functioning of the European Union (Articles 8 to 12). These clauses state that 'the Union shall, when defining and implementing its policies and activities', take into account the requirements linked to the social dimension, gender equality, the environment, consumer protection and anti-discrimination.

4.4.4 When taking any decision, policy-makers should ask this question: What is the expected impact of this act: will it bring more people to cities or keep them in rural areas? Those policies improving the global territorial balance or at least leaving it unchanged would be immediately cleared. Any decision harming this balance by increasing urban concentration should be subject to an impact assessment proving that its benefits outweigh this drawback.

4.4.5 The territorial impact of sector policies, particularly in the fields of transport, ITCs, energy, the environment, agriculture, trade, competition and research, should be assessed⁽¹²⁾.

4.4.6 In order to do this, the Commission should ensure that the territorial dimension in the Strategic Environment Assessment (SEA)⁽¹³⁾ and the Impact Assessment guidelines is given appropriate attention. However, other specific quantitative and qualitative indicators must also be developed, not only in socio-economic and environmental terms but also in other, less measurable dimensions, such as the loss of traditional skills.

5. **Specific comments**

5.1 Well-balanced territorial development means more even and sustainable use of natural resources, bringing economic gains from reduced congestion and lower costs. In rural areas, prosperity will hinge on the capacity to mobilise people and local resources, whilst at the same time developing the locational factors that make living and economic conditions more attractive for people and businesses. The diseconomies and negative externalities of urban agglomeration run counter to the prospect of good quality of life for all.

⁽⁹⁾ The European Rural Parliament is based on the concept of the Swedish Rural Parliament which has been in existence for more than 20 years. It is a bi-annual forum which is composed on one hand by national rural organisations, both socio-professional and others, and on the other by grass-root community groups.

⁽¹⁰⁾ OJ C 228, 22.9.2009, p. 123–129.

⁽¹¹⁾ OJ C 280, 27.9.2013, p. 13–18.

⁽¹²⁾ OJ C 376, 22.12.2011, p. 15–18.

⁽¹³⁾ OJ L 197, 21.7.2001, p. 30–37.

5.2 Many rural areas with untapped development potential coexist with overexploited urban and peri-urban spaces. In remote areas which are far from big cities, small and medium-sized towns play a key role in providing access to services, ensuring that these areas remain attractive places to live. Sustaining such rural centres will be of great importance in order to cope with service closures and the influx of people from smaller villages in the surrounding area, provided that efficient public transport is organised.

5.3 Market forces alone cannot provide the incentives required to redress the ongoing trend. Therefore, strong political action is urgently needed at every level to tackle the economic and social consequences of depopulation and make rural areas attractive for people and business. A well balanced set of incentives is needed to stimulate investments, innovation and knowledge and maintain and create opportunities for living and working in rural areas. There should be a focus on jobs, infrastructure and services supported by integrated rural development policies at all levels (European, national, regional).

5.4 All EU programmes, not least cohesion policy and its instruments for rural and local development such as Leader and CLLD (Community-Led Local Development) should be fully exploited. Member States must allocate financial resources to those areas hardest hit by depopulation.

5.5 Competition law should be adapted accordingly to allow the necessary exemptions. If proposed changes affect wage costs, they must be dealt with in the normal social dialogue between the social partners.

5.6 The most important practical expression of territorial cohesion is guaranteeing all the people of Europe equality of access to services of general interest wherever they may live or work. To reduce geographical disparities, investment in infrastructure in the form of efficient transport, communication (including high speed broad band) and energy links, is necessary for the development of the most fragile and remote areas.

5.7 The living conditions of people in rural areas, including the most disadvantaged, must be improved through an adequate supply of services, which is another key condition for reducing territorial imbalances, and this applies both to commercial services and social services of general interest. Investment not only in health, education and care centres of different kinds but also in cultural and other leisure activities will make rural areas attractive locations, not only for people but also for businesses.

5.8 Exploiting endogenous resources also means creating short supply chains that have economic, social and cultural benefits not only for farmers but also for other businesses, consumers and rural areas in general. Food and energy are good examples of this. This type of production model needs to be promoted, as demonstrated by the fact that transnational retail chains very seldom source from local producers, even when a well-organised supply side can guarantee a reliable production stream.

5.9 Creating job opportunities is vital and the right to education and training must be secured in practice. Occupational training to 'help the workforce adapt to the requirements of the new production model ⁽¹⁴⁾' is urgently needed. Reducing the outflow of young people from rural areas — not least young women, who are more prone to out-migrate — should be a key concern. There is a net gain for society in providing employment that allows young families to take advantage of the natural environment of the countryside as a suitable place to raise their children. The EESC earlier argued for strong measures to unlock the potential of women as workers and entrepreneurs, enabling them to become drivers of development and innovation and equipping them with appropriate knowledge and technology ⁽¹⁵⁾.

5.10 Quality jobs in advanced, creative industries could start a virtuous circle, attracting not only economic activities but also cultural initiatives and other kinds of services that can make life more interesting for young people in rural areas and dissuade them from leaving.

⁽¹⁴⁾ OJ C 347, 18.12.2010, p. 41–47.

⁽¹⁵⁾ OJ C 299, 4.10.2012, p.29–33.

5.11 Radical diversification and decentralisation ⁽¹⁶⁾ measures are needed to create new jobs in rural areas most affected by depopulation. Therefore, programmes for those areas with specific funding must be implemented. Good experience from rural areas that have managed to face the challenge of depopulation and remain good locations for people and business should be disseminated.

5.12 The internal market and the right to free movement make it possible for farmers to take up farming in other Member States where opportunities are better than in their home country; Dutch farmers settling in Romania is a case in point. However, these opportunities for mobility and the acquisition of land should not be a disadvantage for the existing farming system and small owners.

5.13 The EESC has called for equal treatment of migrant workers in rural areas by implementing minimum standards for working and living conditions, also involving the social partners in this process ⁽¹⁷⁾. An integration process supported by accompanying measures that effectively prevents segregation could be an opportunity to make regular migrants a source of rural development.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽¹⁶⁾ An outstanding example of decentralisation is Portugal Telecom's new data centre near Covilhã, in the Serra da Estrela mountain region.

⁽¹⁷⁾ OJ C 120, 16.5.2008, p. 25.