

The upcoming Commission's Communication on the long-term vision for rural areas

Context and preliminary analysis



Agriculture and Rural Development



RESEARCH FOR AGRI COMMITTEE

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Context and preliminary analysis

Abstract

This in-depth analysis provides a preliminary analysis of the upcoming Commission's communication on a long term vision for rural areas. It presents the key features of the communication and its implications for the CAP, takes stock of the current and future EU policy tools to support rural areas and provides background material on the economic, demographic, social and spatial challenges they are faced with.

This document was prepared for the European Parliament's Committee on Agriculture and Rural Development.

AUTHORS

Albert MASSOT & François NÈGRE

Research administrators

Policy Department for Structural and Cohesion Policies, European Parliament

Project and publication assistance: Catherine MORVAN

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ABOUT THE PUBLISHER

To contact the Policy Department or to subscribe to updates on our work for the AGRI Committee please write to: Poldep-cohesion@ep.europa.eu

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LIST OF ABBREVIATIONS

AGRI	Agriculture and Rural Development Committee
AKIS	Agricultural Knowledge and Information System
CAP	Common Agricultural Policy
CFP	Common Fisheries Policy
CMO	Common market organisation
CF	Cohesion Fund
CoR	Committee of the Regions
CPR	Common Provisions Regulation
DG	Directorate General
EC	European Commission
EAGF	European Agricultural Guarantee Fund
EAFRD	European Agricultural Fund of Rural Development
EIP-AGRI	European innovation Partnership for Agricultural Productivity and Sustainability
EP	European Parliament
EPRS	European Parliament Research Service
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EuCo	European Council
F2F	Farm to Fork
GVA	Gross Value Added
GDP	Gross Domestic Product

JTF	Just Transition Fund
LULUCF	Land use, land use change and forestry
MFF	Multiannual Financial Framework
PD	Policy Department
RD	Rural Development

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EXECUTIVE SUMMARY

KEY FINDINGS

- The need for designing a long term vision for rural areas was underlined in President Von der Leyen's political guidelines and in AGRI Commissioner Wojciechowski's announcements during his EP hearings (1 and 8 October 2019), where he committed to come forward with specific proposals on the future of rural areas and agriculture.
- Following the roadmap published by the EC on 22 July 2020, the upcoming Commission's Communication (due in mid 2021) will aim to support a debate at European level on the future of rural areas by 2040.
- Its Action Plan will list the legislative and non-legislative actions (Rural Agenda) to be developed for agriculture and rural development (DG AGRI), climate action (DGS CLIMA and ENVI), employment (DG EMPL), connectivity and digital transformation (DGS GROW and CONNECT), cohesion (DGs REGIO and REFORM), education (DG EAC), research and innovation (DGs RTD and JRC),
- The implications for the CAP will be manifold, as many rural development measures shall be implemented under this new Rural Agenda. This could possibly pave the way for a mid-term review of the CAP before 2024, which might include these "rural axis" legislative actions as well as measures linked to the Farm to Fork strategy/Green Deal/Recovery Plan and corrective actions to the new CAP delivery system.
- The coordination between policies and in particular the coherence between the Cohesion Policy and the CAP rural development policy will be key to ensuring the implementation of the Rural Agenda and avoid overlaps.
- The main features of EU rural areas explain why they are faced with economic, demographic, social and spatial challenges. They are summarized in a table attached to this in-depth analysis, which also lists the rural areas' assets and opportunities and the relevant EU policy tools.

1. THE UPCOMING COMMUNICATION ON THE LONG-TERM VISION OF RURAL AREAS

1.1. Context and objectives

The need for designing a long term vision for rural areas was underlined in [President Von der Leyen's political guidelines](#) and in the mission letters to [Vice-President Suica](#) (Democracy and Demography), [Commissioner Ferreira](#) (Cohesion and Reforms) and [Commissioner Wojciechowski](#) (Agriculture).

Furthermore, AGRI Commissioner stated his commitment to come forward with specific proposals on the future of the rural areas and the agriculture during the [EP hearings of 1 and 8 October 2019](#).

On 7 September 2020, the European Commission (EC) launched a [public consultation](#) on its initiative for a long-term vision for rural areas. During the feed-back period (7 September - 30 November 2020) the EC services aim to collect views on current opportunities and challenges in rural areas, their specific aspirations and, last but not least, the actions needed to achieve them. This public consultation should be the first step towards an **EC Communication** on the topic, **to be published mid-2021**.

Following the [roadmap published by the EC on 22 July](#), this Communication will aim to support a debate at European level on the future of rural areas by 2040 and the place they should have in the 21st century European society. It should be remarked that the launch of this initiative indirectly confirms

- the **ineffectiveness of the [Cork 2.0 Declaration 'A Better Life for Rural Areas'](#)** organised by the former AGRI Commissioner Hogan in September 2016;
- the **lack of a suitable response to the rural challenges** of the [CAP reform proposals presented by the Commission in 2018](#) as well as of the foreseeable outcome of the on-going legislators' negotiations;
- the unique approach of the **on-going CAP reform primarily focused on the CAP governance ('new delivery model')**, relegating the update of agricultural and rural development tools;
- the inconsistency of the [European Council Summit of 21 July 2020](#) agreement reducing the rural development **co-financing rates** (10 points) and cutting the **total amount of the Pillar 2 / EAFRD budget** for the 2021/2027 period (see §2.2.2.); and
- the absolute need for clarification of the relationship between the 'Rural Agenda' to be presented by the Communication and the CAP; this need of clarity is particularly evident as regards the modalities of insertion of **future rural actions** within the CAP Strategic Plans to be adopted in 2021.

1.2. Approach

The [roadmap](#) published by the EC in July 2020 summarises briefly some guidelines of the future 'Rural Agenda'. The Communication should design a holistic vision for the future of rural areas with 2040 as horizon and it should cover challenges such as

- demographic change;
- digital gap;
- low income levels;
- limited access to services; and

- specific climate change and COVID-19 crisis impacts.

As it is possible to deduce from the (brief) declarations of the roadmap,

- The **first priority is attached to demography**, based on the outlook and conclusions of the recent [EC report on the demographic change](#) and the future Green Paper on Ageing (foreseen for Q1-2021)¹; this element is confirmed by the leadership attributed to the EC Vice-president in charge of the Democracy and Demographic portfolio.
- The long-term vision for rural areas will pursue an **integrated approach** involving several fields and EC DGs: agriculture and rural development (AGRI), climate action (CLIMA and ENVI), employment (EMPL), connectivity and digital transformation (GROW and CONNECT), cohesion (REGIO and REFORM), education (EAC), research and innovation (RTD and JRC), among other.
- Following the structure of past EC Communications (F2F Strategy, 2030 Strategy), the **Action Plan** accompanying the Communication will list the legislative and non-legislative actions (Rural Agenda) to be developed by the different DGs concerned under the umbrella of the EC Vice-president Suica.
- DG AGRI will focus its action on the **rural development measures** capable
 - to fight the income differences between urban and rural areas;
 - to create jobs in farming, cooperatives and primary processing industries;
 - to improve installation of young farmers and new entrants;
 - to prevent the adverse effects of the concentration;
 - to implement innovative, inclusive and sustainable farming solutions in the light of climate and digital transitions; and
 - to support mobility of farming land and to prevent its abandonment.
- Relevant challenges of rural areas (i.e. digital gap, negative demographic trends in particular in remote rural areas, access to basic services, or economic diversification outside agriculture), should be left to other EC DGs; thus, the **coordination between different policies** involved will play a central role in order to ensure the success of the Rural Agenda.
- **Policy coherence of Cohesion Policy with the CAP rural development policy** is in particular challenging after the proposed abandon of the EAFRD of the Structural Funds Framework² for the next financial period 2021/2027. Whether this proposal is adopted by the legislators, the single point of contact between the future Cohesion Policy and the new CAP should be the Initiative LEADER (competence of DG REGIO but financed by the EAFRD). However, CAP Strategic Plans should not be an obstacle to improve **specific strategies for rural areas** within the Cohesion Policy, as it already exists for the 'urban areas'.

1.3. Implications for the CAP and the Conference of the future of Europe

The Rural Communication of 2021 has to be followed by legislative proposals and this process might end up with a mid-term CAP reform before the expiration of the Commission von der Leyen term (2024). Formally, the next CAP reform should be before the end of MFF period 2021/2027. However,

¹ See also the EC web page ['The impact of demographic change in Europe'](#).

² Legislative proposal laying down Common Provisions on the Structural Funds ([COM \(2018\) 375 of 2 May 2018](#)).

Commissioner Wojciechowski can be tempted to launch **a mid-term review before 2024** under the excuse of

- to deploy the new rural axis / legislative actions defined by the Communication on the long-term vision for rural areas and its Action Plan;
- to implement the legislative actions of the [Farm to Fork Strategy](#) attributed to the DG AGRI and to be presented before 2023³;
- to improve the new CAP delivery system in the view of the designing and implementing experiences of the Strategic Plans by Member States and/or the results obtained;
- to fine-tune the targets and other elements of the European Green Deal Package; and
- to conclude the implementation of the Recovery Plan measures within the CAP (2021-2022)

Furthermore, the discussion process of the Communication would be overlaid on the debates and organisation of the [Conference on the future of Europe](#), taking place in the **first semester of 2022** under the French Presidency of the Council. In this context, the Rural Agenda could contribute to the reflection on the future of the European integration as well as to suggest innovative approaches for the CAP and its rural development policy.

The fact that the Vice-president Suica leads the Rural Communication and is at the same time the responsible of the Conference on the Future of Europe strengthens the links between both EC initiatives.

³ ['The Farm to Fork Strategy implications for agriculture and the CAP'](#), Policy Department B briefing, European Parliament, May 2020..

2. POLICY BACKGROUND: COHESION POLICY AND CAP ACTIONS FOR RURAL AREAS

2.1. Current support to rural areas at EU level

2.1.1. Cohesion policy

The EU cohesion policy is channelled through five European structural and investment funds (ESIF). The European Commission and the EU countries jointly manage them. The purpose of all these funds is to invest in job creation and a sustainable and healthy European economy and environment. The ESIF mainly focus on five areas:

- research and innovation;
- digital technologies;
- supporting low carbon economy;
- sustainable management of natural resources; and
- small business.

The European structural and investment funds (ESIF) currently are:

- **European regional development fund (ERDF)** – promoting balanced development in the different regions of the EU;
- **European social fund (ESF)** - supporting employment-related projects throughout Europe and invests in Europe’s human capital – its workers, its young people and all those seeking a job;
- **Cohesion fund (CF)** – funding transport and environment projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average. In 2014/2020, these are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia;
- **European agricultural fund for rural development (EAFRD)** – focusing on resolve the particular challenges facing EU's rural areas; and
- **European maritime and fisheries fund (EMFF)** – helping fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies, improving quality of life along European coasts.

2.1.2. Rural development policy

For 2014/2020, Member States implemented **118 rural development (RD) programmes, which are supported by a total of just over € 100 billion from the EAFRD**. Rural Development measures are also supplemented by the **LEADER initiative**, a distinctly rural tool co-funded by the EAFRD, which promotes bottom-up, pilot projects in rural areas.

RD programmes aim to foster the competitiveness of agriculture, ensure a sustainable management of resources and achieve a balanced territorial development. **They include a wide range of measures to support rural areas:** e.g. payments for areas facing natural or other specific constraints; agri-environment-climate measures (e.g. extensive management of grasslands, restoration of abandoned

farmland, agroforestry measures); start-up aid for young farmers; investments; basic services and revitalisation of villages; agro-forestry and forestry measures.

The EAFRD provides the bulk (75 %) of the EU support to rural areas, which totalled € 133 billion, or 12 % of the EU budget (2014-2020 figures)⁴ even though EAFRD is only half the ERDF (€199 billion) and less than the ESF (€120 billion). As Cohesion Policy is mainly targeted at urban areas, commitments in rural areas total only € 22.5 billion⁵.

EAFRD funding for each country ranges from €11.4 billion in France to less than €1 billion in many smaller Member States. This does not just reflect the size of countries, but also the importance of the agricultural sector and of rural areas.

2.2. The Multiannual Financial Framework 2021/2027 and the Next Generation EU funds

Following the **agreement reached at European Council level on 21 July**, the Parliament's initial reaction welcomed the agreement on the European Recovery Instrument but found it unacceptable that the long-term budget has been cut. The Council will now finalise its mandate to enter negotiations with Parliament while the Parliament will also need to agree its position before starting negotiations with the German Presidency of the Council as soon as possible.

Here is a brief state of play of available resources after the European Council conclusions (§2.2.1 and §2.2.2)⁶.

2.2.1. Cohesion policy spending

Total Cohesion policy funds for the period 2021/2027 (without the EAFRD) would be **EUR 403 000 million** in 2018 constant prices. The budget breakdown would be as follows:

- **European regional development fund (ERDF):** 200 000 million;
- **European social fund (ESF) :** EUR 88 000 million;
- **Cohesion fund (CF):** EUR 42 000 million;
- **European territorial cooperation (INTERREG):** EUR 7 950 million;
- **Just Transition Fund (JTF)** supporting the territories most affected by the transition towards climate neutrality and to avoid regional disparities : EUR 17 500 million; and
- **ReactEU** that will support the most important sectors for a sound recovery following the COVID-19 crisis: EUR 47 500 million.

2.2.2. CAP spending

- While the overall objective of the rural development policy is to promote the sustainable development of agriculture and rural communities, it is worth pointing out that two of the nine

⁴ See "Focus in progress - Quaderno 1" (August 2020) : "Budget allocation for rural development policy in MFF 2014-2020 (study for the European Committee of the Regions - data available upon request).

⁵ 11,4 % of the total) for the ERDF budget; € 5.8 billion (7%) for the ESF; and € 5 billion (8 %) for the CF.

⁶ Special meeting of the [European Council \(17, 18, 19, 20 and 21 July 2020\) - Conclusions](#).

key objectives of the new CAP for the 2021/2027 period⁷ specifically target the challenges faced by rural areas through the future Strategic Plans:

. **the support to “vibrant rural areas”** aims to promote employment, growth, social inclusion and local development in rural areas, including bio economy and sustainable forestry;

. **the support to “generation renewal”** is meant to modernise the agricultural sector by attracting young people and improving their business development.

The corresponding rural development measures will be implemented under a new delivery model, where each Member State will draw up a CAP strategic plan covering interventions planned under both CAP Pillars to meet quantified targets linked to EU level CAP objectives.

- Following the [European Council agreement of July](#), the total CAP budget (in 2018 constant prices) would reach EUR 343 944 million, of which

. Pillar 1: EUR 258 594 million⁸;

. Pillar 2 : EUR 85 350 (= EUR 77 850 under the “normal” EAFRD⁹ + EUR 7 500 from Next Generation Europe (NGEU), as part of the EUR 750 billion Recovery package¹⁰ (**Table 1**);

The outcome implies a reduction in constant 2018 prices as compared to the previous MFF¹¹, by either 10.2% relative to the sum of commitments over 2014-2020 (- EUR 38.9 billion) or 6.4% relative to the commitments in the final year (2020) and multiplied by seven (- EUR 23.7 billion). However, **In current euros, and assuming inflation at 2%/year over the period, the CAP 2021-2027 budget is broadly stable** compared to the previous period (2014-2020).

It is also worth highlighting the **difference between the European Council outcome and the Commission’s original MFF proposal** in May 2018, with a clear increase amounting to almost €20 billion in constant 2018 prices (from EUR 324 billion to EUR 344 billion) (**Table 1**).

The European Council outcome represents a small increase over the EAGF (**Pillar 1**) budget proposed by the Commission in May 2018. Concerning the **Pillar 2**, the sharp decrease initially foreseen for the EAFRD has been substantially reduced, thanks notably to the Next Generation Plan (+7 500 million).

It is worth noting that as well as these quantitative elements, the [European Council agreement](#) includes other CAP provisions (such as, EAFRD co-financing rates; additional RD envelopes for some MS, external convergence, direct aids capping; agricultural reserve, flexibility to transfer resources between Pillars; or climate mainstreaming).

⁷ These nine objectives are : to ensure a fair income to farmers; to increase competitiveness; to rebalance the power in the food chain; climate change action; environmental care; preserve landscapes and biodiversity; support generational renewal; vibrant rural areas; protect food and health quality.

⁸ Point 85 of European Council Conclusions.

⁹ Point 94 of European Council Conclusions.

¹⁰ Point A 14 of Council Conclusions.

¹¹ See Alan Matthews’ blog post CAPreform.eu on the CAP financial negotiations: [Commission proposes increased agricultural spending in reinforced MFF](#) (3 June 2020) and [When the CAP budget pendulum finally stopped swinging](#) (22 July 2020).

Table 1: Breakdown of CAP Pillars commitments appropriations

EUR Million in 2018 constant prices	(A) MFF 2014/2020 EU - 27 (Estimated)	(B) Commission's MFF 2021/2027 proposal (May 2018)	(C) EuCo's MFF 2021/2027 conclusions (July 2020)	% change (C) / (A)	% change (C) / (B)
Pillar 1 1. Total EAGF (Direct payments + Market-related expenditure)	291 485	254 247	258 594	-11.2%	+1.7%
Pillar 2 2. Total EAFRD with NGEU	--	--	83 350	-13.8%	--
3. Total EAFRD without NGEU	96 750	70 037	77 850	-19.5%	+11.1%
4. TOTAL CAP with NGEU (1+2)	--	--	343 944	--	--
5. TOTAL CAP without NGEU (1 + 3)	388 235	324 284	336 444	-11.4%	+3.7%
6. TOTAL MFF with NGEU	--	--	1 824 300	--	--
7. Total MFF without NGEU	1 094 376	1 134 583	1 074 300	-1.8%	-5.3%
% CAP / Total MFF without NGEU (% (5) / (7))	35.47%	28.58%	31.31%	--	--

Source: Own elaboration (European Parliament - Policy Department B - AGRI sector) based on the EC 2018 proposals and the 2020 European Council (EuCo) Conclusions.

3. RURAL AREAS BACKGROUND: FEATURES AND CHALLENGES

3.1. EU rural areas: main features

3.1.1. Diversity of rural areas

'Rural regions' account for 44.6% of the EU-27 territory (1.882.884 Km²)¹², are home to 93.1 million people (20.8% of total population)¹³ and generate 14.6% of GDP (**Table 2**). While some Member States have over 40% of their population living in rural areas (Lithuania, Romania, Slovenia and Slovakia) others at the other end of the spectrum are below the EU average (Netherlands, Cyprus, Belgium and Sweden)¹⁴.

Table 2: Rural regions vs intermediate and urban regions: EU-27 structural data

2019 data (GDP: 2016 data)	Territory (Km2)	%	Population (1 000 h.)	%	Density (inhabitant/Km2)	GDP (million EUR)	%	EUR/ inhabitant	Index
Rural regions	1 882 884	44.6%	93 160	20.8%	50	1 812 156	14.6%	19 302	68
Intermediate regions	1 930 008	45.7%	173 999	38.9%	90	4 269 836	34.3%	24 551	87
Urban regions	412 235	9.8%	179 662	40.2%	436	6 366 275	51.1%	35 786	127
Total EU - 27	4 225 127	100%	445 168	100%	105	12 448 267	100%	28 200	100

Source: Own elaboration from the data extracted from [CAP Context indicators - 2019 update](#) and EC - [Agriculture in the European Union - Statistical Factsheet](#), June 2020.

However, these average figures hide the great **diversity of the EU rural communities**, both in terms of geographical patterns (environmental, climatic, landscape) and of development level and socio-economic and demographic trends.

In this context, rural challenges are very different in case of urban and peri-urban areas¹⁵, remote areas or mountainous zones. Consequently, they will need specific pathways and development strategies adapted to local conditions and seeking synergies between public action and private operators on the ground.

Furthermore, rural areas have been undergoing differently the **impact of structural changes over the last decades** (overall demographic and migration trends, markets globalisation, urbanisation phenomenon, intensification of agricultural production, abandonment of marginal lands, etc.). It should not be however forgotten the influence of EU policies (especially the CAP - and the Cohesion

¹² 2016 data. The EU-27 countries with the largest 'predominantly rural areas' are: France (329.457 Km²), Finland (278.851 Km²), Poland (166.883 Km²), Germany (137.928 Km²) and Sweden (108.160 Km²). See: [CAP Context indicators - 2019 update - Table C.03](#).

¹³ 2019 data (see: [CAP Context indicators - 2019 update - Table C.01](#)). The most populous rural regions in absolute terms are in: France (18.7 million - 28% of total), Poland (13.5 million - 35.8%), Germany (12.9 million - 15.6%) and Romania (10.3 million - 53.2%). Additionally, population in rural regions is especially relevant in relative terms in some small countries: Slovenia (58.2), Ireland (57%), Estonia (44.5%), Croatia (42.6%) or Austria (40.3%). It should be also remarked that some countries (i.e. Italy or Spain) have not many 'rural regions' but they do have a substantial number of 'predominantly rural areas' inside their 'intermediate regions'.

¹⁴ See: Eurostat, [Distribution of population by degree of urbanisation](#).

¹⁵ Research for AGRI Committee - [Urban and peri-urban agriculture in the EU](#), European Parliament, PE 617.468, April 2018. As mentioned above, there is a strong link between urban and rural areas, and especially peri-urban rural areas. It can lead to counter-urbanisation developments and new forms of rural growth. At the same time urban sprawl is expanding, generating strong pressure on peri-urban natural resources.

Policy) as well as the deployment of infrastructures (road and railway transport, telecommunications, etc.)¹⁶.

Cohesion Policy should play a larger role in complementing CAP rural development policy, in particular in funding basic services. Cohesion Policy amounts currently going to rural areas is seemingly very limited: only about a quarter of that to urban areas, but it ranges from no explicit rural funding in some Member States to over 30% in others¹⁷. In terms of funded issues, **rural areas see the implementation of many infrastructure projects**, while there are more projects in the areas of low-carbon economy and research and innovation in urban areas.

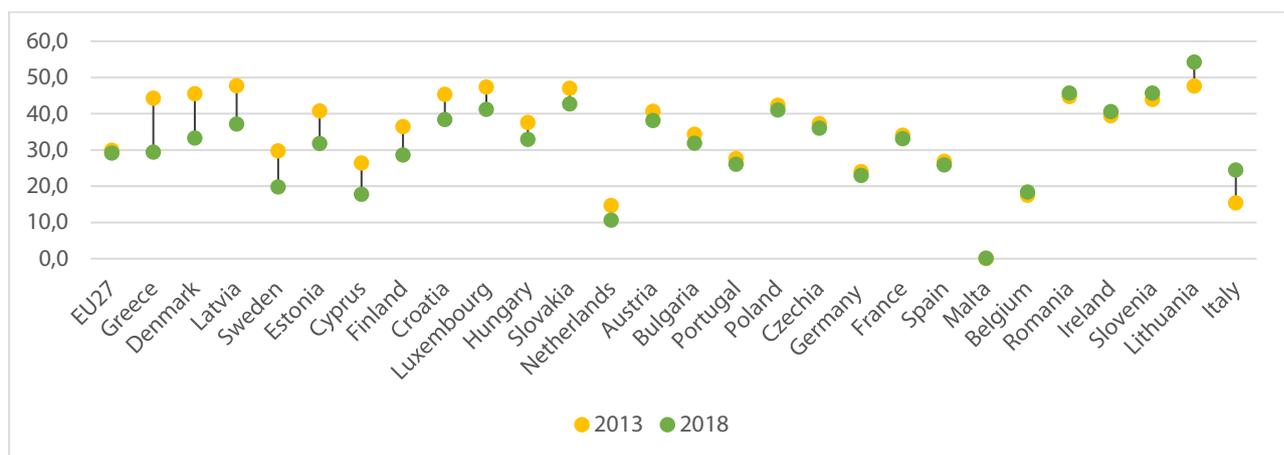
Improving **integrated approaches of Cohesion Policy with the CAP rural development policy** has become a matter of urgent practical necessity.

3.1.2. Rural population trends

Rural areas¹⁸ host 29.2% of the EU-27 population. However, several new Member States have over 40% of their population living in rural areas (Lithuania, Romania, Slovenia and Slovakia). At the other end of the spectrum are the Netherlands, Cyprus, Belgium and Sweden with a share below 20%¹⁹.

Population trend in rural areas is driven by **long-term demographic developments**, such as aging, outmigration and urbanisation²⁰. The shift from the primary and secondary to the tertiary sector of the European economy has contributed to an outflow of labour from the primary sector and has concentrated job opportunities in urban centres. This has been accompanied by negative demographic trends in particular in remote rural areas, in a vicious cycle with a reduction in access to basic services and a widening of the digital gap (Figure 1).

Figure 1: Share of population living in rural areas (% , 2013 and 2018)



Source: EPRC, Research for REGI Committee - [‘EU cohesion policy in non-urban areas](#), European Parliament, PE 652.210, September 2020.

¹⁶ Perpiña Castillo *et al.* (2018), [Territorial Facts and Trends in the EU Rural Areas within 2015-2030](#). European Commission - Joint Research Centre (JRC), Technical Report.

¹⁷ EPRC, Research for REGI Committee - [‘EU cohesion policy in non-urban areas](#), European Parliament, PE 652.210, September 2020.

¹⁸ EUROSTAT classifies local administrative units into three types of areas: rural areas (thinly populated zones whereby more than 50% of population is living outside of cities and towns); towns and suburbs/small urban areas (intermediate density areas), and cities/large urban areas (densely populated areas). ‘Rural area’ appears to be a notion more appropriated for the analysis than ‘rural region’ (including zones of ‘intermediate regions’).

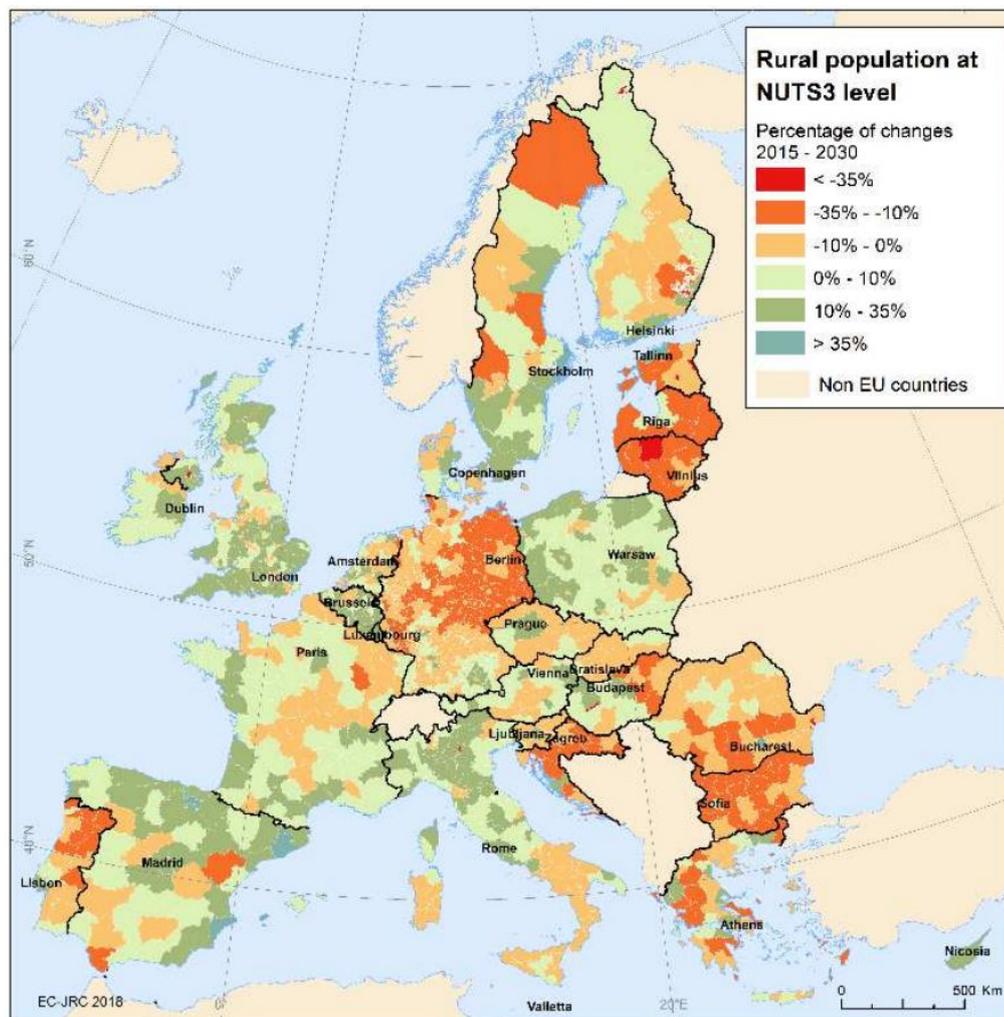
¹⁹ See: Eurostat, [Distribution of population by degree of urbanisation](#).

²⁰ See the [EC report on the demographic change](#) (already cited) as well as the EC site, [The impact of demographic change in Europe](#).

The overall share of population in rural areas has been slightly decreasing at EU level in the past decade, as was also happening in most EU Member States (**Figure 1**). This trend does not appear to be changing. Some foresight studies²¹ anticipate that within 2015-2030 period the **EU total population could rise by 2%**, while the **rural population could increase by just 0.6%** (2.8 million). Nevertheless, the distribution of these new rural settlers will not be uniform across the EU, due to the already mentioned diversity of rural areas.

By 2030 significant increases in population (>10%) are expected in rural areas close to economic clusters and/or coastal and urbanised areas with well-developed transports. There are a number of advantages that may attract people to live in rural areas, such as: lower housing and living costs, more space, a less polluted environment and a less stressful lifestyle. These patterns will be reflected in particular in Southern and North-eastern parts of Spain, South-eastern part of Sweden, Finland and Belgium, Northern part of Italy and Poland, Cyprus, and around most European capital cities) (**Figure 2**).

Figure 2: Change in population living in rural areas at NUTS3 level between 2015 and 2030 (%)



Source: Perpiña Castillo *et al.* (2018), already cited.

²¹ Perpiña Castillo *et al.* (2018), [Territorial Facts and Trends in the EU Rural Areas within 2015-2030](#). European Commission - Joint Research Centre (JRC), Technical Report.

Conversely, a number of issues may force rural inhabitants to leave remote rural areas or discourage others from moving into such areas such as fewer local education or job opportunities/choices, difficulties in accessing public services or transport services, inadequate health coverage or a lack of cultural venues/leisure activities. On this basis, **deep cuts in rural population (>10%)** can be expected in Bulgaria, Lithuania, Latvia, Northern of Portugal, Eastern parts of Germany and Hungary, and large areas in Sweden, Croatia, Greece and Romania (**Figure 2**).

3.1.3. Income and well-being in rural areas

The **GDP per capita in rural regions represents 68% of the EU-27 average**, compared to 87% and 127% in intermediate and predominantly urban regions, respectively (**Table 2**). However, there are large disparities between Member States themselves, with the picture becoming increasingly diverse with the successive enlargements of the EU. Across the EU, GDP per inhabitant **in predominantly rural areas** is consistently lower than in predominantly urban areas, with a **two-fold difference in some Member States**. While this gap is present in all EU countries, it is especially pronounced in the EU-13 and in Ireland²².

Moreover, people in remote rural areas have relatively **poor access to general services** (childcare, primary healthcare, schools, broadband coverage, or transports), in addition to fewer opportunities for finding good jobs and to develop life chances. In this context, certain rural areas that suffer from depopulation may enter into a *'vicious circle of decline'*, as more people need to migrate in search of better job prospects and provision of public/private services²³.

Unemployment should not be considered so much as an *'urban'* or *'rural'* phenomenon but rather because economic structures and favourable conditions for economic activity and jobs. Comparing total unemployment and youth unemployment rates by degree of urbanisation, the average rate at the EU level is slightly higher in urban areas than in rural territories (**Table 3**)²⁴. However, the average **poverty rate is higher in rural areas** (**Table 3**).

Table 3: Rural areas vs towns and cities: welfare rates

2018 data	Total employment rate (20 - 64)	Total unemployment rate	Youth unemployment rate	Poverty rate
Rural areas	73.3	6.3%	14.6%	23.6%
Towns and Suburbs	73.1	7.1%	16.2%	19.8%
Cities	72.9	8.1%	17.2%	21.4%
Total EU - 27	73.1	7.3%	16.1%	21.6%

Source: Own elaboration from the data extracted from [CAP Context indicators - 2019 update](#)

The share of population at risk of poverty and social exclusion in rural areas reaches over 40% (**Figure 3**)²⁵.

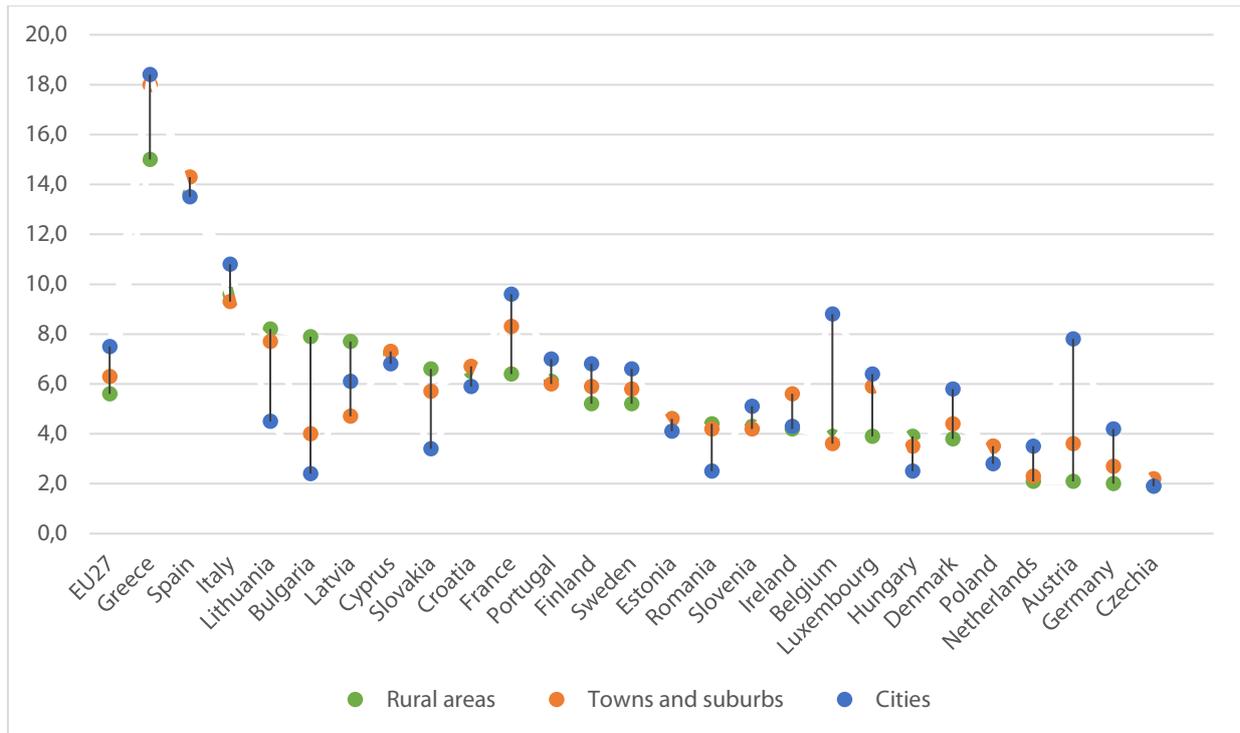
²² See: EC, [CAP objectives explained - Jobs and growth in rural areas](#), Brief No 8, May 2019.

²³ EPRS briefing, [Demographic trends in EU regions](#), PE 633.160, January 2020.

²⁴ See EUROSTAT, [Unemployment rates by sex, age, country of birth and degree of urbanisation](#), September 2020.

²⁵ EPRC, Research for REGI Committee - ['EU cohesion policy in non-urban areas](#), European Parliament, PE 652.210, September 2020; and EUROSTAT, [People at risk of poverty or social exclusion by degree of urbanisation](#), September 2020.

Figure 3: People at risk of poverty or social exclusion by degree of urbanisation



Source: EPRC (2020), Research for REGI Committee - 'EU cohesion policy in non-urban areas, already cited.

Rural poverty is a result of factors related to the demographic challenge, but also to weaker labour market and lower education levels, as well as to geographical characteristics of remote rural areas, which make access to services more difficult and costly.

In this context, a **2017 World Bank report**²⁶ argued that the CAP could be associated with the reduction of poverty and the creation of better jobs for farmers across the EU. However, this role can differ depending on where a country finds itself along the process of structural transformation. The report also stressed the need for better targeting of CAP support and rural development measures in the future.

3.1.4. Agriculture in rural areas: poor generational renewal and land abandonment

Structural challenges in rural areas are often associated with the relative importance of the primary sector in the rural economy. One of the most pervasive changes affecting rural economies in the last decades has been the **declining share of agriculture**. Yet, the importance of primary sector activities varies across Member States. In Belgium and Germany, the primary sector formed 1.2 -1.3% of total employment in 2019, while in some Southern and Eastern countries it ranged between 9% and up to 21% (Romania 21.8%; Bulgaria 16.9%; Greece 10.9%; and Poland 9.2%)²⁷.

Closely related to the less weight of the agricultural activity, the **number of farms** in the EU is persistently declining. This trend is not new and not specific to the EU: farm numbers have been

²⁶ World Bank, [Thinking CAP: Supporting Agricultural Jobs and Incomes in the EU](#), World Bank Report on the European Union, Conference edition, 2017. See also: EC, [Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas](#), Evaluation report, November 2019.

²⁷ EC, [CAP context indicators, update 2019, C.11](#).

shrinking in most medium and high-income countries for decades, due to both productivity growth in agriculture, low profitability of farming and improved job opportunities in other parts of the economy.

Furthermore, the different productivity developments increase territorial competitiveness and lead to a gradual concentration of agricultural production. As a result, farmland that was originally used for agriculture is no longer cultivated. In the period 2015-2030 about 11% (more than 20 million ha) of **agricultural land in the EU are under high potential risk of abandonment**²⁸. The risk is particularly severe for around 800 thousand ha (0.4%), located in Southern and Eastern Romania, South-western France, Southern and central Spain, Portugal, Cyprus, Poland, Latvia and Estonia²⁹.

In this context, major issues for the agricultural sector are the lower added value of production, lower wages compared to other sectors, and the aging of the farming population³⁰.

The **age structure of European farmers** is such that for every farmer younger than 35 years, there were more than six farmers older than 65 years in 2016. Over the last decade, the proportion of young farmers in the overall farming population declined, while that of farmers older than 55 years increased³¹. The main challenges for young farmers and new entrants are: low availability of land and growing land prices; difficulties in access to finance and credit; and low level of training of the young farmers³².

Farming generational renewal is a key issue for the future of rural areas. Vibrant countryside communities need skilled and innovative young farmers able to respond to new societal demands to the agricultural sector, from quality food to environmental public goods.

3.2. Main challenges of EU rural areas

The next EC Communication (see above §1) should identify the main rural challenges, should make the most of the opportunities and, finally, should provide practical responses at European level. Agriculture is certainly part of the solution but it is not the only variable. The primary production remains important for the rural economy in many parts of Europe. This is particularly the case in '*predominantly rural areas*' where the primary sector represents around 5% of added value and 16% of employment.

Annex summarises the main **challenges classified according to four dimensions** (economic and welfare, environmental and climatic, demographic and territorial, and societal expectations), their main **impacts** in agricultural / rural terms, the existing **assets and opportunities to be seized** and, finally, some possible **EU tools to be used** to overcome the

²⁸ Perpiña Castillo *et al.* (2018), already cited.

²⁹ Perpiña Castillo *et al.* (2018), already cited.

³⁰ EC, [CAP objectives explained - Ensuring viable farm income](#), Brief No 1, October 2018.

³¹ EC, [CAP context indicators, update 2019, C.23](#).

³² See: European Parliament - Research for AGRI Committee - [Young Farmers - Policy implementation after the 2013 CAP reform](#), October 2017; European Court of Auditors, [EU support to young farmers should be better targeted to foster effective generational renewal](#), Special Report N°10, 2017; EC, [Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas](#), Evaluation report, November 2019; and EC, [CAP Objectives explained - Structural Change and generational renewal](#), Brief No 7, November 2019.

current situation³³. Many of these EU tools are available or already planned by the EC services³⁴. However, sometimes new legislative initiatives and/or new approaches will be needed.

Bibliographical references on each on the issues are referenced in order to make widely available the state of play of reflection.

³³ The (on-going) ESPON - ESCAPE project will provide knowledge and evidence on the causes and consequences of socio-economic change in Europe's rural regions. It will also offer recommendations for the better coordination and effectiveness of policy interventions, particularly for the targeted design, implementation and funding of integrated place-based strategies within the context of EU Rural Development policy and Cohesion policy (see: ESPON - ESCAPE Project, [European Shrinking Rural Areas Challenges, Actions and Perspectives for Territorial Governance](#) - ESCAPE). For reports and findings of evaluations and external studies published by the European Commission, see: [Rural areas](#).

³⁴ Concerning the CAP tools, see: EC [Impact assessment accompanying the document proposals for the 2020 CAP reform](#), Commission staff working document SWD (2018) 301 of 1 June 2018.

ANNEX

Table 4: Main challenges facing EU rural areas: effects, opportunities and tools

Dimension	Challenge	Main rural effects	Rural assets and opportunities	EU tools
(1) Economic and welfare³⁵	1.1. Pressures on farm income	<ul style="list-style-type: none"> - Increased price volatility³⁶ - Low standard of living; - Structural adjustment in new MS is still under way; - Additional impacts from COVID-19 crisis on specific subsectors. 	- Agriculture has strong links with other economic activities in rural areas, notably food processing, tourism and trade, while one third of farmers have other gainful activity outside of agriculture.	<ul style="list-style-type: none"> - CAP tools supporting farm income more efficiently³⁷; - CAP rural development measures supporting structural modernisation of holdings and resilience.
	1.2. Weaknesses in competitiveness ³⁸	<ul style="list-style-type: none"> - Low farm income margins; - Decreasing of Gross Value Added (GVA) of the primary sector as a share of national GDP. 	<ul style="list-style-type: none"> - Farm sector has strong links to the rest of the rural economy; - Vast geographical size of cooperatives and OPs; - Reputation of European geographical indications at international level; - 'Brussels effect' of high European standards in global food trade. 	<ul style="list-style-type: none"> - Rural development and cohesion measures promoting holdings' modernisation investments; - New food promotion policy; - Strengthening sustainable development commitments and compliance with EU food standards at the global level.
	1.3. Imbalance in value chains ³⁹	<ul style="list-style-type: none"> - Fragile farm bargaining power. 	<ul style="list-style-type: none"> - Vast geographical size of cooperatives and OPs; - Local products with low carbon and water food-print; - Short circuits for food marketing; 	<ul style="list-style-type: none"> - New competition rules for agricultural sector⁴⁰ - Legislative initiatives to enhance cooperation of primary producers to support their position in the food chain⁴¹; - New measures improving price transparency.

³⁵ EC, [Challenges for agriculture and rural areas - Economic dimensions](#), Background document, December 2017.

³⁶ During the 2007-2015 period, up to 20% of farmers experience income declines greater than 30% in comparison to the previous year, with the highest number of farms suffering from income losses above 30% found in Italy, Poland, Spain and Greece. A high proportion is also found in Cyprus, Slovenia, Malta and Latvia (EC, [CAP objectives explained - Ensuring viable Farm Income](#), Brief No 1, October 2018).

³⁷ For the state of play of CAP direct support, see: EC, [Direct payments](#), February 2018; and EC, [CAP objectives explained - Ensuring viable Farm Income](#), Brief No 1, October 2018.

³⁸ EC, [CAP objectives explained - Increasing competitiveness: the role of productivity](#), Brief No 2, October 2018.

³⁹ EC, [CAP objectives explained - Farmer position in value chains](#), Brief No 3, April 2019; and EC, [The Food Supply Chain](#), Brief.

⁴⁰ See: Del Cont & Iannarelli, Research for AGRI Committee - [New competition rules for the agri-food chain in the CAP post 2020](#), European Parliament, Policy Department for Structural and Cohesion Policies, October 2018; and République Française, [Avis du 3 mai 2018 de l'Autorité française de la concurrence relatif au secteur agricole](#). Avis 18-A-04 de l'Autorité de la concurrence, 3 Mai 2018.

⁴¹ See: Arcadia International *et al.*, [The best ways for producer organisations to be formed, carry out their activities and be supported](#), Report carried out by Arcadia International, EEIG, EY and independent experts for the European Commission, May 2019; and García Azcárate, Research for the AGRI Committee - [The sectoral approach in the CAP beyond and possible options to improve the EU food value chain](#). European Parliament, Policy Department for Structural and Cohesion Policies, October 2018.

			- Existing networks between producers and consumers.	
	1.4. Digital economy	<ul style="list-style-type: none"> - Digital gap between rural and urban areas; - Impacts of disruptive digital technologies in the small and medium sized enterprises and farms; - Commuting and rise of internet shopping reduces local consumption in rural areas. 	<ul style="list-style-type: none"> - Fostering innovation and digitalisation can help farmers and rural entrepreneurs to increase production, reduce production costs and water and energy consumption, and support decision-making⁴². - Precision agriculture is already consolidated; - Existing experiences in digital agriculture and Agri-tech at micro-level (using Big Data, drones, data sensors, platforms, etc.)⁴³. 	<ul style="list-style-type: none"> - Broadband networks (5G infrastructure) in rural areas; - 'European Innovation Partnership for Agricultural Productivity and Sustainability' (EIP-AGRI)⁴⁴; - Inclusive digital strategies within CAP National Strategic Plans focused to support small and medium sized farmers and rural operators; - Copernicus and Galileo programmes.
(2) Environmental and climatic ⁴⁵	2.1. Climate change ⁴⁶	<ul style="list-style-type: none"> - Extreme climate events (droughts, heatwaves, pests, forest fires) specially affecting rural areas and farming; - Increased price volatility and farm income instability. 	<ul style="list-style-type: none"> - Relevant contribution of agriculture and forestry to the carbon sinks; - Farmers and rural population are entrusted with managing ecosystems, thus contributing to mitigate climate change; - Farmers and rural population will play a crucial role on the transition to a green and sustainable growth. 	<ul style="list-style-type: none"> - EU budget climate-related expenditure⁴⁷ - Climate Law and European Climate Pact; - Revision of LULUCF Regulation; - Revision of feed additives (2021) in order to reduce methane and nitrous oxide emissions; - Contingency plan for ensuring food supply and food security (2021); - New CAP risk management tools (insurance systems)⁴⁸; - EU Carbon farming initiative (2021) - New EU Forestry Strategy.

⁴² EC, [Building stronger knowledge and innovation systems \(AKIS\)](#), April 2019, and EC, [Preparing for Future AKIS in Europe](#), SCAR-Strategic Working Group on AKIS, 2019.

⁴³ VVA - WR, Research for AGRI Committee - [Impacts of digital economy on the food chain and the CAP](#), European Parliament, PE 629.192, February 2019.

⁴⁴ Coffey *et al.*, [Evaluation study on the implementation of the new European Innovation Partnerships \(EIP\) for Agricultural Productivity and Sustainability](#), Final Report, European Commission, February 2017.

⁴⁵ EC, [Challenges for agriculture and rural areas - Environment and climate dimensions](#), Background document, December 2017.

⁴⁶ EC, [CAP objectives explained - Agriculture and climate mitigation](#), Brief No 4, April 2019.

⁴⁷ IEEP, [Documenting climate mainstreaming in the EU budget](#), European Parliament, PE 654.166, July 2020; and European Court of Auditors (ECA), [Tracking climate spending in the EU budget](#), Review 01/2020, January 2020.

⁴⁸ Garrido *et al.*, Research for AGRI Committee - [State of play of Risk Management tools implemented by the Member States during the period 2014-2020: national and European Framework](#), European Parliament, Policy Department for Structural and Cohesion Policies, March 2016; Ecorys and WUR, [Study on risk management in EU agriculture](#), October 2017.

	<p>2.2. Ammonia emissions from agriculture</p>	<ul style="list-style-type: none"> - Impacts on human health and environment (soil, water, air). 	<ul style="list-style-type: none"> - Possible development of existing good practices in this matter. 	<ul style="list-style-type: none"> - Zero pollution action plan (2021); - New Water Directive. - New CAP conditionality and eco-schemes.
	<p>2.3. Unsustainable soil and water management practices⁴⁹</p>	<ul style="list-style-type: none"> - Erosion and degradation of soils⁵⁰; - Salinization; - Sub-optimal carbon sequestration; - Water scarcity (over-abstraction); - Water pollution due to over-fertilisation of soils (nutrients) and chemical pesticides. 	<ul style="list-style-type: none"> - Reduction pressure on water resources through water reutilisation and more efficient irrigation methods; - Water management reducing excess of nutrients (specially nitrogen and phosphorus); - Existing experiences on Integrated Pest Management⁵¹. 	<ul style="list-style-type: none"> - Zero pollution action plan (2021); - Revision of the Sustainable Use of Pesticides (2022); - Revision of the Plant Protection Products Framework in order to facilitate placing on the market of new products containing biological active substances; - Clean Water action plan; - More ambition of CAP and rural development actions in water issues⁵².
	<p>2.4. Loss of nature and landscapes, habitats and land conversion⁵³</p>	<ul style="list-style-type: none"> - Unfavourable conservation status of EU natural resources⁵⁴; - Loss of ecosystems and their services (public goods) to the European society. 	<ul style="list-style-type: none"> - Farmers and rural population will play an important role in ensuring the stewardship of natural resources. - They are entrusted with managing eco-systems, thus contributing to maintain the rural landscape and combat biodiversity loss; - Natural capital can be managed in order to attract urban people, to improve rural tourism, and to develop economic diversification. 	<ul style="list-style-type: none"> - EU Biodiversity Strategy for 2030⁵⁵; - New CAP green architecture to be implemented by MS (National Strategic Plans)⁵⁶.

⁴⁹ EC, [CAP objectives explained - Efficient soil management](#), Brief No 5, December 2018.

⁵⁰ See: EC, [Soil matters for our future](#), December 2019; and H.F.M. ten Berge *et al.* Research for AGRI Committee, [Preserving agricultural soils in the EU](#), European Parliament, Policy Department for Structural and Cohesion Policies, March 2017.

⁵¹ The European Court of Auditors (ECA) recommended that the Commission should include Integrated Pest management (IPM) practices as a condition for receiving payments from the CAP (ECA, [Sustainable use of plant protection products: limited progress in measuring and reducing risks](#), Special report 05/2020, February 2020).

⁵² EC, [Evaluation of the impact of the CAP on the water](#), Evaluation study, November 2019.

⁵³ EC, [CAP objectives explained - Biodiversity and farmed land](#), Brief No 6, November 2019.

⁵⁴ EEA - European Environment Agency, [The European environment – state and outlook 2020. Knowledge for transition to a sustainable Europe](#), December 2019.

⁵⁵ [The EU 2030 Biodiversity Strategy](#), Policy Department B Briefing, European Parliament, May 2020.

⁵⁶ EC, [Evaluation of the impact of the CAP on habitats, landscapes and biodiversity](#), Evaluation study, November 2019.

<p>(3) Demographic and territorial⁵⁷</p>	<p>3.1. Low growth exacerbated by the COVID-19 crisis⁵⁸.</p>	<ul style="list-style-type: none"> - Rural depopulation; - Low job creation and under employment; - Land abandonment; - Territorial imbalances. 	<ul style="list-style-type: none"> - Maintaining rural vitality is a public good recognized as an objective in the vast majority of RD Programmes; - The full potential of rural areas is not yet fulfilled (in renewable energies; bio-economy; tourism and other services). - Rural areas close to highly urbanised areas and mountain areas are well equipped for tourism, agricultural diversification, and growth of secondary and tertiary sectors; - It is possible to build a more effective targeting and tailoring in rural development policy as well as to improve cooperation between CAP and other EU funds that operate in rural areas in order to maximise synergies. 	<ul style="list-style-type: none"> - New rural dynamics through a much broader integrated approach of 1) CAP National Strategic Plans (rural development measures); 2) Structural Funds programmes; and 3) Recovery Plan (NGEU); - New forms of support than aids and grants (i.e. to subsidize interest rates on loans or contributions to venture capital funds, guarantee funds and loan funds).
	<p>3.2. Poor generational renewal⁵⁹</p>	<ul style="list-style-type: none"> - Loss of human capital; - Farm aging and farm abandonment (only 5.6% of all European farms are run by farmers younger than 35 years); - Deterioration of economic base of cooperatives. - Barriers and constraints for young farmers and other new entrants (in particular access to land - reflecting both land mobility and farm succession constraints - and access to credit). 	<ul style="list-style-type: none"> - Changing work practices (teleworking) and growing expectations from citizens for quality and diversity of rural amenities open up new possibilities to give value to the assets of rural areas; - COVID-19 crisis introduces significant changes to society (increased teleworking, appreciation of green spaces and more larger and affordable housing) which rural areas could benefit from. - Digital economy and networks activities can mobilise local potential and to facilitate the 	<ul style="list-style-type: none"> - CAP support better targeted to foster effective generational renewal; - New CAP measures facilitating land mobility and farmers' access to land; - Specific programmes in CAP National Strategic Plans face to the decline of young people in agriculture and rural areas. - LEADER initiative focused on local projects launched by young people; - Structural Funds programmes creating new jobs.

⁵⁷ EC, [Challenges for agriculture and rural areas - Environment and climate dimensions](#), Background document, December 2017.

⁵⁸ EC, [CAP objectives explained - Jobs and growth in rural areas](#), Brief No 8, May 2019.

⁵⁹ See: CULSP *et al.* - Research for AGRI Committee - [Young Farmers - Policy implementation after the 2013 CAP reform](#), European Parliament, PE 602.006, October 2017; European Court of Auditors (ECA), [EU support to young farmers should be better targeted to foster effective generational renewal](#), Special Report N°10, 2017; EC, [Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas](#), Evaluation report, November 2019; and EC, [CAP Objectives explained - Structural Change and generational renewal](#), Brief No 7, November 2019.

			returning to the countryside.	
	3.3. Sub-optimal infrastructure and services, social resilience.	<ul style="list-style-type: none"> - General reduction in public transport availability outside urban areas; - Poor access to welfare services implies lower quality of rural life and lower social resilience⁶⁰. 	<ul style="list-style-type: none"> - Rural areas can play a relevant role in ensuring balanced territorial distribution of the population avoiding overpopulation of cities; - EU has specific tools to promote a balanced territorial development across the EU. However, more support is needed to non-farm enterprises and entities as well as local development strategies (LEADER) in particular in basic services as childcare, healthcare and social care)⁶¹. 	<ul style="list-style-type: none"> - CAP rural development and Cohesion policy measures promoting welfare services ((childcare, healthcare, education...); - LEADER initiative (local development strategies); - Trans-European Networks in transport, energy and telecommunications.
	3.4. Inequalities between territories and groups.	<ul style="list-style-type: none"> - Rural/urban divide (incomes on average 50% lower than in urban areas); - Fewer opportunities for finding good jobs and to develop life chances in rural areas; - Rural poverty; - Concentration in most productive areas. 	<ul style="list-style-type: none"> - Increased attractiveness of rural areas can be used to develop a new growth model more sustainable, inclusive and balanced. 	<ul style="list-style-type: none"> - Inclusive growth through a much broader integrated approach of 1) CAP National Strategic Plans (rural development measures, redistribution of direct support), 2) Structural Funds programmes, and 3) Recovery Plan (NGEU)
	3.5. Low educational level.	<ul style="list-style-type: none"> - Lower qualification of farmers, agricultural workers and rural population is a relevant bottleneck for the rural development in order to take up the opportunities of the knowledge-based economy; - Gap in digital skills between city-dwellers and people living in rural areas⁶². 	<ul style="list-style-type: none"> - The 'European Innovation Partnership for Agricultural Productivity and Sustainability' (EIP- AGRI) and the current 'Agricultural Knowledge and Information Systems' (AKIS) are good basis in order to give an impetus to the 'smart agriculture'. 	<ul style="list-style-type: none"> - European Social Fund measures; - Improving 'Agricultural Knowledge and Information Systems' (AKIS)⁶³; - EIP-AGRI more oriented to rural initiatives; - Priority to agricultural and rural advisory services in CAP Strategic Plans.
	3.6. Migration impact	<ul style="list-style-type: none"> - Structural dependency of temporary / expatriate labour in some subsectors (fruit and 	<ul style="list-style-type: none"> - Migrants living in rural areas and working in agriculture represent a relatively small group 	<ul style="list-style-type: none"> - Social standards within the CAP conditionality regime;

⁶⁰ EUROSTAT, [Urban and rural living in the EU](#), February 2020.

⁶¹ A report carried out by EASPD underlined that EU funding would be essential for the development of the support services sector in Europe, especially in rural areas where services are scarcer and less developed (['Provision of social care and support services in remote rural areas: challenges and opportunities'](#), March 2018).

⁶² EUROSTAT, [Urban and rural living in the EU](#), February 2020.

⁶³ EC, [Building stronger knowledge and innovation systems \(AKIS\)](#), April 2019, and EC, [Preparing for Future AKIS in Europe](#), SCAR-Strategic Working Group on AKIS, 2019.

		<p>vegetables, vineyard, slaughterhouses, olive growing...)⁶⁴;</p> <ul style="list-style-type: none"> - Due to the temporary nature and often irregular nature of migrants work, local authorities may be less equipped to respond to a rapid onset of a large number of immigrants with dedicated integration services, - Higher risk of unemployment, poverty and limited access to services of migrants in rural areas. 	<p>(5.5%) if compared to migrants in cities (14.5%) and towns (10.2%).</p> <ul style="list-style-type: none"> - However, they play a fundamental role in sustaining certain types of agricultural production and food processing activities; - Migrant workers also contrast depopulation dynamics in remote rural areas. 	<ul style="list-style-type: none"> - Targeting measures within the CAP National Strategic Plans; - Integration policies for migrants at local level; - Full development of EU migration policy.
<p>(4) Societal expectations (on food, health and animal welfare)</p>	<p>4.1. Societal expectations on food and health⁶⁵</p>	<ul style="list-style-type: none"> - Strategic role of food chain in the rural cohesion; - Increased farming costs due to the reduction of the use of chemical pesticides, fertilizers and antibiotics; - Food loss and food waste represent a loss of competitiveness (20% of EU food production), a loss of social reputation of farming, and a threat of pollution from agricultural run-off; - Undermining of legitimacy of CAP support. 	<ul style="list-style-type: none"> - Rural areas play a central role in providing high quality food and developing the circular economy; - Growing expectations from consumers for quality and diversity of food open up new possibilities to give value to the assets of EU farming; - Many eco-system services (food, feed, raw materials, water regulation, biodiversity, etc.) depend upon and are generated in rural areas; - Food waste in primary production currently represents around 10% of total EU food waste⁶⁶. 	<ul style="list-style-type: none"> - Farm to Fork Strategy (proposal for a legislative framework for sustainable food systems in 2023)⁶⁷; - Organic Farming Action Plan (2021); - New nutrition labelling (2022); - Other new labelling seeking price compensation for high quality products; - Promotion of healthy and sustainable diets; - New EU school food programmes; - New CAP support to holdings investments and compensating measures facing increased farming costs; - EU-level targets for food waste reduction (2023), revision of EU rules on date marking.
	<p>4.2. Societal expectations on animal welfare⁶⁸.</p>	<ul style="list-style-type: none"> - Importance of livestock in rural economies and farming incomes; 	<ul style="list-style-type: none"> - Vertical integration of European livestock sector with high operating performance can facilitate the 	<ul style="list-style-type: none"> - Revision of animal welfare legislation; - CAP support to animal welfare investments;

⁶⁴ JRC, [Migration in rural areas](#), JRC Science for policy report, 2019.

⁶⁵ EC, [CAP objectives explained - Health, Food and Antimicrobial Resistance](#), Brief No 9, December 2018.

⁶⁶ The sectors contributing the most to food waste are households (47 million tonnes) and processing (17 million tonnes). These two sectors account for 72 percent of EU food waste. 9 million tonnes (around 10%) comes from primary production. See: [FUSIONS Project, Estimates of food waste levels](#), Swedish Environmental Research Institute - Wageningen UR, March 2016.

⁶⁷ [The Farm to Fork Strategy implications for agriculture and the CAP](#), Policy Department B briefing, European Parliament, May 2020.

⁶⁸ EC, [Animal Welfare](#) site and [Evaluations and Strategy](#) site.

		<ul style="list-style-type: none"> - Increased costs in intensive livestock farming; - Undermining of legitimacy of CAP support to livestock producers 	<ul style="list-style-type: none"> transition to other livestock production methods; - Wide extent of livestock cooperatives in EU. 	<ul style="list-style-type: none"> - New labelling on animal welfare; - Incentives to extensification of livestock production.
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Source: Own elaboration (Policy Department B - AGRI sector)

This in-depth analysis provides a preliminary analysis of the upcoming Commission's communication on a long term vision for rural areas. It presents the key features of the communication and its implications for the CAP, takes stock of the current and future EU policy tools to support rural areas and provides background material on the economic, demographic, social and spatial challenges they are faced with.

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