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The majority of the contributions emerge from two structured research frameworks. The first is the scientific network and research of an ongoing (2007-2009) EU-financed FP6 project on "Structural Change in Agriculture and Rural Livelihoods" (SCARLED). SCARLED addresses past and future key social and agricultural restructuring processes for a living countryside in the NMS of the EU. Methodologically, the topic is approached by comparative, structured multi-country farm surveys (in Bulgaria, Hungary, Poland, Romania, Slovenia) as well as case studies on rural development in selected regions of five established Member States (from Austria, Ireland, the new German Bundesländer, Spain, and Sweden). The other is the Graduate School "Prospects for small-scale farm structures in the New Member States of the European Union", which was installed at the Leibniz Institute for Agricultural Development in Central and Eastern Europe (IAMO) in 2007. It looks at the lessons to be learned from a selection of countries that spans from the EU-15 member states, Austria and Germany across the NMS Bulgaria, Hungary, Poland and Romania to the non-member region Kosovo. One contribution is an outcome of the EU tender project "Sustainability of Semi-Subsistence Farming Systems in New Member States and Acceding Countries (S-FARM)" funded and coordinated by the Institute for Prospective Technological Studies (IPTS) in Seville, Spain.

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*Gertrud Buchenrieder & Judith Möllers*

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## Foreword to

### *Structural change in Europe's rural regions - Farm livelihoods between subsistence orientation, modernisation and non-farm diversification*

Since 2004, the European Union (EU) has undergone an unprecedented enlargement, reuniting the Western and Eastern parts of the continent. Subsequently, the share of rural areas and of those employed in agriculture grew notably in the EU-27. Europe's rural areas represent 93% of the territory in EU-27 and about 58% of the population live in predominantly and significantly rural areas. Rural areas generate 45% of gross value added in EU-27 and 53% of the employment, but tend to lag behind urban areas for a number of important socio-economic indicators such as income, activity rates and access to services (EC, 2008). The new Member States (NMS) in Central and Eastern Europe have already undergone substantial sector restructuring and socio-economic transformation (Rozelle and Swinnen, 2004). Nevertheless, as regards the agricultural sector and rural livelihoods, a great number of them still display a tremendous disparity as compared to the EU15-average. For instance, the share of those employed in agriculture ranges from 4.8% in the Czech Republic to 42.7% in Romania. The EU15 employs, on average, about 4% of the workforce in the agricultural sector (Copus et al., 2006). In addition, the average farm size in the NMS10 (pre-2007) is approximately five hectares, and 27% of the land is cultivated by farms smaller than five hectares (Davidova, 2005). Often, the rural economy can not sufficiently support rural livelihoods. Especially, those living from (semi-) subsistence farming are prone to low productivity, low incomes and vulnerable livelihoods. Therefore, it is important that the ground is prepared for significant structural changes in the labour force, farming structures, and the wider rural economy. If structural change does not take place, rural areas in the NMS will continue to lose attractiveness and competitiveness.

Particularly in Eastern Europe we find the phenomenon of a re-orientation towards farming and the existence and persistence of a large number of tiny (semi-) subsistence farms. Effective rural policies have to consider that these farms do not necessarily react to the same policy signals as larger scaled (commercial) farms. When farming incomes are small, the functioning and continuous development of rural labour markets is important. Non-farm activities could play a decisive role for rural development by allowing families

to overcome poverty and, in the medium term, possibly exit the farming sector and thus allowing more competitive farms to grow. Some of the developments that we observe and expect to happen in the NMS are comparable to earlier experiences in the EU-15. These experiences could give hints how successful change can be effectively implemented.

Structural change in agriculture<sup>1</sup>, let alone in rural economies, is a complex phenomenon. Structural change affects rural livelihoods through changes in agricultural productivity and profitability, and in wider rural labour markets. There is little consensus on how to judge structural change. For instance, efficiency-increasing structural change, in terms of a better allocation of resources, might be desirable from a pure economic point of view. Yet, the decreased labour demand may make smaller-scale, part-time farm households to losers, especially if the wider rural labour market is weak. Furthermore, some argue, it is the smaller-scale subsistence and (semi-) subsistence farming households that contribute most to a living countryside. Whatever the effects of structural change in agriculture and rural livelihoods are and how they might be judged, understanding the driving factors, obstacles and pathways and their interactions is crucial. Therefore this mini-symposium aims at stimulating a discussion on possible developments and success factors of rural development in an enlarged Europe.

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<sup>1</sup> Structural change in agriculture is characterised by constant changes in the deployment of production factors. It manifests itself in a clear change in the structure of production. Within agriculture the size of the workforce and the number of farms are reduced. In relation to the national economy, the proportion of those employed in agriculture falls.

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## List of abbreviations

|           |  |
|-----------|--|
| AFS       | Average farm size  |
| AWU       | Annual work units  |
| BMW       | Border, Midlands and Western, Ireland  |
| CAP       | Common Agricultural Policy   |
| CEE       | Central and Eastern Europe   |
| CHP       | combined heat and power units  |
| CUB       | Corvinus University Budapest   |
| dena      | Deutsche Energie-Agentur   |
| EEG       | Erneuerbare Energien Gesetz  |
| ESU       | European Size Unit   |
| EU        | European Union   |
| FSS       | Farm Structure Survey  |
| GAMS      | General Algebraic Modeling System  |
| GDP       | Gross domestic product   |
| GVA       | Gross value added  |
| IAAE      | International Association of Agricultural Economist  |
| IAMO      | Leibniz Institute for Agricultural Development in Central and Eastern Europe                   |
| IPTS      | Institute for Prospective Technological Studies  |
| JRC       | Joint Research Center  |
| KU Leuven | Catholic University Leuven, Centre for Transition Economic                                     |
| LAG       | Local action group   |
| LEADER    | Liaison entre actions de développement de l'économie rurale                                    |
| LFA       | Less favoured areas  |
| MDG       | Millennium Development Goals   |
| MOLP      | Muliobjective linear programing  |
| NEP       | National Energy Saving Plan  |
| NMS       | New member states  |
| NUTS      | Nomenclature des unités territoriales statistiques   |
| OGA       | Other gainful activities   |
| PPP       | Purchasing power parity  |
| PPS       | purchasing power standard  |
| RDR       | Rural Development Regulation   |
| RES       | Renewable Energy Strategy  |
| RHS       | Right-hand side  |
| SCARLED   | Structural change in agriculture and rural livelihoods   |
| S-FARM    | Sustainability of semi-subsistence farming systems in new member states and acceding countries |
| SFH       | Semi-subsistence farm household  |
| SGM       | Standard gross margin  |

|         |  |
|---------|--|
| UAA     | Utilised agricultural area   |
| UNDP    | United Nations Development Programme   |
| UNEW    | University of Newcastle upon Tyne  |
| UNIKENT | University of Kent   |
| UNWE    | University of National and World Economy   |
| USAMVB  | Banat's University of Agricultural Sciences and Veterinary<br>Medicine Timisoara |
| VIF     | Variance inflation factor  |
| WUDES   | Warsaw University, Department of Economic Sciences                               |