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The Consistency of Rural Development Policies with the Position of the European Union on NTCS

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**Paper prepared for presentation at the Xth EAAE Congress
'Exploring Diversity in the European Agri-Food System',
Zaragoza (Spain), 28-31 August 2002**

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WITH THE POSITION OF THE EUROPEAN UNION ON NTCs**

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The authors are grateful to Roberta Sardone for her helpful comments.

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DRAFT

Abstract

The set of policy tools that the EU puts under the heading of Rural Development is extremely heterogeneous, such heterogeneity translates into a different degree of coupling support with agriculture production and also brings out the need to discuss the actual consistency of such tools with the UE position on NTCs at WTO. Examined in the present work are the Rural Development Plans (RDPs) and the Regional Operative Plans (ROPs) recently approved by the European Commission for the Italian Regions. The analysis is of a purely qualitative type and is based on currently available information, that is, the measures and the relative project typologies approved within the Plans. Taking into account the EU position on NTCs and their relation with multifunctionality we look at the tools applied for Rural Development in Italy with respect to their degree of de-coupling, production of externalities/non marketable goods and consistency with the EU position on NTCs. Financial allotment by measure typology is also examined. We found out that the present set of actions that fall under rural development is still dominated by a sector-based intervention, even in the case of measures aimed at safeguarding the environment, the least contestable ones. Paradoxically, the measures aimed at the promotion of Rural Development and at training, that better respond to the NTC objectives, are those for which the least resources are located.

Keywords

Non trade concerns, multifunctionality, rural development policies.

1. Introduction

The objective of the present work is to verify the consistency of the tools provided in the area of Rural Development policies with the position assumed by the European Union (EU) at the World Trade Organisation (WTO) in relation to Non-Trade Concerns (NTCs).

Most of the support measures used by the EU for the purpose of promoting development in rural areas was designed taking into account the diverse functions attributed to the primary sector alongside with the “European Model of Agriculture”. The new set of measures took shape following the reform of the Common Agricultural Policy (CAP) in Agenda 2000 and implemented with the recent programming for the 2000-2006 period. On this occasion traditional measures for Rural Development characterised by a sector-based approach were integrated with innovative measures in favour of the agri-forest environment (former accompanying measures). Room was made, at least potentially, also for more innovative measures aimed at the economic diversification and improvement of living conditions in rural areas.

The set of policy tools that the EU puts under the heading of Rural Development is extremely varied due to Member States’ differing perception of rural areas, which in turn depends on the different social and environmental conditions of rural areas themselves. Such heterogeneity further translates into a different degree of coupling support with agriculture production and also brings out the need to discuss the actual consistency of such tools with the UE position on NTCs. More explicitly, one can expect to find scarce consistency between tools employed, objectives enunciated by the EU in the area of internal support for agriculture and rural areas and its negotiation position in the WTO arena. Such contradiction might make the process of reforming the criteria pertaining to the Green box advocated by the EU more complex than expected, also because the European position would come out of such process rather weakened.

Examined in the present work are the Rural Development Plans (RDPs) and the Regional Operative Plans (ROPs) recently approved by the European Commission for the Italian Regions. Looking at

the Italian case is interesting for several reasons: for the pronounced decentralisation of its structural policy; for the co-presence of territorial, structural and environmental elements of both a Mediterranean and continental type; and, finally, for its importance as a beneficiary of financial resources placed at its disposal by the EU for policies for rural development.

The analysis is of a purely qualitative type and is based on currently available information, about the measures and the relative project typologies contained in the RDPs.

The paper is structured as follows: section 2 describes the EU position on NTCs and their relation with multifunctionality. A typological classification of the tools for Rural Development is proposed in section 3. Section 4 examines Rural Development policies in Italy. After a brief description of CAP support in rural areas, tools applied for rural development are analysed in function of their degree of de-coupling, production of externalities/non marketable goods and consistency with the EU position on NTCs. Finally, financial allotment by measure typology is examined, taking into account the characteristics identified in the previous section. Concluding remarks are pointed out in section 5.

2. CAP, multifunctionality and non-trade concerns

In the current round of WTO (World Trade Organisation) negotiations the EU has associated its position concerning NTCs with the acknowledgement of a “European Model of Agriculture”. Such model refers to a multifunctional agriculture whose role in modern societies is not limited to the production of healthy, quality food, but includes other functions, such as the preservation of the environment, the care of the landscape, the protection of the territory and the capacity of keeping population and workers in the rural and agricultural areas (European Commission, 1999a). Since the main elements (or functions) underlying the European Model of Agriculture (rural development, environmental protection, food safety, safeguarding of local traditions and culture) overlap with many of the issues arisen with NTCs in the WTO negotiations, the EU assumes in its position in the WTO debate that multifunctionality and NTCs fully coincide (Lankosky, 2000).

Although the overlapping of the two terms is quite pronounced, there is disagreement over the inclusion of Rural Development among the “side” (or “secondary”, as they are often improperly referred to) products of agriculture (Burrell, 2001). Besides, in the WTO negotiation the debate is clearly circumscribed only to NTCs, while the term “multifunctionality” is nowhere mentioned in official documents. Nevertheless, in order to simplify the discussion in the present work the two terms will be used interchangeably.

From the statements made by various countries in the negotiation process a basic agreement emerges on the legitimacy of the NTCs, but opinions and positions differ on the most appropriate instruments for achieving specific goals. Some countries (Norway, Japan and the EU itself) call for greater flexibility in the formulation of the policies for domestic support, while others (the Cairns Group and the USA) promote the mere application of the Green box policies. The EU position is not among the most radical, but does appear to be rather ambiguous. On the one hand it emphasises that the policy instruments aimed at favouring the NTCs should include direct support measures that are “transparent and do not cause much distortion on trade”; on the other hand, it proposes a review of the criteria for the definition of the Green box which take into account the non-food related objectives assigned to agriculture, as well as the preservation of the Blue box (Kennedy *et al.*, 2001; Burrell, 2001).

The debate seems to focus on the possibility of applying special exceptions to support in the name of the NTCs and, in particular, on the extent of such exceptions. As a consequence, one might presume that the NTCs (and multifunctionality) are being used as a “new” justification for enduring agriculture support (Bohman *et al.*, 1999; Massot Marti, 1999; Reig Martinez, 2001; Velazquez, 2001), although in some cases necessary in order to preserve the production of public goods and the positive side effects of economic activity that the market does not reward.

In the EU the concept of multifunctional agriculture was developed beginning with the explicit identification of agriculture as the mainstay of rural society (European Commission, 1989). Such approach was re-launched by the Commission with the CAP reform approved with the Berlin Agreement in 1999. In fact, the basic principles of the new CAP rest on the recognition and defence of a European Model of Agriculture whose characteristics include high competitiveness compatible with environmental protection and the safeguarding of the territory; on a rural economy based on a pluri-sector and integrated approach; on flexibility and transparency in public intervention; as well as on greater social legitimacy for the policies applied (European Commission, 1999b).

Such principles ought to be consistent with the abandonment of the old production-oriented paradigm of agricultural policy - based on a set of sector-based measures, and hinging on income support coupled with quantities produced - and the adoption of a “new” paradigm that upgrades the role of rural development and takes multifunctionality into account, shifting resources from market intervention (“first pillar” of the CAP) to intervention in the area of structures, territory, environment and productive diversification, the so-called “second pillar” (Sotte, 1997; Buckwell *et al.*, 1998, De Filippis e Storti, 2001).

However, resources assigned to intervention by sector included in the CMOs still represent the 90% of the CAP budget, while resources assigned to Rural Development barely amount to 10%. Moreover, the most innovative instruments contained in the reform (modulation of direct aids, environmental cross-compliance) were downplayed, since their application has been left to the decision of the single Member States (INEA, 2000; De Filippis, Storti, 2001).

3. Rural Development policies in the EU: a typological classification

The structural policy for agriculture and Rural Development provides for 22 different measures which have been classified in 5 homogeneous typologies of intervention on the basis of the priority objectives that they pursue (INEA, 2000): *modernisation of structures* (investments in agricultural holdings, improving processing and marketing of agricultural products, other modernisation measures); *training*; *promotion of rural development* (diversification of agricultural activities and in activities related to agriculture; the providing of infrastructures and services); *safeguarding and upgrading of the environment* (agri-environmental measures, forestry measures, compensatory allowances, other measures for environmental protection); *other intervention*.

The intervention favouring the modernisation of production and processing structures includes the realisation of farm investment, the setting up of young farmers, the improvement of agricultural product processing and marketing, and also measures in favour of the mobility of productive factors (aids to farmers’ early retirement and land re-parcelling). Investment in farms and in plants for the processing and marketing of agriculture products are allowed only if they meet certain requirements: a given holding viability; an adequate knowledge and professional skills of the beneficiary; the respect of minimum environmental standards, hygienic standards of livestock and animal welfare; the presence of an adequate market outlets for products concerned¹. Moreover, an aspect of considerable importance for eligibility to the resources - namely the compatibility and with market intervention guaranteed within CMOs along with policies for rural development - has turned out to be important for certain key sectors of Italian agriculture, particularly wine production, fruit and vegetables and olives.

The measures for investment in agricultural holdings aim at providing incentives for a more efficient farm management, with special attention to environmental concerns. Investment in the processing and marketing sector likewise has the purpose of favouring the rationalisation of such

¹ In general, the regulation does not allow the granting of support for investments which may increase the supply of products without a corresponding demand. Therefore, among other reasons and following the explicit request of the Commission, particular attention has been paid to the risk of producing goods with clear problems of surplus at the EU level, in particular milk, cereals, wine, meat and certain fruit and vegetable products.

activities, improving the competitiveness of the farms. In particular, investment pursues the following goals: to adjust supply to current market trends by encouraging the development of new facilities; to rationalise marketing channels; to promote innovation and to improve quality and food safety and to protect the environment.

Besides the traditional training measures aimed at the improvement of professional skills of farmers and other actors involved, training measures also provide for initiatives of a more innovative nature, such as long-distance training, individualised training assistance and direct funding for individual beneficiaries of training courses.

As regards the measures for to the promotion of Rural Development, a highly heterogeneous set of tools is included: the marketing of quality agricultural products; the diversification of activities in the agricultural sector; the provision of incentives for tourist and handcraft activities; the start-up of services for the improvement of and assistance to farm management; basic services for rural areas and population; the improvement of villages and the protection and safeguarding of the rural heritage; the water and irrigation management in agriculture; the development and improvement of rural infrastructures connected with agricultural development; the rebuilding of damaged agricultural buildings and settings and financial engineering.

As a general rule, intervention funded through these measures must not overlap with other measures (in particular, in the area of support for farm investment). Nonetheless, investment on farms can be funded, provided that it does not directly affect the productive elements of the farm itself (for example, agri-tourism may be funded).

Regarding environmental intervention, the agri-environmental measures that have been proposed basically follow what was implemented with Regulations 2078/92 and 2080/92. In this typology of intervention are included also compensatory allowances for disadvantaged areas, which address more directly than in the past environmental issues, as well as a group of measures for the promotion and development of rural areas, specifically aimed at the environmental protection and at the conservation of natural resources.

With respect to the measures provided by Reg. 2078/92, with the new set of measures it was meant to simplify the operative framework, leaving wide room to the planning action of the Member States. The only constraints for the Member State commitments is that the services produced under the agri-environmental measures have not been already provided for by other support measures, such as market supports or compensation allowances, and that the commitments must exceed *normal good agricultural practices*. This way, the regulation ensures that support provided in favour of farmers effectively is conceived as a compensation for the provision of *additional* environmental services.

4. Rural Development Policies in Italy

4.1 Diversification of Italian agriculture and EU support

In 1999 Italy received 12.5% of Community EAGGF-Guarantee outlays and better than 24% of overall EAGGF-Guidance expenditure, ranking third in terms of market support and first looking at the expenditure for structural policies². Although the Italian agriculture is very strong at the European level, and even enjoying a significant support through CMOs, it is also widely sustained by structural policies and policies for rural development.

In certain, rather limited, areas, Italian agriculture is highly integrated with the rest of the economy (e.g. the Po Valley and a few other, mostly coastal, areas). The modernisation process that affected the country in the 1960s and 1970s, together with the EU's generous policy of support, have made of agriculture in those areas one of the richest and most competitive in the EU, and therefore in the

² The two shares correspond to figures that are far distant in absolute terms: in the case of the EAGGF-Guarantee, 12.5% of overall Community spending is equal to slightly more than 5,000 millions of euros, while in the case of the EAGGF-Guidance, 24% amounts to just 1,340 millions of euros (INEA, 2001).

world. Agriculture is integrated with upstream and downstream sectors, in a systemic way, and increasingly involved in the process of the internationalisation of agricultural markets (Fabiani, 1995). However, the rest of the territory in Italy is extremely differentiated both in economic and social terms, and it requires highly specific forms of intervention. Certain regions fall under Objective 1, and as such they are considered “disadvantaged” by definition; some areas are mountainous, other territories are not properly provided with infrastructures, others present both densely populated and nearly depopulated zones. In these contexts agricultural activity plays a crucial role not only and not so much in terms of food production - which probably could be done with greater efficiency and less public support in the plains areas of the country - as above all in terms of keeping the population in marginal areas, protection of the environment, care of the landscape and preservation of social and cultural traditions. Furthermore, as often happens in the more industrialised countries, the earlier generation of farmers who had no real alternatives in terms of income are being replaced in agricultural and rural areas by non-farmer residents who provide them with a new, residential function, as well as new part-time pluriactive farmers, whose income diversification is their strength, focussing on the recreational and cultural function that can be associated with the primary activity (agri-tourism, “food paths”, “wine paths”, camping sites, rural museums, etc.).

As it will be described in the following sections, the diversification of Italian agriculture is only in part reflected in policies for rural areas. From an analysis of the RDPs and ROPs presented by the Italian regions what, in fact, emerges is a rather composite picture, that tends to be actually favoured by only some of the measures provided therein.

4.2 Intervention provided and degree of correspondence to NTCs

In this section the typologies described above are used to analyse in detail the single projects approved in Italy within the RDPs and ROPs. Such analysis is aimed at defining three main characteristics of such projects:

- the degree of coupling of the granted support, in the sense of the project capacity to produce direct effects on production, prices and/or the level of the use of inputs;
- possible production of externalities as a by-product of the economic activity and/or not marketable goods, through the evaluation of possible effects, among others, on employment, the safeguarding of the environment, the care of the territory and the safeguarding of the cultural heritage;
- the extent of consistency to the principles enunciated by the EU regarding the most appropriate policies for favouring NTCs.

Such characteristics are synthetically reported in table 1. The criteria followed in the evaluation is largely subjective, and thus open to debate. Generally speaking, sector-based projects, such as those included in the sub-measures “investment in farms” and “investment for the processing and marketing of agriculture products”, has been considered coupled, market oriented and overall with a low degree of consistency with EU position on NTCs. On the contrary, territory-based projects, by definition oriented to improve rural development, has been considered de-coupled, enhancing the production of non marketable outputs, and thus consistent with the EU position. This is the case, for example, of sub-measures like “essential services for rural economy and population” and “diversification of activities”.

The tables show that projects approved within each measure are widely differentiated and specific, also in terms of the three characteristics described above. Such a differentiation has been taken into account using a range of grading which goes from “- -“ for minimal low degree of matching/production/consistency, up to “++” for the highest degree of matching/production/consistency. It is important to underline that valuation in some cases can be very difficult due to the nature itself of the projects, that more evidently than others, associate sector-based objectives with environmental and territorial objectives. This is the case of projects

under the sub-measure “investment for the processing and marketing of agriculture products”, “introduction of news technologies” or “innovative investment” or even the case of projects under the sub-measure “water resources management”.

4.3 Financial allotment by measure

Rural Development programming in Italy assumes different modalities for Regions not covered by Objective 1 and those eligible for Objective 1. In the former all intervention relative to agricultural structures and to Rural Development are implemented in the RDPs, co-financed by the EAGGF-Guarantee Fund. Instead, in Regions covered by Objective 1 Rural Development policy is co-financed by the EAGGF-Guidance Fund and is integrated with the programming of other Funds within the Community Framework for Support (CFS) and of the Regional Operative Plans (ROPs)³.

The administrations responsible for the scheme and fulfilment of policies at the territorial level (the Regions) have chosen to activate a great number of measures among those provided by Community regulations. Such circumstance produces an enormous variety of intervention with scant financial support; or, at least, support is not adequate to achieve the objectives associated with them. In spite of this, some measures are considered pivotal in the overall strategy of the RDPs.

In order to reach a clearer understanding of the different policies that will be carried out up until 2006, as well as the possible implications in terms of the NTCs, it is important to focus on the importance of the single measures according to the financial resources allocated for them and to move to a different scale, that is to the principal project typologies provided therein.

To that end, in Table 2 is reported the distribution of the public outlay provided for the 2000-2006 programming period for the typologies of intervention described as defined in the preceding section.

As can be observed in the table, a very substantial share of the financial resources provided for in the Plans is allotted to intervention for the modernisation of production facilities. About the 34% of programmed public expenditure (at the EU and at the national level) is allotted for funding this set of measures. Financial support is particularly concentrated on incentives to farm investment (17% of the planned expenditure) and to structures for the processing and marketing of agricultural products (9%).

Generally speaking, the projects provided for in these measures support intervention in farm production systems, construction or modernisation of production structures (buildings used in production activities, stalls and others), purchase of machinery and equipment, investment in crop and variety conversion. They thus represent “traditional” types of intervention already carried out for a long time in Italy, with a relatively greater effect in the level of production and, probably, a not well-defined capacity to produce non marketable goods, since this is not their main purpose. Therefore, they do not fully adhere to the principles characterising the EU’s position on NTCs.

However, it is worth pointing out that a special favour is accorded to investment for environmental protection (for example, investment that address energy savings), for improvement in the quality of food, animal welfare and labour conditions, as well as the recovery and recycling of agricultural and livestock wastes.

Severely limited resources have been assigned to intervention in land improvement at the national level⁴. However, the projects aimed at the improvement of land management include hydraulic and agricultural improvements, land reclaiming and drainage, erosion control, repair of inter-farm roads and construction of works for water supply or for the agronomic improvement of pastures. Thus

3 The Objective 1 regions also had to draft a RDP limited to the former measures for accompaniment and to compensatory indemnities.

4 The Member States and, consequently, the regional administrations are completely free to choose the overall package for intervention deemed most suited to the needs of the territory. The only measures to be included obligatorily in the Plans are agri-environmental measures.

intervention in this case is for the most part de-coupled, targeted and coherent with the European position on NTCs.

All in all, the largest share of resources is assigned to measures addressing the protection and improvement of the environment. In fact, almost half the entire amount of resources for Rural Development in our country is assigned to them (a full 6.5 billions of euros for the new seven-year programming period). In this typology agri-environmental measures prevail; slightly less than 30% of public expenditure is assigned to them.

Intervention aims also at the support of biological and integrated production, introduction or improvement of grazing, restoration and conservation of natural areas, the safeguarding of biodiversity and the reduction of polluting inputs.

It needs to be specified that the expenditure provided for these measures is conditioned by the commitments assumed in the previous planning period (1994-1999), that supplied a less binding normative framework as compared to the new regulations (now requiring for the respect of sound agricultural practice, new criteria for the calculation of premiums and the ex-ante and ex-post monitoring of effects).

A lesser share of resources goes to the remaining measures for environmental protection, equal to the 17% of the programmed public expenditure, including forestry measures. In addition to including some types of intervention fostering the production, processing and marketing of wood (to some degree linked to production), in certain cases the above-mentioned measures provide for incentives for afforestation based on premiums differentiated according to the profitability of the farming calculated prior and after the project implementation. In this way higher premiums are awarded to the more intensive areas, provided that in such areas the loss of income due to the abandonment of agricultural activity is greater than in mountainous, disadvantaged and protected areas. However, such type of approach, while fully correct from an economic point of view, risks provoking a concentration of investments in plain areas, characterised by an intensive agriculture.

Overall, measures for environmental protection, while under many aspects “sector-oriented” and partially “de-coupled”, show clear goals and potential impact aimed at addressing environmental benefits (externalities) and, as a consequence, objectives not purely commercial. Therefore, especially for this reason, taken as a whole they can be considered the least contestable measures in the negotiation arena.

Types of intervention aimed at the promotion of Rural Development absorb a share of expenditures equal to only 18% of the entire amount. In particular, measures aimed at increasing the stock of services and infrastructures receive 14% of the programmed public expenditure, while intervention in economic diversification is assigned only a residual share of the available resources (4%).

Among the former, those funding intervention pertaining to rural roads, aqueducts and power lines are of some importance. It needs to be pointed out that the public, collective nature of the infrastructures even when they are located on farms, which provides them with the characteristics of common property resources. Other measures in this category are the village renewal and protection of the rural heritage – clearly linked to the safeguarding of the cultural values of the rural areas – as well as the promotion of services in favour of the economy and the rural population – directly related to the safeguarding of the territory and to the increase in the welfare of the residents. Despite the pronounced consistency of the objectives of these types of intervention *vis-à-vis* the roles assigned to agriculture in the European Model of Agriculture, an absolutely marginal portion of resources is allotted to them (approximately 2% overall).

The second set of measures included in the “promotion of rural development typology” deals with intervention in favour of economic diversification in rural areas. They have a totally de-coupled character, but in certain cases give rise to products that find direct remuneration on the market by aiming at providing incentives to alternative forms of income and employment in rural areas.

The most important measure in this category from the financial point of view is the diversification of agricultural activities, which provides for intervention on farms in order to promote activity pertaining to agri-tourism and the providing of business services related thereto.

In addition to agri-tourism, investment is provided in favour of handicrafts on the farm, activities related to wild life and hunting, educational farms and therapy employing horses. Less widespread are actions of an extra-farm nature, such as the creation of circuits pertaining to agri-tourism, “wine paths”, “food paths” and education; the realisation of information booths; and the realisation of consortium structures in order to qualify and diversify the supply of products and services. The goals and desirable effects of this latter type of intervention, while focusing attention on farms, aim at the supply of services that do not always find adequate remuneration on the market.

Finally it is worth pointing out the extra-sector character of the measure for incentives to tourism and handicrafts, which provides for aids to enterprises in the tourist and handcraft sector, and for intervention for territorial promotion and for structures and services of a collective nature. This measure has positive implications above all in terms of employment, rather than with respect to the obtaining of not marketable goods, in consideration of the fact that it provides incentives for economic activities. However, in this case as well the skimpy funding (less than 1% of public expenditure) leads to foresee a modest impact.

5. Concluding remarks

From the analysis of the measures applied in Italy within the RDPs (2000–2006), looking at their degree of consistency with the principles of coupling, of targeting and of transparency as enunciated by the EU itself in relation to “desirable” support measures in favour of NTCs, some interesting cues have emerged.

The measures for which most financial resources has been allotted are those relative to the modernisation of production structures and to the safeguarding and the improvement of the environmental resources. In the case of measures aimed at the modernisation of production structures the “target” of intervention is clearly the agricultural sector; they are meant more to improve competitiveness and to increase the profitability of farms rather than to support non-marketable goods. Such measures can have effects on production, on prices or on the amount of means of production employed. Despite the fact that eligibility criteria specify that any intervention must regard sectors and areas not belonging to those that contribute to the EU production surplus – or rather just because of such specificity – those measures do not correspond to the principle of decoupling. Said that, it also important to highlight that the projects related to the modernisation of structures can produce “by-products”, such as the creation of employment, the improvement of labour conditions and consequently a better welfare system, a reduction of pollution in the surrounding environment. However, given that such “by-products” are not the main goal of the intervention, their production appears uncertain, as well as the effectiveness of the projects in achieving those non–market objectives.

In reference to the measures aimed at the safeguarding and the improvement of the environment, the highest share of resources is assigned to agri-environmental measures. Here the objective is to promote the spread of techniques environmentally sound through targeted intervention and, therefore, the creation of side effects as a result of productive activities. Also in this case, even though in a more indirect manner, the object of intervention is still the agricultural sector. However, it worth noting that alongside the CAP recent evolution since the Mac Sharry reform in 1992, agri–environmental measures have gained in importance and in financial resources. Conceived as “accompanying measures” of the market policies, they have been recently included in the RDPs, with the specific goal of an integrated policy in favour of rural areas and territory. Despite this effort, the main limit of agri–environmental measures is their “sector–based” nature. A truly

honest environmental policy for rural areas should be of a more comprehensive nature, not only constrained by sector boundaries.

Paradoxically, the measures aimed at the promotion of rural development and at training, that better respond to the NTC objectives, are those for which the least resources are located. Involved here is the most innovative set of measures, which provide for intervention in the territory rather than in the agricultural sector, thus freed from production and therefore completely de-coupled as well as targeted for the strengthening of the same elements of the European Model of Agricultural which the NTCs make reference to. This is an evidence of the long way to go in the direction of a deep change in the common policies for rural areas and in the building of a “second pillar” which is really different and of the same “dimension” of the first – sector based – pillar of the CAP.

All the considerations made here need, of course, to be taken with all due caution, as long as they rest on a purely qualitative analysis. Nevertheless, it is still possible to maintain that they lead back to a more general question, namely that the present set of actions that fall under rural development is still dominated by a sector-based intervention. A genuine rural policy is still to come and at the moment one can find only “good” seeds in the RDPs. There is some good potential in those seeds, but they need some courage (both on the financial and to the political side) in order to give good plants, that is to move from the old to a really new paradigm. However, it is important to point out that even the current set of rural development policies represents a “relatively new” element within the CAP, which is not just a mere negotiation position in the international arena, but respond to a growing pressure coming from society. In the future, once strength and true impact capacity of rural development policies have been tested, they will most likely gain more room.

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Table 1: Measures provided for in regional RDPs by typology of intervention

Measures and sub-measures	Typologies of projects	Degree of coupling	Production of not marketable goods	Degree of consistency with NTCs
Modernisation of production structures				
<i>Investment in farms</i>				
	Intervention on farm productive systems	++	--	-
	Variety conversion	++	-	-
	Replanting	++	-	-
	Construction/improvement of farm buildings	+	+	--
	Livestock purchase	++	-	--
	Land purchase	++	-	--
	Machinery and equipment purchase	+	-	--
	Intervention for farm irrigation	++	++	--
	Intervention for land improvement	++	++	--
	Intervention for diversif. of farm activity	+	++	+
	Accident prevention	--	++	++
	Introduction of computer equipment	--	--	--
	Systems for waste recovery/processing	--	++	++
	Systems for saving energy	-	++	++
<i>Investment for the processing and marketing of agr. products</i>				
	Intervention for systems improvement and rationalisation	++	++	--
	Systems for recycling waste products	--	++	++
	Purification and waste removal systems	--	++	++
	Introduction of new technologies	+ / -	+ / -	+ / -
	Innovative investments	+ / -	+ / -	+ / -
	Introduction of systems for product quality control	--	--	--
	Investments for improving hygienic and sanitary conditions	--	++	++
	Systems for presentation and packaging of products	+	--	--
<i>Setting up of young farmers*</i>				
<i>Early retirement*</i>				
<i>Land improvement</i>				
	Agricultural hydraulic maintenance	+/-	+	++
	Land reclamation and drainage works	+/-	++	++
	Erosion prevention works	--	++	++
	Flood prevention works	--	++	++
<i>Land recomposition</i>				
	Recomposition of parcels	--	-	++
	Plans for farm recomposition	--	++	++
	Surveys and feasibility studies	--	++	++

* Measures which provide for the simple granting of premiums to beneficiaries

Table 1 (cont..)

Measures and sub-measures	Typologies of projects	Degree of coupling	Production of not marketable goods	Degree of consistency with NTCs
Training				
<i>Training</i>	Courses	--	++	++
	Tutoring	--	++	++
	Internships	--	++	++
	Divulgation actions	--	++	++
	Demonstration visits	--	++	++
Promotion of rural development				
<i>Marketing of quality products</i>				
	Telematic networks	-	--	-
	Studies, surveys, projects aimed at obtaining a certification of quality	-	--	--
	Systems for product quality control	-	--	--
	Investment for the constitution of consortia and/or associations	+	--	--
	Collective infrastructures	+	--	--
<i>Diversification of activities in agric. sector and related activities</i>				
	Farm buildings used for agri-tourism	--	--	++
	Structures and services of a collective nature for agri-tourism	--	--	++
	Structures and services for recreational activities and education	--	+	++
	Promotional activities and territorial information	--	++	++
	Other investments for pluractivity	--	++	++
<i>Incentives to tourism and handicrafts</i>				
	Aid to handicrafts enterprises	--	++	++
	Creation of centres for handcraft activities	--	++	++
	Aid to tourist enterprises	--	++	++
	Collective structures and services for rural tourism	--	++	++
	Intervention for territorial promotion	--	++	++
<i>Start-up of services for management replacement and assistance</i>				
	Replacement services	-	+	-
	Management assistance services	-	+	-
<i>Essential services for the rural economy and population</i>				
	Transport services	--	++	++
	Welfare services	--	++	++
	Cultural activities	--	++	++
	Restructuring of buildings for common and social ends	--	++	++
	Services to the rural economy	--	++	++
	Telematic networks and services	--	++	++

Table 1 (cont..)

Measures and sub-measures	Typologies of projects	Degree of coupling	Production of not marketable goods	Degree of consistency with NTCs
<i>Financial engineering</i>				
<i>Renewal and improvement of villages and protection and safeguarding of rural heritage</i>				
	Restructure of rural buildings and dwellings	--	++	++
	Restructure of rural hamlets	--	++	++
	Restoration of historical, artistic and cultural goods	--	++	++
	Surveys, studies and market research	--	--	++
	Projects for cultural enhancement and local tradition	--	++	++
	Information centres	--	+	++
<i>Water resources management</i>				
	Irrigation basins	+	+/-	+/-
	Inter-farm irrigation networks	+	+/-	+/-
	Catch works	+	+/-	+/-
	Hydraulic systemisation	+	+/-	+/-
<i>Development and improv. of rural infrastructures connected with agric. development</i>				
	Intervention on water supply system	+	++	++
	Intervention on rural roads	-	++	++
	Intervention on the electrical power network	-	++	++
	Other infrastructure intervention	-	++	++
<i>Rebuilding of damaged agricultural potential</i>				
Safeguarding and upgrading of the environment				
<i>Safeguarding of the environment in relation to agriculture, forestry and the conserv. of nat. resources</i>				
	Networks for agri-meteorological data recording and environmental monitoring	--	++	++
	Environmental maintenance works	--	++	++
<i>Other forestry measures</i>				
	Afforestation of non-farm areas	+	++	++
	Start-up of forestry associations	-	++	++
	Intervention for enhancing the economic, ecological or social value of forests	+ / -	++	++
	Intervention for fire prevention	--	++	++
	Intervention to reconstitute damaged forests	++	++	++
<i>Agri-environmental measures</i>				
	Development of biological and integrated production	++	++	++
	Development of intercalary cultivation for vegetable cover	++	++	++
	Increase in organic matter in soils	-	++	++
	Permanent grass covering of fruit and vine cultivations	--	++	++
	Environmental rebalance of bovine milk and meat production	--	++	++

Table 1 (cont..)

Measures and sub-measures	Typologies of projects	Degree of coupling	Production of not marketable goods	Degree of consistency with NTCs
	Farm environmental planning	--	++	++
	Development of extensive meadowland cultivation	--	++	++
	Restoration and/or conservation of natural areas and the agrarian landscape	--	++	++
	Set-aside for environmental purposes	--	++	++
	Safeguarding of genetic biodiversity	--	++	++
	Safeguarding of breeds threatened by extinction	-	++	++
<i>Afforestation of agricultural areas</i>				
	Increase in permanent woodlands areas	--	++	++
	Increase in tree plantings for protection against erosion	--	++	++

Source: elaboration of Italian RDP and ROP plans

Table 2. Typologies of intervention provided for in Italian RDPs and allocation of financial resources for the 2000-2006 programming period

	Programmed spending	public % of total
Modernisation of production structures	4.618,6	33,6
<i>Investments in farms</i>	2.379,9	17,3
<i>Processing and commercialisation</i>	1.224,6	8,9
<i>Setting up of young farmers</i>	694,4	5,1
<i>Early retirement</i>	41,7	0,3
<i>Land improvement</i>	41,9	0,3
<i>Land recomposition</i>	236,2	1,7
Training	118,8	0,9
Promotion of rural development	2.427,3	17,7
<i>Diversification (of which:)</i>	590,6	4,3
<i>Commercialisation of quality products</i>	137,1	1,0
<i>Diversification of activities in the agricultural sector</i>	359,9	2,6
<i>Incentives for tourist and handcraft activities</i>	93,6	0,7
<i>Infrastructures and services (of which:)</i>	1.890,1	13,8
<i>Services for replacement of and assistance to management</i>	109,4	0,8
<i>Essential services for the economy and population</i>	167,5	1,2
<i>Village renewal and protection of rural heritage</i>	157,2	1,1
<i>Water resources management</i>	654,0	4,8
<i>Development and improvement of rural infrastructures</i>	643,9	4,7
<i>Rebuilding of damaged agricultural potential</i>	104,5	0,8
<i>Financial engineering</i>	53,5	0,4
Environment	6.509,3	47,4
<i>Agri-environmental measures</i>	4.021,9	29,3
<i>Afforestation of agricultural areas</i>	804,1	5,9
<i>Other forestry measures</i>	675,0	4,9
<i>Environmental protection</i>	453,8	3,3
<i>Compensatory allowances</i>	554,5	4,0
Total	13.727,5	100,0

* Not included in the total are resources for evaluation and for certain previous measures.

Source: elaboration of Italian RDP and ROP financial plans

Nom du document : 288-velazques-rtf
Dossier : C:\Documents and Settings\gilles\Bureau\EAAE
Modèle : C:\Documents and Settings\gilles\Application
Data\Microsoft\Modèles\Normal.dot
Titre : Gli strumenti di sviluppo rurale nell'UE rispondono alla logica
dei NTC
Sujet :
Auteur : Beatriz E. Velazquez
Mots clés :
Commentaires :
Date de création : 07/03/2002 17:30
N° de révision : 2
Dernier enregistr. le : 07/03/2002 17:30
Dernier enregistrement par : GILLE
Temps total d'édition : 1 Minute
Dernière impression sur : 07/03/2002 17:31
Tel qu'à la dernière impression
Nombre de pages : 16
Nombre de mots : 37 650 (approx.)
Nombre de caractères : 214 607 (approx.)