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An Approach on Integrated Territorial Competitiveness to Ensure Long Term Viability in Rural Areas of Andalusia (Spain)

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Contributed Paper:

**“AN APPROACH ON INTEGRATED TERRITORIAL COMPETITIVENESS
TO ENSURE LONG TERM VIABILITY IN RURAL AREAS OF ANDALUSIA
(SPAIN)”**

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AN APPROACH ON INTEGRATED TERRITORIAL COMPETITIVENESS TO ENSURE LONG TERM VIABILITY IN RURAL AREAS OF ANDALUSIA (SPAIN)

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ABSTRACT

After more than ten years of rural development programmes in Andalusia, there is ongoing concern about the sustainability of the rural development initiated by the LEADER-PRODER programmes in the hypothetical event that such programmes were no longer in place. In order to be able to express an opinion about this issue, it is important to answer to an entire series of questions about the concept of *territorial competitiveness* as a guarantee of the long term viability of a rural area.

In order to be able to respond to these questions, as part of a wider research project into the transformation of rural areas in Andalusia, the competitive position of 3 territories in the “Campiña Alta” (Cordoba), which have been benefiting from rural development programmes for several years, were analysed. This paper presents some of our results relating to *territorial competitiveness*.

The analysis were chiefly qualitative, and was applied to the “case study” abovementioned. The **methodology** used is based fundamentally on the analysis proposal of *territorial competitiveness* provided by the European Observatory, supplemented with elements of the methodology proposed by the IICA. The results indicate: 1) one cannot generalise about whether certain factors in isolation are positive or negative for *territorial competitiveness*, 2) only a comprehensive approach to *territorial competitiveness* can guarantee the long term viability of a rural area and 3) the risks associated when the viability of the territory is linked to the existence of development programmes, whose presence is not guaranteed for the future.

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1. INTRODUCTION

The target of making European regions more *competitive* has been on the EU's agenda since the late 1980s and right up to the present day. In fact, competitiveness is still considered a key factor for the achievement of objectives relating to EU cohesion and convergence in terms of welfare. These objectives are still in place, since there are still enduring disparities between different regions.

A lack of competitiveness is viewed by the European Commission itself¹ to be one of the elements that give rise to inequality, when it cites “...*structural deficiencies in the area of key competitiveness factors* ...” as one of the causes that lead to the persistence of differences between the territories in terms of standards of living and welfare. For these reasons, for the period 2007-2013, the EC proposes to strengthen the competitiveness of European regions and to help individuals to value their capacities, which would stimulate economic growth in the EU as a whole. In rural regions, rural development policies must contribute to the achievement of these objectives within the set timeframe.

Furthermore, the document that deals with the ex post evaluation of LEADER II (ÖIR – Managementdienste GmbH, 2003) states that “...*an experimental, forward thinking programme is needed in order to encourage activities which combine the mission to preserve natural and cultural resources, and to provide a viable living space for the population with strengthening the economic competitiveness*”. The aim is to “...*give new answers to existing problems of rural areas, which provide added value and increased competitiveness to the rural area*”.

In turn, EC strategic guidelines on rural development for the period 2007-2013 indicate that a more strategic approach must be taken in terms of improving *competitiveness*, creating employment and innovation in rural area, and improving governance in terms of programme implementation². By helping rural areas of the EU to develop their potential and make them places to invest, work and

¹ 2004 report about economic and social cohesion that puts forth the Commission's views about cohesion policies in the extended Union for 2007-2013.

² (2006/144/CE) EU rural development priorities for the programme period. Council decision of the 20 February 2006. 25.2.2006 ES. European Union Official Journal L 55/21

live, rural development policies would contribute to the sustainable development of the European territory. One could say that *territorial competitiveness* is a guarantee of the long-term viability of rural areas.

After more than ten years of rural development programmes in Andalusia, there is ongoing concern about the sustainability of the rural development initiated by the LEADER-PRODER programmes in the hypothetical event that such programmes were no longer in place. In order to be able to express an opinion about this issue, it is important to be able to answer to an entire series of questions about each rural area, such as: Can the different territories guarantee a better quality environment for the future? Are their local agents involved in the process of improving environmental management? Do local companies work with each other, or with companies from other areas, in order to introduce technological, organisational and commercial innovation? Are they able to compete better in their respective markets? Are local, cultural, social and economic resources valued? All these aspects refer to the abovementioned concept of *territorial competitiveness* as a guarantee of the long term viability of a rural area.

In order to be able to respond to these questions, as part of a wider research project into the transformation of rural territories in Andalusia³, the competitive position of territories in the “Campiña Alta” district (province of Cordoba), which have been benefiting from rural development programmes for several years, were analysed. This report presents some of our results relating to *territorial competitiveness*.

2. THE CONCEPTUAL FRAMEWORK

The accuracy of the concept of *territorial competitiveness* in relation to countries was questioned by Paul Krugman (1996; 1998), who stated that it was “*wrong and misleading*”. Roberto Camagni (2002), on the other hand, believes that the concept of territorial competitiveness is theoretically sound “*..considering not only the role that the territory plays in providing competitive “environmental” tools to individual companies, but especially the role that it plays in the processes*

³ “Structural Change and agricultural Policies: The case of farming systems specialized on cattle, arable crops and olive grove (CAMESPA)”. Research Project of the Spanish Ministry of Science and Technology.

of knowledge accumulation and in the development of interpretative codes, models of co-operation and decisions on which the innovative progress of local companies is based”...

In the context of rural areas, this concept of *territorial competitiveness* is similar to the notion included in a new approach to development, which has been gaining ground over the last thirty years or so, and which is supported by the search for a new kind of competitiveness in relation to the activities of the territory as a whole and by the application of territorial rural development strategies that also explain the emergence of new trends in European rural spaces (Canto, C.; 2004). This approach, on which the LEADER philosophy rests, is based on the recognition of territorial differences⁴ and is by definition difficult to systematise and generalise beyond the description of individual cases, which would require relevant criteria capable of explaining differences between different territories in terms of competitiveness. In order to tackle this, certain theoretical contributions have appeared that allow the degree of competitiveness in different rural territories to be assessed and the decisive factors to be detected.

Hence, the IICA⁵ proposed a territorial notion of competitiveness based on the multiple dimensions (meta, macro, meso and micro) that are decisive in this aspect. The approach to territorial competitiveness is based on the integrating characteristics of the territory itself, the possibility to promote cohesion within said territory and with the rest of the national economy, its revitalisation and progressive restructuring allowing it to take on new functions and demands.

According to the LEADER Observatory, a territory becomes competitive if it can deal with market competition and at the same time guarantee environmental, economic, social and cultural viability, by applying network and inter-territorial connections. In other words, *territorial competitiveness* entails: 1) taking the resources of the territory into account in the search for global coherence; 2) getting agents and institutions involved; 3) integrating the different sectors in a move towards innovation; 4) cooperating with other territories and linking in with regional, national and European

⁴So, it is understood that each territory has a set of resources (physical, environmental, cultural, human, economic and financial, institutional and administrative) capable of being valued much more effectively by local institutions and agents. As the territory is re-valued as a category of analysis, the evaluation of the significance of territorial differences changes.

⁵ Inter-American Institute for Cooperation on Agriculture.

policies and also with the global context. All of this demands that both social agents and institutions acquire certain capacities. These capacities can be correlated with what is known as “the four dimensions” of *territorial competitiveness*. These dimensions, which are combined in a specific way in each territory, are as follows: 1) social competitiveness, 2) environmental competitiveness, 3) economic competitiveness, and 4) localisation in the global context⁶. This understanding of *territorial competitiveness* has been applied in this research project.

3. METHOD

The analysis were chiefly qualitative, and was applied to a “case study” of the rural area “Campiña Alta”. The **methodology** used is based fundamentally on the analysis proposal of *territorial competitiveness* provided by the European Observatory, supplemented with elements of the methodology proposed by the IICA, since both contributions use a broader concept of *territorial competitiveness*, which is not limited to economics or sectors.

Although the analysis was only performed for two dimensions: a) environmental competitiveness and b) economic competitiveness, social aspects (social dimension) have also been taken into account in the economic dimension and localisation in the global context (the fourth dimension) has been incorporated as a horizontal aspect throughout analysis. The research was broken down into the following stages:

1.- **Analysis of environmental competitiveness.** This was performed taking into consideration that this concept reflects the agents’ ability to value, conserve and renew their surroundings, turning them into a “distinctive” element of their territory. The following three factors were selected in order to analyse the various indicators used: 1) Available resources; 2) The

⁶ -*Social competitiveness* is the agents’ ability to take joint or combined action effectively based on a consensual understanding of the project and promoted by agreement among the different institutional levels.

-*Environmental competitiveness* is defined as the agents’ ability to value their surroundings, turning them into a “distinctive” element of their territory, whilst at the same time guaranteeing the conservation and renewal of natural resources and heritage.

- *Economic competitiveness* is the agents’ ability to generate and maintain the maximum added value in the territory by reinforcing links between sectors and ensuring that the combinations of resources become assets to value the specific nature of local products and services.

-*Localisation in the global context* is defined as the agents’ ability to situate themselves in relation to other territories and the outside world in general, in order to ensure that their territory’s project makes progress and guarantee its viability in the context of globalisation.

characteristics of the town and awareness of environmental issues; and 3) The institutional support received, since the agents' ability is closely linked to this aspect. The following variables were used: (i) local characteristics, (ii) sensitivity of the population, (iii) physical resources, (iv) landscape, (v) agriculture and (vi) industrial sector.

2.- Analysis of economic competitiveness. The following variables were used: 1) Localisation variables; 2) Variables relating to the economic structure and the availability and quality of human and technological resources; and 3) Institutional variables. Analysis of the data corresponding to each of the indicators was *descriptive-interpretative* in nature.

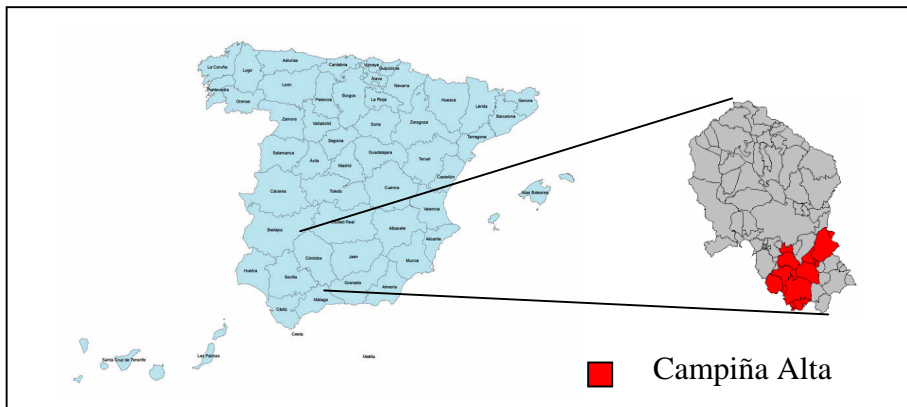
3. Diagnosis of territorial competitiveness. Beforehand, the respective diagnoses of the different dimensions of competitiveness (economic and environmental) were performed separately. For this, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis was used, which identifies critical factors that are decisive in terms of the competitiveness of the district. Subsequently, the results were integrated into a “**territorial reading**” of the competitive position of each of the territories within the district being studied, getting an in-depth picture of the degree and type of influence of each of the key factors, assigning scores, from “0” when the influence was negative, to “5” when the influence was very positive.

The **sources of information** used were both primary and secondary. The primary data were collected through semi-open interviews with experts and opinion leaders in the district, specifically the managers of the Rural Development Groups that operate in the area. They were interviewed both in their capacity as opinion leaders and experts about the region, but above all as representatives of the development that is being carried out by the Development Groups in each of the territories. The following secondary sources were used: official statistics from the Spanish National Institute of Statistics and Andalusia's Regional Institute of Statistics, specifically the SIMA; documents from the Development Groups in the district. All the data were obtained for each town and were then grouped globally in the district and in each of the territories being studied.

4. STUDY AREA

The study area was located in Andalusia, corresponding to an agricultural district called Campiña Alta, located in the south of the province of Cordoba (Figure 1).

Figure 1: Campiña Alta in Córdoba (Spain)



The district is made up of fifteen towns, covering a total **surface area** of 1,769 Km². The **total population** of these towns is 174,293 and the major population concentrations are found in the towns of Lucena, Puente Genil, Montilla, Cabra and Baena, where the population density is above the average for the province. Since it is an agricultural district, the characteristics are relatively homogenous throughout. The district has a Mediterranean **climate**. The **soils** are made up of sedimentary rocks and most of them have strong agricultural potential. One of the most significant environmental problems in the district is **erosion**. Even though **agriculture** is not the most important sector from the point of view of employment or contribution to revenue, it plays a very important role: over 95% of the total surface area is given over to agriculture⁷; it provides employment to 23% of the working population; almost 15% of the total population in the district depends on income from agriculture; and the district's industry depends mainly on the transformation of agricultural products.

Within *Campiña Alta*, there are three territories: 1) *Guadajoz and Campiña Este*, 2) *Subbética*; and 3) *Campiña Sur*. Each of these territories is part of a different community association, with different development programmes, although all three are **PRODER 2** territories. The first, *Guadajoz and*

⁷ Around 85% of the agricultural surface area of Campiña Alta is used to grow **olive trees**. Olive groves, therefore, are decisive in the economic activity of the territory, land use, the make-up of the area's landscape and the inhabitants' way of life.

Campiña Este, is highly dependent on agriculture; in particular the olive oil industry is a fundamental pillar for the agricultural production of the area. Olive trees are grown on land that is highly suited to this purpose, and the product is transformed through highly technical industries, producing quality olive oil. The olive oil produced in Baena has even been awarded the “*Denominación de Origen*” quality trademark. The territory known as the *Subbética* is a mountainous area located in the south of the province of Cordoba, in central Andalusia. Owing to its ecological value and outstanding landscape, a large area of this territory has been declared a Natural Park, which is one of its most characteristic elements. Olive oil production is also very important in this district, but more due to its environmental value than to its high productivity. In this territory, there are olive groves located in areas where they should never have been grown, because they have replaced Mediterranean woodland. This differential situation can be explained in the *Subbética* by the clear competition that exists between the growth of economic activity and environmental sustainability.

Finally, *Campiña Sur* is an eminently agricultural territory and agriculture is one of the strongest pillars of its economy. However, other production industries are currently emerging, reflecting an interesting process of diversification of the economic activity in this area. In addition to olive groves, high yield vines are becoming increasingly important, which have high sugar levels but serious problems in relation to generational renewal on the part of the farmers. Most of the vines in this area have been awarded the “*Denominación de Origen Montilla-Moriles*” quality trademark.

5. RESULTS

As mentioned previously, only part of the research results are presented here, specifically the results that correspond to our “territorial reading” of the competitive position of each of the territories that make up the district of *Campiña Alta*: 1) *Subbética*, 2) *Campiña Sur* and 3) *Guadajoz and Campiña Este*. As indicated in the section of methodology, the territorial reading of competitiveness was carried out based on separate analysis and diagnoses of the economic and environmental dimensions of competitiveness.

The following factors were found to be decisive for territorial competitiveness: F1: environmental factors; F2: economic factors; F3: population factors; F4: commercial factors; F5: external factors; F6: knowledge, technology; F7: business relations, and F8: institutional factors. Each group of factors influences the *territorial competitiveness* of the three territories to a different extent and is presented graphically in the form of a spider chart, using a scale from zero to five.

1. TERRITORY OF SUBBÉTICA

As Graph 1 shows, there is an indentation in the spider chart caused by “commercial factors” (F4) and “business relations” (F7), which limit *territorial competitiveness*. In effect, Subbética copes with competition, since its products are in a relatively competitive position in the market, but the territory is not achieving its full potential in terms of added value. Furthermore, the lack of networks in turn restricts the generation of greater added value and impedes the necessary innovations in some of the territory’s sectors⁸. Finally, certain key sectors in the area’s industry, such as the timber sector, are competitive in the market, but there is no real concern for environmental viability, hence from a territorial point of view they are not competitive. Yet, there are sectors, such as the wineries, that are more environmentally viable, but they do not make the most of the competitive advantages offered by the territory’s natural resources⁹; these resources represent an opportunity for companies in the territory but no product makes full use of them.

The factors that contribute the most to improving *territorial competitiveness* are “environmental factors” (F1) and “knowledge and technology” (F6). The former are valued very positively, since both from an economic and an environmental point of view, their effects combine with one another and are therefore decisive for the competitiveness of the territory. The environmental potential of this territory depends largely on the presence of the Natural Park and all area’s economic activity is affected in one way or another by this figure of protection. The improvements made by companies and industries in *Subbética*, on a technological and organisational level, have led to greater use of

⁸ By way of example, the *Denominación de Origen Montilla-Moriles* wine is not properly promoted and publicised, partly owing to the lack of connections and relations within the sector.

⁹ For example, the possibility of using the Natural Park brand. This brand is an initiative of Andalusia’s Regional Department for the Environment, which, through a certifying organisation (Andanatura), authorises companies that comply with a series of requirements to use said brand name.

resources and improved environmental relationships, which has a positive effect on *territorial competitiveness*.

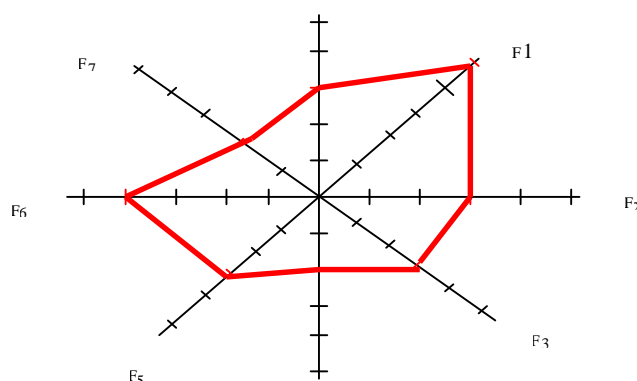
The remaining factors (F2, F3, F5 and F8) could have a positive or negative influence on *territorial competitiveness* depending on their characteristics. Hence, the fact that a high percentage of the population is young is a great source of human capital for the future, but the population has traditionally not been overly concerned with the sustainability of the surrounding area, which has therefore become neglected. Levels of education and training are very low in certain towns, which makes them even more vulnerable in the face of political or economic interests. However, awareness about environmental issues is increasing.

Table 1: Key factors for the territory of Subbética

| FACTORS | VALUES | | |
|---------------------------|---------|--------|-----------|
| | Econ. C | Env. C | Territ. C |
| F1: Environmental factors | 4 | 5 | 5 |
| F2: Economic factors | 4 | 2 | 3 |
| F3: Population factors | 3 | 3 | 3 |
| F4: Commercial factors | 2 | 2 | 2 |
| F5: External factors | 3 | 4 | 3 |
| F6: Knowledge, technology | 4 | 4 | 4 |
| F7: Business relations | 2 | 2 | 2 |
| F8: Institutional factors | 2 | 3 | 3 |

Source: Authors' own data

Graph 1: Key factors for the territorial competitiveness of Subbética



External factors (F5) such as: 1) competition from other territories offering similar products to Subbética, 2) policies that have encouraged agricultural intensification (CMO for olive oil) and 3) environmental protection policies drawn up by national and European institutions, have a very important influence on the territory, at times positive and at others negative.

The existence of a certain centralism focused on the larger and more dynamic towns (Lucena and Cabra), where a large percentage of efforts and resources are concentrated, and the lack of coordination between institutions (F8), have a negative impact on the competitiveness of the territory. The effects of institutional factors offset one another: certain factors limit competitiveness (lack of coordination between institutions or unilateral management of the surrounding area) and other factors enhance it (environmental organisations and development groups).

Finally, it is important to highlight the existence of a traditional identity within the territory that strengthens its competitiveness. The creation of the protected area of the Natural Park (providing a clear image for the territory) and the Development Groups reinforce the pre-existing identity. This identity allows the territory to set itself apart and is the basis for solid development. In conclusion, the real competitive position of the territory still falls short of its potential.

2. TERRITORY OF CAMPIÑA-SUR

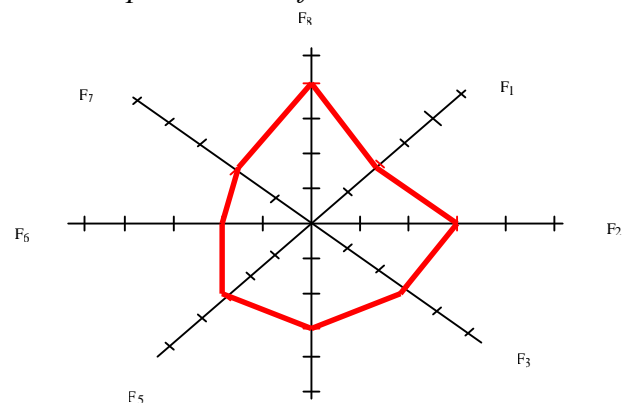
In this territory, the factors that made the greatest contribution to improving *territorial competitiveness* were political factors (F8), whereas competitiveness was limited by environmental factors (F1), knowledge and technology (F6) and business relations (F7).

Table 2: Key factors for the territory Campiña-Sur

| FACTORS | VALUES | | |
|---------------------------|---------|---------|---------|
| | Econ. C | Env. C. | Terr. C |
| F1: Environmental factors | 3 | 2 | 2 |
| F2: Economic factors | 4 | 2 | 3 |
| F3: Population factors | 4 | 3 | 3 |
| F4: Commercial factors | 3 | 3 | 3 |
| F5: External factors | 3 | 3 | 3 |
| F6: Knowledge, technology | 2 | 3 | 2 |
| F7: Business relations | 2 | 2 | 2 |
| F8: Institutional factors | 5 | 4 | 4 |

Source: Authors' own data

Graph 2. Key factors for the territorial competitiveness of C. Sur



The various institutions and organisations play a particularly important role^{F4} in this territory (F8), which, with a certain amount of coordination, are making significant headway in terms of the *territorial competitiveness* of *Campiña Sur*. The support received from the Development Group is crucial to the process of making this territory a real factor in competitiveness. Its development strategies are generating and reinforcing an induced institutional identity. Through different actions, the Group is creating an image for this area based around the agricultural industry¹⁰. This territory is working to create and sell an image of itself and one of its specific targets is to group together all the sectors in the agricultural industry, auxiliary industries and strategic services around a common strategic target focusing on innovation and agricultural quality (*Campiña Sur* Strategic Plan).

¹⁰ They are also creating other labels in the district, to acquire greater added value, for example through the “Alacena” project. The aim of this project is to mobilise all the necessary agents for the creation of a brand, strengthening the links between companies in order to search for new markets and offer a quality product.

Despite the Development Group's efforts to innovate, many factors are holding the territory back in terms of competitiveness, for example the low value placed on environmental assets. In *Campiña Sur*, economic criteria have taken priority over the environment, which has led to a loss of environmental quality (soil and landscape) and the depletion of resources. Thus, the negative effects of the two dimensions of competitiveness are enhanced, which means that *territorial competitiveness* is extremely limited by environmental factors¹¹. Focusing on strictly economic parameters, the territory has made positive progress, especially in sectors such as agriculture. However, although this territory offers quality products, some of which have been awarded the “*Denominación de Origen*” (Montilla-Moriles) quality trademark, they are having problems marketing them, owing to the current lack of demand for generous wines and the lack of suitable promotion, advertising and distribution. These problems are exacerbated by the lack of associationism. On the one hand, the road network is in a bad state of repair, making it difficult to travel around and holding back the dynamics of the territory, population movement and economic activity. Furthermore, the competitive advantages offered by the territory are not made the most of when it comes to marketing traditional or organic products (organic olive oil and vegetables) which are in principle less damaging to the environment and which are in great demand in modern society. From a territorial point of view, the maximum added value is not being achieved and environmental viability is not being guaranteed fully; moreover the environment has been irreparably damaged. This is largely due to the fact that although the population has the necessary characteristics to be able to value the surroundings and achieve maximum added value (young educated population), they do not understand the need for suitable territorial development that does not just prioritise economic parameters. They still perceive the environment as a means of production from which maximum yield should be gained. Furthermore, the population places a very low value on the surrounding area and landscape; hence they are not overly concerned to conserve and renew it.

¹¹ It is important to highlight that there are places where this process has been slowed down considerably, such as the region known as “*Zonas Húmedas*”.

However, owing to Government requirements or perhaps the increasing awareness of society, they are increasingly pursuing environmental sustainability in the territory.

Other limiting factors for competitiveness are related with the companies themselves. There is a high degree of specialisation among the companies, which leads to market saturation in their natural areas of expansion, creating a climate of rivalry and clashes between them. There are very few links between businesses, and although companies are small in size and have relatively similar interests, the level of associationism is very low. The technology used at an organisational and management level in companies and industries in *Campiña Sur*, and R+D, have still not achieved an appropriate level of development. Instead of integrating all the sectors of activity in a joint move towards innovation, in this territory, improvements take place at an individual level, imitating other companies, depending on the entrepreneurial nature of the business owner. The deficient levels of organisation and research are also closely linked with the smaller size of the companies¹².

External factors can be beneficial or limiting for *territorial competitiveness*, depending on whether they are studied from an economic or environmental perspective. Competition from foreign companies is so strong that strategic behaviours are being modified. In the case of agriculture, certain crops are being replaced with others, such as Chinese garlic. However, the strong current of opinion to protect the environment means that consumers place increasing importance on the fact that the product has been produced in an environmentally friendly way.

In conclusion, the territorial competitiveness of *Campiña-Sur* is average-low, although it is improving, which should lead to better results in the short to medium term.

3. TERRITORY OF GUADAJOZ AND CAMPIÑA-ESTE

Just as in *Campiña Sur*, in this territory, institutional factors (F8) improve territorial competitiveness (see Graph 3). However, the lack of intra or intersectoral relations (F7) and external factors (F5) limit the possibilities of improving the competitiveness of the territory. The

¹² This situation has a negative impact on the environment, since farmers carry out tasks in accordance with asset calendar, and not when they really should be carried out or when they are necessary.

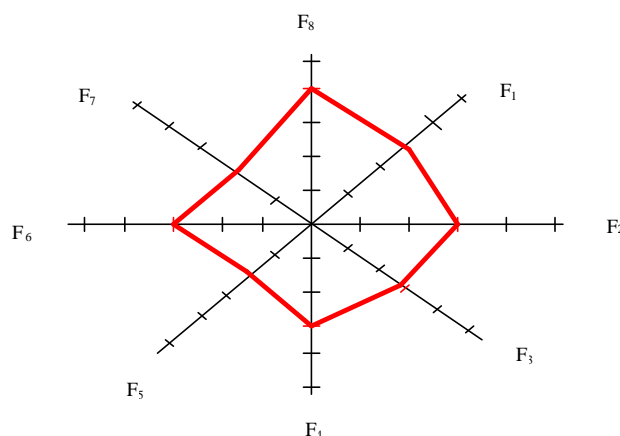
remaining factors (F1, F2, F3, F4, F6) could be positive or negative depending on the territorial dimension studied.

Table 3: Key factors in Guadajoz-C.Este

| FACTORS | VALUE | | |
|----------------------------------|-----------|-----------|------------|
| | Econ C | Env. C | Terr. C |
| F1: Environmental factors | 3 | 3 | 3 |
| F2: Economic factors | 4 | 2 | 3 |
| F3: Population factors | 3 | 3 | 3 |
| F4: Commercial factors | 2 | 3 | 3 |
| F5: External factors | 2 | 2 | 2 |
| F6: Knowl., technology | 2 | 3 | 3 |
| F7: Business relats. | 1 | 2 | 2 |
| F8: Institutional factors | 4 | 4 | 4 |

Source: Authors' own data

Graph 3. Key factors for the territorial competitiveness of Guadajoz-C. Este.



Institutional support is starting to have an impact on the environment, through the recovery of important resources (such as the river) and the creation of a certain degree of awareness among the population. The Development Group of *Guadajoz and Campiña Este* has tried to increase the dynamism of this territory in order to create and strengthen the links between companies and associations. They also maintain relations with other countries, with the help of *Carrefour*¹³, with which they work closely. The Development Group is collaborating and forging a territorial identity, which has been induced through institutional and socio-cultural aspects. Therefore, institutional support from government bodies and above all from the Development Group plays a vital role in this respect and promotes *territorial competitiveness*, improving all the respective dimensions.

Once more, business relations (F7) impose significant limitations on *territorial competitiveness*. The climate of rivalry and clashes between producers in the territory, linked to the lack of a tradition of business cooperation, significantly impedes any attempt at coordination and cooperation with the aim of generating business structures that would allow them to take on projects to defend

¹³ Carrefour is a Network of European Information Centres, promoted by the European Commission. The purpose of these centres, located in European rural settings, is to promote and boost the possibilities of rural development by publicising EU information and taking advantages of EU rural development programmes.

common interests and improve *territorial competitiveness*. Hence, the lack of intra and intersectoral relations makes it difficult to implement the necessary innovation in the various sectors and in terms of the territory's connectivity. As for the producers, the general lack of diversification in terms of local production, linked to overdependence on subsidies, as well as the lack of coordination among producers and the lack of production support services, impede the necessary transition from economic growth to local socioeconomic development.

Furthermore, marketing problems and the lack of associationism prevents the territory from achieving its full added value potential, for example, for its star product, olive oil. The competitive advantages offered by this territory for product marketing are not made the most of. Following on with the case of olive oil, this product is high quality and has been awarded the quality trademark "*Denominación de Origen Aceites de Baena*", yet there are not joint or combined efforts in terms of marketing and selling, and there are no suitable promotion and advertising strategies in place. Furthermore, the economic sectors have also shown no concern for environmental viability; hence this competitive advantage is not made the most of. It is also important to highlight that technological innovations that have taken place over the past few years have been almost entirely limited to the olive oil industry (which pollutes less now) and have not spread to other sectors or other links in the agriculture and food chain, such as marketing and selling. No innovation has taken place at an organisational level, even though it is crucial, and companies have not improved their relationship with the environment, although it must be stated that these industries are not particularly environmentally aggressive. In this respect, although the lack of technology is very restrictive from an economic point of view, it is not such a limiting factor from an environmental perspective.

External factors have also restricted *territorial competitiveness*. Hence, in the case of olive oil, an extremely important product for the territory, competition from French distribution chains has prevented this area from achieving its full added value potential. It is also important to highlight the decisive influence of indiscriminate funding for olive oil production, which has led to an invasion of

olive groves into other areas, disincentivising other typical crops. Furthermore, these subsidies promote quantity over quality or respect for the environment.

The deterioration of certain resources, such as soil and landscape, has been highly significantly over the past few decades. The conservation and renewal of resources has not been a priority in *Guadajoz and Campiña Este*; hence valuable resources have been neglected and even lost. Furthermore, this influences economic activities carried out in the area, since the depletion of resources also damages economic results. However, it must be remembered that these regions still have assets that are of particular environmental interest and there is great interest in conserving them. For decades, economics have taken priority, but recently, opinion has swung in favour of sustainability.

Just as in the other territories, this area has large young population, which represents a major source of human capital for the future, but traditionally there has been very little concern for the sustainability of the surrounding area, and the level of education and training in some of the towns is very low. However, just as in the other territories, awareness about environmental issues is increasing.

In conclusion, territorial competitiveness is average, since there are institutional factors that help to enhance competitiveness, which exist alongside limiting factors, such as the lack of business relations and external factors.

6. CONCLUSIONS

The results of this research project indicate that one cannot generalise about whether certain factors in isolation are positive or negative for *territorial competitiveness*. At times, as in the case of the three territories analysed here, they depend on the presence or absence of other factors. This is the case with external factors (competition in markets, support from agricultural or environmental policies, etc.), environmental factors (presence of natural parks, the environmental awareness of the local population) and economic growth. However, the research did show that the lack of coordination between institutions and organisations, or unilateral management of the surrounding area, **limit competitiveness**, whereas Rural Development Groups and the presence of local

Associations (environmental, cultural, etc) enhance competitiveness. Special mention must be made of business related factors, which were shown to be a **key factor in competitiveness**. If there are few or very weak links between businesses, the levels of associationism, organisation and technology are low and there is excessive specialisation, companies can block the improvement of competitiveness. However, if companies move together towards technological innovation, focus on improving environmental management, and maintain intersectoral relations, etc, the effects on competitiveness are clearly positive.

An essential element in *territorial competitiveness* is the natural or induced “**territorial identity**”. The results of this research project indicate that territorial identity can become a competitive advantage. In the three territories analysed, the key factors that enhance competitiveness are also decisive in terms of the *territorial identity*. In the case of *Subbética*, for example, which has a clear natural identity based on the presence of the Natural Park, environmental factors are the most positive in terms of the competitiveness of this area. However, in both *Campiña Sur* and *Campiña Este*, the *territorial identity* is induced and institutional factors were decisive for the construction of said identity. Therefore, the promotion of territorial identity is a clear strategy to enhance the competitiveness of the territory.

Mention should be made of the risks associated when institutional issues have played too much of a central role in both the construction of identity and improvement of competitiveness. In these cases, the sustainability of *territorial competitiveness* is linked to the presence of these institutional factors, which were decisive in the process. In other words, the viability of the territory might be linked to the existence of development programmes, whose presence is not guaranteed for the future. The experience in rural development programmes in these areas shows that they do not have reached a territorial competitiveness which ensures their sustainability without official programmes aid.

Finally, reference should be made to the need for comprehensive analysis of *territorial competitiveness*, since, as this research project has shown, partial or sectoral analysis can be

misleading. Only a comprehensive approach to *territorial competitiveness* can guarantee the long term viability of a rural area.

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