

Cork 2.0 Conference

Parallel Session 1: Jobs, Growth and Investment in the agri-food supply chain and the wider rural economy: Lessons from the past and vision for the future

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Given the slow recovery from the financial and economic crisis, the provision of employment or, in the case of self-employment, enabling the creation of economically active occupations, is of primary and immediate interest to millions of EU citizens – rural and urban. All here will agree with the importance of prosperity of rural areas as a place for work and residence, and as an attraction to urban populations in terms of their natural resources, landscape and regional foods.

We should try to collectively identify, and in the ideal case prioritise, potentials and opportunities for future rural development from a broad Union-wide perspective. And let's think about solutions not only to local rural problems but to the big problems of the society at large, e.g. food security and climate change. It is up to us all to utilise our extensive experience and understanding of rural development to suggest how to develop value chains that have the highest potential to boost the prosperity of rural areas.

Rural areas are rich in natural resources. In this workshop we should try to identify the value chains with the greatest potential to foster the economic prosperity and create productive employment. We should also not underestimate the importance of the linkages to the rich natural environment typical for rural Europe, and the diversity of rural contexts and conditions. In the last 20 years, since the first Cork conference, the diversity of rural Europe increased dramatically due to the enlargements of the EU.

There are many lessons to be learnt from the experience with rural development in relation to the opportunities and bottlenecks for sustainable growth of rural economies and employment in the EU. But we should not focus on the past. We are here to look forward at ways to increase the contribution of rural development to growth, employment and to the strengthening the rural value chains. Pillar 2 of the CAP, as a major EU policy tool, is expected to contribute to sustainable development, particularly in rural areas to which RD expenditure is mostly directed.

Against this backdrop, I would like to suggest some areas and value chains with potential for future investment and growth.

A/ Farm businesses

As we know, large parts of rural areas in the EU are occupied by farm businesses, covering a wide range of farm types and sizes, with both full- and part-time farmers, and farmers with and without other gainful activities. Most of these businesses are family run. These family farmers make multiple contributions to the rural economy and society at large. They are the main contributors to food security, in their role as essential agricultural producers; through their enterprise and flexibility, they enhance the vitality of the rural economy; and due to the intergenerational transfers they have strong interest in long-run environmental care. But we should not underestimate that it is the family who bears the business risk in the modern globalised economy facing climate and market challenges. Family businesses show amazing resilience in the face of these and other shocks and pressures, e.g. plant and animal diseases.

If we think about primary farming, labour input has decreased. But there are several developments up and downstream that can sustain employment or increase the quality of jobs. Let's think about

the food chain. Consumers now have greater demands for product quality, traceability and safety. All these require greater levels of product (and input) inspection, drying, cleaning and packaging, all of which involve labour time. Short food chains, local markets, demands for healthy food may produce sustainable growth and jobs within the agri-food sector. New technologies created for agriculture, e.g. robots, GIS, GPS tags on livestock have important productivity and employment effect. They may affect the quality and quantity of labour employed on-farm through its complementarity/substitution effect and can create growth and jobs outside agriculture. There are the so-called employment multipliers, i.e. jobs that are created 'upstream' or 'downstream' from primary agriculture due to further input purchases or to further processing and distribution, and through the spending by households gaining jobs.

If we take as an example the environment. High environmental quality of rural areas can be a big attractant to investment and businesses., mainly non-agricultural. The greater attention being paid to landscape and wildlife can maintain farm labour on-farms.

B/ Multi-sectoral development

The Cork declaration of 1996 calls for multi-sectoral application of rural development, "*with a clear territorial dimension*", i.e economic development diversification. In this area it is important to think of what kind of value chains could be the most effective in generating rural growth, in appealing to businesses and entrepreneurs to set-up in rural areas, and in helping the geographical clustering of small businesses in rural space. I am sure all of you have thought about the potential of rural tourism and the promotion of rural areas as places for recreation. But tourism is an umbrella concept. What kinds of tourism can maximise job and income provision in rural areas, which may be peri-urban, coastal or mountainous. For example, is "elite" tourism with limited customer numbers but high-quality and high-priced amenities and tourist services more rewarding in these terms than "mass" tourism. It is important that tourism "joins-up" market demands, e.g. for guiding, retailing, restaurants, activities.

C/ Bi-directional rural-urban linkages

Focused on rural areas, we may often underestimate the importance of bi-directional flows of workers and people between rural and urban areas. In the EU Member States, millions of urban citizens work in rural areas, many in sectors beyond the farmgate. It is often that some public and private services in rural areas are being increasingly provided from urban areas encouraged to do so by better physical and electronic communications (some provided with EU funds) or by economies of scale. We may think about areas that could provide more scope to support employment creation and retention in rural areas through developing interdependencies between rural and urban space.

D/ Looking at the future

What can make rural development more pro-growth and pro-employment? There are many options and tools on the table, to mention some - enhanced cooperation, new business models, expanded role for community-led local development, building on agri-environmental measures.