



Territorial dimensions of agro-environmental measures and LFA in rural development policy in the Czech Republic[☆]

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ABSTRACT

Outlined by the Common Agriculture Policy (CAP), the rural development policy enables the application of the territorial dimension. The goal of this paper is the analysis and determination of the appropriateness of the CAP development policy tools specifically within the Czech Republic. Furthermore, there is emphasis on the compliancy with the EU territorial cohesion objectives. The analyses concentrate on the agro-environmental measures (AEM) and less-favoured areas (LFA) support. In addition, payments during the 2004–2006 periods are evaluated. Relevant statistical indicators that include geographical, demographical, and economical are designated. Testing and verification of the indicators undertakes comparative examination based on municipal size-categories. The results of this process indicate that AEM and LFA schemes do not benefit the underdeveloped municipalities as intended by the EU territorial cohesion objectives.

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Introduction

The rural development policy faces a number of partial problems in its contextual definition and has an unclear position, particularly in connection with sectorial policies; for example transport, environmental and employment policy. The most important problem is still related to the prevailing perception of rural development with an emphasis on agriculture. This emphasis is specific to the EU (see Mahé and Ortalo-Magné, 1999; Lowe et al., 2002; Dwyer et al., 2007; Marsden and Sonnino, 2008). However, in the last two decades, the rural space has been significantly influenced by globalization trends, information technology improvements, reduction of transportation costs and the increase in the importance of non-agricultural activities in rural areas, etc. (OECD, 2006a, p. 12). These influences have had various impacts on rural areas. The definition of the rural areas in the EU used by the OECD is also problematic

and still under the “redefinition process”, while all these areas are different (Eurostat, 2010, p. 240, *A revised urban-rural typology*).

Until 2006, rural development in EU countries was influenced partially by the EU structural policy and by the growing second pillar of the EU Common Agricultural Policy (CAP). The first pillar of the gradually reformed CAP focuses on the direct support of the agricultural sector. The second pillar still contains conceptually unclear rural development. Within academic literature and at the policy-makers level in the EU, these are often considered to be two entirely separate pillars of the CAP, but the reality is different (Baldwin et al., 2008; Bureau, 2002). There is a certain overlap between the two pillars. It is the agricultural perception of rural development, i.e. particularly multifunctional agriculture support and the influence of its positive externalities on rural areas (Pelucha, 2009; Lapka et al., 2011).

Even under these circumstances, the rural development policy should maintain its complex, territorial and integral character (Léon, 2005; Wilkin et al., 2003). Moreover, the relation to territorial cohesion is defined as a specific horizontal objective of the EU's CAP rural development policy in paragraph 1 of the Council Regulation (EC) No. 1698/2005, about the support for rural development by the EAFRD, which says that “*rural development policy should also take into account the general objectives for economic and social cohesion policy set out in the Treaty and contribute to their achievement, while integrating other major policy priorities*”. Therefore the policy-making level needs to reflect and analyze the mentioned

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relation. The balanced territorial development in rural areas is also perceived by the European Commission (2010a, p. 7) as a key objective of the EU's CAP future 2014+.

The main goal of this paper is to analyze whether main rural development policy tools applied within the CAP in the Czech Republic are implemented in compliance with the territorial cohesion objectives of the EU. Particularly, we discuss the most important tools of the rural development policy in terms of their financial allocation and focus on land use. These are agro-environmental measures (AEM) and the support of less-favoured areas (LFA) that represents the above mentioned "agricultural" concept of rural development policy and strong emphasize on issues of land use planning. The paper is based on testing of AEM and LFA objectives that are straight and defined by the EU. The relation of these tools to territorial cohesion aspects (e.g. social stability, increasing new jobs) is seen as a positive externality. In the case of LFA, the payments support farmers in worse conditions from the point of view of natural conditions and therefore we can ask if there are any relations to broad socioeconomic issues of appropriate territory. Considering that the AEM focus on the support of relatively low intensity farming, the distribution of farmers and levels of subsidies per agricultural area are expected to be highest in the weaker rural regions.

The paper proceeds as follows. The second part represents a theoretical-methodological context of the definition of territorial cohesion and its relation to the rural development policy. In the third part, the role of the rural development policy in the CAP is assessed. The fourth part introduces the existing experiences in analyzing the relationship of the second pillar of the CAP with the aspects of territorial cohesion. The fifth section focuses on an analysis of the relationship of the AEM and LFA results (the largest tools of the EU's rural development policy) with the objectives of territorial cohesion. The final chapter summarizes key findings of the paper.

Definition of the "territorial cohesion"

Definition of the territorial cohesion is not entirely simple or unified. From the historical point of view, it is not a completely new term because it started to be used after the ratification of the Single European Act¹ in 1986, which brought new economic and social cohesion objectives to the EU policies. During this period, a more integrated approach to territorial development started to be applied while the restructuring of the agricultural sector and an increase in its competitive advantage started to be considered part of the complex rural development (Marsden and Bristow, 2002). The necessity of discussing territorial cohesion at the level of EU authorities was intensified by the last EU enlargement in 2004 and 2007, accompanied by the increase of regional disparities, and the increase in the importance of the single market. Leonardi (2006) considered the relevant tools of regional policies focused on territorial cohesion as "shock absorbers".

According to Shucksmith et al. (2005), the term of territorial cohesion is defined much broader than economic and social cohesion. He believes that *the objective of territorial cohesion is defined as helping to achieve a more balanced development by reducing existing disparities, preventing territorial imbalances and by promoting greater coherence between both sectoral policies that have spatial impacts and regional policy* (Shucksmith et al., 2005, p. 11). This implies that territorial cohesion is a complex issue of which purpose is to

horizontally and vertically connect the stakeholders and natural processes of regional development. The term territorial cohesion represents a dynamic view of the observed phenomena; i.e. certain effort to reach a balance between territorial development and reduction of the most important regional disparities in the socio-economic development.

In 2008, the European Commission ratified the Green Paper on Territorial Cohesion (European Commission, 2008) in which territorial cohesion is defined as a prism of territorial diversity in the EU that should become an advantage in providing for sustainable development to the entire EU. Territorial cohesion is understood as a process through which "harmonious" development should be achieved. However, we believe that the definition mentioned in the Green Paper on Territorial Cohesion is terminologically too broad. The fifth cohesion report (European Commission, 2010b, p. 7) explains only the possible focus of the territorial cohesion as a third dimension of the structural policy, e.g. the role of cities, functional geographies, areas facing specific geographical or demographic problems and macro-regional strategies.

According to the definition of the European Commission, we encounter the problem of measurability of territorial cohesion, especially the identification of certain factors that would prove the positive and negative aspects of this process. Positive aspects would be based on the stability of territorial development. Negative aspects of the territorial cohesion process can be found in the efforts to fully cover all components of socioeconomic development, which is conceptually hard to seize and measure. The mentioned definition's issues suggest that this is a rather normative concept that is not fully matched by its theoretical model.

It is necessary to stress that the assessment of the rural development policy and its relation to territorial cohesion is a problem. In defining the territorial cohesion and its objectives we used the study of Shucksmith et al. (2005), in which the extent of dependence between the CAP rural development policy aid and selected socio-economic indicators were tested at the NUTS 3 regional level in the EU-15 countries.

Declared and factual role of the rural development policy in the CAP

At the launch of the EU's CAP, the support of non-agricultural activities was low (see e.g. Lowe et al., 2002; Dwyer et al., 2007; Baldwin et al., 2008). McSharry's reforms² and Agenda 2000³ were the first strategic steps that officially declared rural development as a key component of the CAP. The result of the Agenda 2000 was a division of the sector-based CAP into two pillars; (1) aid for production agriculture on one hand and (2) the newly created rural development policy on the other. Both pillars should be in a specific balance. The concept of this balance is demonstrated in Fig. 1 which represents the European Commission's idea for the ideal balance of the CAP. The first pillar is aimed at agriculture production support (food security and availability). McAreavey (2009, p. 22) stated that this pillar is quite complicated in terms of current "evidence that current subsidies-based policies are ineffective in addressing socio-economic challenges facing rural communities". On the other hand is the rural development policy, which is considered as a territorially based pillar with a specific target to eliminate negative impacts of intensive agriculture farming and to diversify socio-economic structure of rural areas.

¹ The Single European Act significantly modified and amended the Treaties of Rome of 1957. It was signed in February 1986 by twelve member states of the European Community and came into force on 1st July 1987. For more details on this document see EURLEX (2009).

² The CAP was first officially reformed in 1992 and the reform was titled after the Commissioner for Agriculture Ray McSharry. At that time, it was his approach and implementation of several reform points that helped during the negotiations on the form of the CAP within the WTO.

³ Agenda 2000 was approved by the European Council in 1999.

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