

## Newsletter n. 2 September 2009

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## Foreword

The objective of the CAP-IRE project is to develop concepts and tools to support future CAP design, based on an improved understanding of long-term socio-economic mechanisms of change in rural areas. This is the second newsletter of the project, which began on January 1<sup>st</sup> 2008. This issue focuses on project activities, results and first deliverables.

Check our website ([www.cap-ire.eu](http://www.cap-ire.eu)) for additional information and updates.



## CAP-IRE facts and figures

Project title: **Assessing the multiple Impacts of the Common Agricultural Policies (CAP) on Rural Economies**

Project Acronym: **CAP-IRE**

Contract n.: **216672**

Funding scheme: **Collaborative research project - Medium-scale focused project**

Work programme topics addressed: **THEME 8 – SOCIOECONOMICS SCIENCES AND HUMANITIES - SSH-2007-2.2.2 The impact of Common Agricultural Policy (CAP) reforms on Europe's rural economies**

Partners: **11**

Case study regions: **11 in 9 EU Member States**

Empirical input: **Survey of about 2700 households**

Budget: **2 million Euros**

EU contribution: **1,5 million Euros**

Timing: **1 January 2008-31 December 2010**

Project website: [www.cap-ire.eu](http://www.cap-ire.eu)

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## Partners

Participant organisation name	Country	ACRONYM
ALMA MATER STUDIORUM - UNIVERSITY OF BOLOGNA – DIPARTIMENTO DI ECONOMIA E INGEGNERIA AGRARIE	Italy	UNIBO
COMMISSION OF THE EUROPEAN COMMUNITIES – DIRECTORATE GENERAL JOINT RESEARCH CENTRE – INSTITUTE FOR PROSPECTIVE TECHNOLOGICAL STUDIES	Spain	IPTS
UNIVERSITY OF WAGENINGEN	Netherlands	WU
AGRICULTURAL ECONOMICS RESEARCH INSTITUTE	Netherlands	LEI
ARISTOTLE UNIVERSITY OF THESSALONIKI	Greece	AUTH
WARSAW UNIVERSITY OF LIFE SCIENCES	Poland	WAU
UNIVERSITY OF ABERDEEN	UK	UNIABDN
UNIVERSITY OF CORDOBA	Spain	UCO
INSTITUTE OF AGRICULTURAL ECONOMICS	Bulgaria	IAE
INSTITUT NATIONAL DE LA RECHERCHE AGRONOMIQUE	France	INRA
LEIBNIZ-CENTRE FOR AGRICULTURAL LANDSCAPE RESEARCH	Germany	ZALF



## Project advances

During 2008 a consultation of Local Participatory Networks was carried out in most case study areas, providing insight into research priorities as perceived by stakeholders. The latter part of 2008 and the beginning of 2009 were devoted to the main project surveys across 11 case study areas in different parts of Europe: Survey A, on a farm-household sample of about 2100 units; and Survey B, on a farm-household sample of about 55 units. These surveys are expected to provide empirical information to support better understanding of the present patterns of change and reaction to policy in rural areas. Survey A included questions concerning farm/household characteristics, patterns of change in a baseline scenario (present CAP) and reaction to an extreme “NO-CAP scenario”. Survey B provides in-depth interviews on farm/household trends toward change, reaction to recent CAP reforms and future policy change. Dissemination of quantitative results is expected to start early next year.

## Local Participatory Networks and research questions

The outcome of the Local Participatory Network consultations confirmed the existence of major changes affecting rural areas. The agricultural sector is quickly adapting to new conditions, particularly after the 2003 reforms: structural change, new legal entities, and process and product innovation are key components of such change. In this context, what are the most important research questions when investigating the future design and implementation of the CAP in rural areas? Here are the results for our case study areas.

Case Study Area	Research questions (first=most important)		
	First	Second	Third
1. Emilia-Romagna (Italy)	Evaluation of the CAP	Innovation processes	Income support to marginal areas and the environment
2. Noord-Holland (Netherlands)	Farm structural adjustment, investment and innovation	Social sustainability	Chain interactions, environmental sustainability and governance issues
3. Macedonia and Thrace (Greece)	The elevation of the comparative advantages of rural areas	Investments in agriculture	Analyzing population trends and fighting unemployment
4. Podlaskie (Poland)	Strengthening, concentration and consolidation of dairy sector	Environmental protection issues	Farm structure issues, crop rotation and agro-tourism
5. North East of Scotland (UK)	Economic and environmental sustainability of farming systems	Equity (fairness) of agricultural support	Use of decoupled incomes to support rural development
6. Andalusia (Spain)	Farmers' profit loss, decline in the rural areas	Impact of the market channel grouping	Cross-compliance
7. South-East Planning Region (Bulgaria)	Agrarian innovations	Market organization	Environmental issues
8. Centre (France)	What instruments for a sustainable 'rurality'	Which type of policy	Taking into account environmental issues
9. Midi-Pyrénées (France)	Simulation of impact of different types of policy	How to adapt policy to maintain quality of production	How to adapt policy to maintain the number of farmers



## Initial results & policy insights (from the policy briefs)

While farm households maintain their central role as a building block of rural societies, their relationship to rural economies seems to be characterised by major changes.

First of all, the meaningfulness of the delineation of rural areas (with related definitional problems) seems to be weakening, due to increasing interaction of farm and, more broadly, rural households and economies with either urban areas, international markets, or global demographic changes.

Secondly, the shift from family run farms to legal entities is becoming more pronounced, with the emergence of important grey areas between the two. This also means a shift in rural governance.

The 2003 reform, the increased volatility of market prices and a new, more entrepreneurship-oriented, farm structure have resulted in greater interest in productive agriculture, making multi-functionality and sustainability concepts less noticeable than in the recent past. While the focus on competitiveness could become a distinguishing feature of some case study areas (CSAs) in the medium term, it could be less relevant or indeed irrelevant for other CSAs (for example in 'Less Favoured Areas').

This suggests new challenges for policy in terms of re-vitalising past contrasts between productive agriculture and the environment, as well as requiring more attention to innovation-oriented and entrepreneurship-supporting measures, rather than keeping the focus on mere income support. This may call for major policy innovation in the medium-long term.

Some key issues concern: a) the major differences in the institutional forms of farms and the nature of farm households in different regions of the EU; b) the increased complexity of the connection between households and farms, related to the increasingly changing institutional forms of the farm, changing social and technological contexts and changes in the structure of relationships within farm households; c) the related role of (new) forms of governance; d) the connection between such new institutional forms, and their effects on the household, and the increasing entrepreneurial character of the farm/firm management; e) the difficulty of identifying common policy scenarios in a situation where policy is increasingly determined by a number of local choices.

## New on the website

Main additions:

- Case study descriptions;
- Policy briefs n. 1 and 2.

Please visit our "Reports & deliverables" section for download:

<http://www.cap-ire.eu/Reports.aspx>

