

# Position Paper

## UEAPME<sup>1</sup> response to the Commission communication and to the impact study on the common agricultural policy up to 2020, COM (2010 672 final)<sup>2</sup>

### 1 - General remarks

Small and medium sized enterprises, micro and craft enterprises contribute effectively to the planning, economic and social cohesion and to the development of rural areas. On EU level, about one third of SMEs, micro and craft enterprises are situated in rural communities, this represents more than 7 million enterprises, many more than there are agricultural exploitations.

These enterprises, and in particular micro and craft enterprises are the first employers in rural areas. In several Member States the relationship is 10 to one in agriculture. In many marginal areas they represent sometimes the only employers and offer sometimes complementary or alternative employment possibilities in contrast to small farming exploitations. Four types of small enterprises and craft enterprises can be found in rural areas:

- Those with activities directly linked to agriculture, such as the agrobusiness transformation and distribution, valorisation of wood transformers, services to farming (mechanics and electronic repairs, construction,...)
- Those in direct link with the rural environment, as the valuation of non agricultural raw materials, activities in the area of tourism, the professions of art and creative industries...
- The traditional companies of service and activities of proximity, whose role is essential because they allow maintaining, direct services to the rural population,
- The activities without direct link with the rural world, settled in rural areas for historic, cultural and economic reasons, having a wide, even national and international territorial spread of activities. This applies in particular to small enterprises.

The essential characteristic of these small firms and craft companies is their capacity to offer quality living conditions for the whole population of the rural territories, in particular the offering diversified goods and services, proximity, immediate accessibility, as well as maintenance and the valuing of the local, mobile or immobile heritages (knowhow, preservation of the local cultures and traditions, traditional activities), as well as opportunities through use of local materials.

Two factors are often ignored or under estimated in the national or community policies:

- The role of creation and preservation of the social link in rural areas, due to the direct relation of these small firms with the consumers, besides play a major role in their information,

<sup>1</sup> UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](https://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm).

<sup>2</sup> [http://ec.europa.eu/agriculture/cap-post-2013/communication/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm)

- The perpetuity of fundamental public utilities, such as postal services and public transports: confronted with disappearance of public utilities of the rural environment, the activities of mailing, public services and transport of persons are assured by craft companies or micro enterprises

## 2 - European rural policy and small enterprises

It would be wonderful to believe that because of the importance for the economic and social stability and of their interaction with the agricultural activities, the small and micro enterprises and the craft enterprises in rural areas are cherished and encouraged, however the reality of the European rural politics is all the opposite:

- the communication on the horizon 2020 addresses only the agricultural activities: the second pillar concerning the rural development ignores the non agricultural economic actors and the planned measures benefit mainly only the farming sector. The small and micro enterprises and craft companies are not considered as actors who can be concerned by the policy of rural development;

- the various proposed scenarios are interested almost exclusively in agricultural, without examining at all their impact on the other economic or social activities or in term of preservation of the public services. The rural development evoked by the third scenario remains altogether closed to the other rural actors, with for effect the marginalization of sectors or activities having strong potential including the exclusion from activities nevertheless necessary for the agricultural environment exercised by non agricultural companies.

-The axis 3 of the FEADER, in particular the measure 312, intended for the valuation of non agricultural activities, seems to have had only a limited impact. According to the report of December 2010 on the rural development in the EU, 6 member states did not set up this measure (Denmark, Ireland, Cyprus, Malta, Portugal, Slovakia), or have dedicated only 1 % of the budget (Germany, Spain, France, Italy, Luxembourg, Austria), or between 2% and 3 % (Belgium, Cheque Republic, Greece, Netherlands, Sweden and United Kingdom). On the other hand, the new Member States dedicated to it between 4 and 9 %. For UEAPME, this situation explains itself by the application of the principle of subsidiarity leaving with Member States the freedom to apply this measure and the priority given to agricultural policies, and by the difficulty for the small firms to engage in FEADER actions (administrative rules different from structural funds, management by the only agricultural authorities), as well as by a general confusion and a lack of clarity of the structural funds ERDF and ESF.

In this context, it is however necessary to underline the efficiency of the measures such as LEADER, which have a logic of development of territory and not a purely sector-based logic.

## 3 - The importance of a rural policy as factor of development of the territories

For UEAPME, the European rural development policy has to allow economic and social development of the rural territories in logic of double cohesion: cohesion between all the economic and social actors of the development and territorial cohesion between the urban, outer-urban and rural spaces. This implies a synergy between the policy of cohesion and the second pillar of the agricultural policy and the rural development. However, the common strategic framework proposed by the Commission lacks this convergence:

- The communication CAP 2020 evokes the politics of cohesion, as if the rural development escaped all the philosophy of cohesion,
- The 5th report on the cohesion policy evokes only partially rural policies.

If in reality rural development is a question of synergy between all actors - agricultural, non agricultural, public - the communication CAP 2020 limits the rural policy and its second pillar to one single sector. Concerning the articulation between rural policy and the priorities of the strategy EU 2020, the communication proposes the implementation of measures allowing agriculture to adapt itself to the environmental requirements and to the new energy policies. However, the application of the priorities UE2020 concerns all the economic and social activities in rural areas, and the approach of the Commission appear to limit itself in search of direct means of payment to the farmers, without caring about the other activities nor examining the impact of these decisions on these other activities.

UEAPME is worried by the fact that, both the measures of the CAP bound with application of the priorities of EU 2020 and those connected to the food safety and to the direct marketing or the promotion of the productions could constitute inequitable advantages and create serious distortions of competition between exercised identical activities in agricultural and non agricultural environment which would have no access to the same financial opportunities and of launch on the market. As far as these activities will be subjected to the same responsibilities without the human and financial resources being comparable.

On this point, UEAPME calls the Commission to insure the strict application of the European competition rules and to guarantee or make guarantee by member states the same rights and the same duties for identical activities, regardless of the type of actors.

Although absent of the orientations of the second pillar of the CAP proposed by the communication, SMEs, micro and craft enterprises find their entire place in the objectives formulated by the Commission for 2020:

- preservation of the agricultural production capacity due to the processing of products, the promotion of specialities, the creation of sectors (networks) of exploitation (operation) and the implementation of short circuits within the framework of partnerships strengthened between the producing and distributing farmers and the small companies / craftsmen,
- Service to the farmers for the implementation of the technical means of answer to the new environmental and eco-energy imperatives, as well as for the use of renewable energy resources,
- Satisfaction of imperatives of sustainable development and energy efficiency thanks to the development of contacts between agricultural producers and local transformers / services, which value the territorial economic activities,
- Contribution to the vitality of the rural environment and the territorial balance

## 4 - Our requests

For UEAPME, rural development politics cannot be seen as a simple instrument benefitting from sectoral policies. However, they have to be coherent with the cohesion policy and the territorial development strategies in coordination with all actors. Rural politics and urban politics are deeply connected in a logic of cohesion of territories and joint interactive development.

In this context, one may wonder about the relevance of the preservation of the rural policy within the CAP. If the Commission would confirm its intention not to support the non agricultural activities in rural development, UEAPME considers that rural development should be re-entered in the cohesion policy, following the example of the urban policies. At this stage, UEAPME requests that the impact analysis of the CAP focuses on:

- Estimate the impact of the various scenarios on the non agricultural economic and social actors, in term of competitiveness, labour cost, cost of energy and raw materials, policy of price and margin, access to financing...) and of competitiveness except price (services connected to the product, innovation, operational usage of ICT, training ...) creation of employment, set up and preservation of the activities, in particular fiscal

and administrative responsibilities,

- Analyze the impact of these scenarios in terms of coherence between the CAP and the cohesion policy, in particular the joint articulation and the coordination between the measures FEADER and the structural funds,
- Measure the real capacity of the non agricultural rural economic and social actors to benefit from the FEADER and simplifies the rules of access to the FEADER for the no agricultural activities,
- Propose new indicators allowing performance analysis on non agricultural socio-economic activities,

UEAPME expects from the Commission:

- The implementation of a coherent rural development policy with the territorial cohesion policy, assuring a better convergence of the means,
- The adoption of the fundamental principles of the European Small business act - SBAE - as bases of the rural policies
- The implementation of a real strategy of multiactors and multilevel governance as regards the definition and the implementation of the rural policy: in this regard it would be desirable that the Commission establishes a dialogue with all the actors and recommends in Member States and in regions to do the same; UEAPME proposes the implementation of European assizes /conferences on rural development engaging all actors;
- The support for the actions of cooperation between actors at the local level, in development groups, dialogues, as well as the intensification of the systems of sectors (networks) of activities susceptible to include all the stakeholders around an integrated vision for the development of rural territories,
- The definition of measures allowing to facilitate the creation and the transmission of non agricultural economic activities in rural areas, to render attractive the exercise of these activities.

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