

Some aspects of structural and regional policy of the European Union in relation to agriculture by example of Great Britain

Některé aspekty strukturální regionální politiky Evropské unie ve vztahu k zemědělství na příkladu Velké Británie

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INTRODUCTION – THE IMPORTANCE OF THE RELATIONSHIP BETWEEN AGRICULTURE AND THE COUNTRY

At present, the view of the agriculture status from the point of view of social demands is changing. The isolated sector view is throwing off and bigger emphasis insists in the relationship of agriculture to the country. This new conception has the importance and reciprocal benefits both for the farmers from the view of their income and for the country from the view of preservation of its economic activities and settlement and for improvement of the cultural type of landscape.

The definition “country” (or country region) does not have the importance as the geographic category only, but it also relates to the economic and social structure which has been delimited at least from history, it is especially determined by the development of agriculture and forestry, but also by the development of small trades, trade activities and activities in services. Not only an agrarian sector, but also European rural regions in member countries of the European Union are fighting some problems at present. These problems appear either on account of their own historic development or they represent the reflection of national-economic effects. The balance between various functions of this area is very weak because the rural regions of Europe have gone through deep changes in the last decades.

In connection with the reform of structural funds, the European Commission (1998) committed a very important document called “the Future of the Country” which represents the essential approaches of the European Union policies to the country and to the role of agriculture within its borders. These approaches represent qualitative advancement in the conception of the relationship between the country and agriculture and the support of the development of the rural regions, and also the support of activities in agriculture making this development possible, became necessary. In this relationship, there is also a possibility how to stabilize economic and social level

of both components and how to reinforce the environmental aspects of agriculture and forestry.

AGRARIAN POLICY AND POLICY OF THE COUNTRY DEVELOPMENT IN GREAT BRITAIN

Selected aspects which characterize the agrarian sector in Great Britain

If we take one of the advanced countries of the European Union, Great Britain, it is possible to demonstrate how the structural problems of this country resolve problems in the agrarian sector. Only for an illustration, it is necessary to present the fact that also this country, with a yearlong tradition of the superior system of farming, fronts the problems of the last years as over-production, deformation caused by subsidies, diseases of farm animals which are liquidating the whole large breeding, disproportionate increase in costs for agricultural inputs, decrease in prices of purchased products and other bad effects leading to diminution of farmers profit and to necessary limitation of the number of people working in agriculture.

Globally, the agricultural income has decreased, the number of farms is decreasing and these facts have caused the problems in own agricultural production. Not only the consumers in the European Union, but also

Table 1. Great Britain – essential information

Total area (in thousands of square kilometres)	245.0
Area in % from the total area of the European Union	7.6
Wooded area in % from the total area of the state	8.0
Area used agriculturally in % from the total area of the state	76.0

Source: Euromagazín, volume III, 4/2002

those in Great Britain ask for the improvement of food quality, unobjectionable products and absolute sanitary safety of food. Care of the environment and living conditions of domestic animals are also included among the highest asked priorities. From this reason, the other achievements and prosperity of British agriculture will depend on the stability of agricultural production, the development of healthy structures, strategy and flexibility in the reaction to new occasions and precautions which will bring future changes for agricultural production in the rural regions.

Regarding farmers farming in bad regions, these conditions have led to gradual indebtedness and to bankruptcy of smaller farms. This situation is similar in the other European countries, though economic performance of the agrarian sector in individual countries is certainly different.

From the Table 2, it is apparent that the break year in the economic performance was the year 1997. Since this year, the *Gross added value in marketing prices* (GAV in MP) has been decreasing by the influence of the decrease in final agricultural production. *Gross added value in costs of factors* (GAV in CF) has been also decreasing, because the gross added value in marketing prices, from which is GAV in CF elicited, is decreasing. Because of the decrease in the gross added value in costs of factors, the *net added value in costs of factors*, which is, by the way, the essential category indicating the level of agricultural income, is also decreasing.

Depreciation is almost stable. Regarding *tenancy* and *wages*, there were recorded some variations within the observed period. But it is not possible to say that these values were regularly increasing or decreasing although at the end of the observed period both bring higher values than at the beginning.

Global agricultural income is regarded as the final effect (result) of farming of the companies in the agrarian sector. In a certain manner, it is the same as the "profit". Values of the agricultural income were increasing until

1995 then they showed a decreasing trend with a smaller variation (in 1999).

All facts mentioned above suggest the necessity of seeking new ways for the future development of agrarian policy (not only in Great Britain). One of the possibilities, which has the priority in the purposes of the European Commission and also in the purposes of national governments, is the closer connection of the agrarian sector with the rural region whose integral part this sector really creates. This connection offers advantages both for farmers (increase in their income by supplementary income possibilities), and for the country (social and environmental aspects).

Targets of the agrarian policy in Great Britain in the relation to the country

New rules for the development of the country (the Rule of the Council (EC) number 1257/1999) give all member countries of the European Union a chance to determine their own priorities and to choose their own schemes, which they will file into the whole framework of the developing programmes.

For the first time in history, there are laid the foundations of comprehensive and consistent policy the target of which is to ensure that the agricultural costs – more than they ever have been – will be dedicated for the development of the rural region and conservation.

Agriculture is asked to be improved, efficient and perspective, it has to be competitive, diverse, flexible and responsible to the customers' wishes and demands. In the relationship to the country, it has to ensure fulfilling of long-term targets, namely:

– *responsibility to conservation and improvement of the rural environment* – it consists of bigger orientation to the landscape formation, of the improvement of water and soil rates and quality of air and of the improvement for the development of fauna and flora. Agriculture has to ennoble not to damage the environment.

Table 2. Great Britain – essential categories of agricultural account (in millions of pounds)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GAV in MP	8 619.0	9 232.2	11 597.4	12 001.3	13 483.2	13 825.3	11 905.0	10 962.9	10 883.9	9 998.6
Net production subsidies	660.0	804.5	1 763.3	1 886.1	2 106.9	2 782.1	2 587.8	2 436.5	2 382.9	2 225.8
GAV in CF	7 959.0	8 427.7	9 834.1	10 315.2	11 376.3	11 043.2	9 317.2	8 526.4	8 501.0	7 772.8
Depreciation	2 960.2	2 830.8	3 114.1	3 135.5	3 237.8	3 175.3	3 203.7	3 064.0	2 866.2	2 858.1
NAV in CF	4 998.8	5 596.9	6 720.0	7 179.7	8 138.5	7 867.9	6 113.5	5 462.4	5 634.8	4 914.7
Interest	836.9	715.0	524.8	539.0	589.7	556.0	626.0	688.3	607.8	688.8
Tenancy	160.7	175.2	178.5	181.6	175.5	228.7	255.8	250.1	238.5	227.9
Wages	1 779.0	1 783.6	1 786.6	1 827.5	1 836.3	1 880.9	1 929.9	1 977.7	2 015.2	1 853.2
Agricultural income	2 252.5	2 948.0	4 105.2	4 430.4	5 325.2	5 033.3	3 177.0	2 401.1	2 504.6	1 882.1

GAV in MP = Gross added value in marketing prices, GAV in CF = Gross added value in costs of factors, NAV in CF = Net added value in costs of factors

Source: Ministry of Agriculture, Forestry and Fisheries of United Kingdom of Great Britain and Northern Ireland

– *integral part of rural and extended economy* – agriculture will have the decisive influence for ensuring of suitable living and working conditions in the country in prosperous rural communities and it will more adapt to the new changes and possibilities which will rise in the country.

Even though the main weigh of these precautions lies in national approach, all these targets will ask for high level of co-operation with other member countries of the European Union at maintenance and observance of all its rules and orders.

From the suggested targets, it concludes that *three main priorities* exist in the plans for the achievement of the reclassification of agriculture in Great Britain:

- 1) *Creation of productive and stable economy of the country* which is based on the drive and invention of the rural communities.
- 2) *Protection and improvement of rural environment* and its conservation for future generations and preservation of job opportunities and healthy lifestyle.
- 3) *Preservation of prosperous rural communities.*

More and more important are the projects relating to the business environment. Regulation of the country development represents the future long - term support of the public to the agricultural business and to the economy of rural regions. After comprehensive consultations relating to the realisation of the suggested reform in Great Britain, there was established the governmental plan of seven-year programme and the funds intended for this programme. For Great Britain it means total contribution of 1.6 billion of pounds for costs since 1999 and 60% increase after 7 years.

For financial backing by the help of funds, the government has established two priority regions of the development of the British country: projects for preservation and improvement of living environment and projects enabling agricultural production on the farms, in forestry and activity of the farmers in other economic activities of the country.

These projects and programmes are realized on the regional basis (the individual programmes of the development for the rural regions exist for Scotland, Wales, England and Northern Ireland). They respect local conditions and national policy. The observance of the programme will cost 1.6 billion of pounds between 2000–2006.

One of the most important projects is the *Project of rural business* and its target is to ensure the aimed assistance for support and development of rural business activity and to help rural economy and communities to their regeneration. This project includes a very wide spectrum of activities, the most important of them are the following ones:

- to ennobel agricultural management services for rural inhabitants
- marketing quality of agricultural products

- renewal and development of villages and rural heritage
- diversification in agricultural and similar activities for obtaining the alternative income
- renewal of agricultural water resources
- development and improvement of the infrastructure connected with development of agriculture
- support of tourist and craftsmen activities
- protection of environment in agricultural and forestry regions and preservation of the landscape

The help in form of grants, which is organized mainly on the regional basis, is divided into three zones according to the commercial returnability of the projects:

- 50–100 per cent for the projects with the minimum economy returnability for the applicant (projects beneficial mainly for local communities or environment)
- 30–50 per cent for projects where the economic returnability is the main reason for the applicant
- 15–30 per cent for projects with substantial economic returnability for the applicant (returnability per year at the range between 25 per cent of total investments)

CONCLUSION

From several presented characteristics of the structures of the agrarian policy in Great Britain, it is possible to conclude at least the fact that the whole problem is really very complicated. The actual development has shown that some precautions are unsatisfactory, and also for the reason of the orientation of the agrarian policy of Great Britain which is at present partially concentrated to other priorities as the environment, quality of food, conservation of job opportunities in the country, etc. It is natural that the original and traditional forms of British farming in the country cannot fully correspond yet. And so the new structures of the regional policy of Great Britain become more and more the instrument of solidarity among British regions and they help to save and create new occasions and they also guarantee economic development in especially bad regions.

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