

## RLG 00/1a: European integration and regional diversity

### A challenge for the Dutch Ministry of Agriculture - January 2000

#### 1. Introduction

The role and the position of regions within EU member states are undergoing change. Although there is a desire to strengthen regional identities and development, European policies are having a growing impact on the national and regional level. The Dutch minister of Agriculture, Nature Management and Fisheries (the minister of LNV) has asked the Council for the Rural Areas to make recommendations concerning the future role of his ministry in its position between Europe and the regions in the light of current developments within the Netherlands and Europe.

#### 2. The Netherlands and Europe

##### *The development of the Dutch state and government*

Over a period of 400 years, the Netherlands evolved from a federation of states into one state, i.e. from the Republic of the United Netherlands (Union of Utrecht, 1579), via a strongly centralised union state after the French model (1798-1814) - which then became more decentralised (1814-1848) - and standardisation of the organisation of regional and local governments. Until now, the outline of the constitution drawn up in 1848 has remained the same. However, this governmental structure was not always very efficient. After WWII, many municipalities merged and the cooperation between local authorities was structured by means of common schemes. As new forms of cooperation are still being introduced within regions, the evolution of the state is an ongoing process.

##### *The rise and expansion of 'Europe'*

Since 1945, the history of Europe has been characterised by the ambition to integrate the economies and politics of its constituent countries. After some less significant organisations had been established, the European Economic Community (EEC) was founded in 1958. At first, only six countries participated, i.e. the Federal Republic of Germany, France, the three Benelux countries and Italy. In 1973, the United Kingdom, Denmark and Ireland joined. They were followed by Greece (1981), Spain and Portugal (1986), and Austria, Finland and Sweden (1995). With the Maastricht Treaty (1992) the European Union was founded, based on the pillars of the existing communities (particularly the EC), a shared foreign and safety policy, and cooperation in the field of justice and domestic politics. The original objectives of the EU were mostly economic and its budget was mainly intended for agricultural and structural policies. However, other concerns won ground. As of 1986, the EU's policy on nature and the environment has gained importance.

##### *A unique supranational cooperative*

The regulatory competence of the EU exceeds national laws, even though Dutch administrators, officials and citizens are not always sufficiently aware of this. The EU has a potential for growth. Expansion resulting from the addition of new member states will have consequences for rural areas and lead to adaptations in many respects. The EU is more and more acquiring the character of a state.

However, the principle of the separation of powers - a very important principle in democratic constitutional states - has been disregarded. However, via the Councils of Ministers, member states are clinging on to an important part of their legislative and executive powers. This causes friction, as practice shows. Opinions on how Europe should develop from here differ. Several tendencies can be observed e.g. towards a federal model, Europe as a cooperation of more or less independent countries, and 'Europe à la carte'.

#### ***World trade agreements***

The EU negotiates with the World Trade Organisation (WTO). The Millennium Round launched by the WTO at the end of 1999 will lead to the further liberalisation of trade in agricultural products, services, intellectual ownership and capital transactions. Within this framework, the EU should pay attention to:

- Room for integrated policy on rural areas. In order to realise the conversion to sustainable production, multifunctional land use and management of rural areas ('the green box') must be maintained, expanded and further specified.
- Conversion of agricultural support. The EU must be enabled to transform agricultural subsidies into subsidies for the management of the physical environment, which is so essential for Europe.
- Agricultural and rural policy. In order to obtain high-quality rural areas, support in the form of subsidising physical environment management should particularly be directed at farmers who can contribute to rural quality. It should be considered whether parties other than farmers can become eligible for these subsidies in order to break the exclusive link between rural area policy and agriculture, and to temper criticism about unfair competition brought about by subsidies.

#### ***International policies on nature and the environment***

By signing the Ramsar Convention (wetlands), Agenda 21 (sustainability) and conventions on biodiversity, climate and the trade in endangered species (CITES), the Netherlands took on international obligations that extend beyond Europe. The EU has over 200 regulations for the protection of nature and the environment, e.g. directives on wild birds, habitats and nitrate. The integration and implementation of these directives is now a source of worry. According to the Maastricht Treaty, environmental concerns must be integrated into European policies.

### **3. The development of a European policy on agriculture**

#### ***Development and reform of the Common Agricultural Policy (CAP)***

Since the crisis of the 1930s, European countries have developed policies on agriculture. Agriculture played an important role in the establishment of the EEC, and agricultural policy became a communal policy. The Netherlands and France had the biggest interests in a common agricultural policy, which was established by Mansholt in 1958. The 1980s proved to be trying times for this showpiece of European integration: there were milk lakes, butter and corn mountains, wine lakes, high impacts on nature and the environment, high costs and unequal distribution. This led to the MacSharry measures (1992), i.e. quota systems and price reductions linked to compensation, land set-aside, and structural and accompanying measures, including agro-environmental measures. As these measures were not sufficient to remedy the situation, soon there was a call for further-reaching agrarian reforms. Agenda 2000 was established as a starting point for this.

#### ***The position of the Netherlands***

Although the Netherlands played an important role at the beginning of European

unification, after the Common Agricultural Policy had been drawn up our country adopted a policy more or less of consolidation. Having been a net receiver up until 1992, it had every reason to do so. This resulted in hesitance regarding the development of regional policies, reform of the CAP and development of a European rural policy. After the MacSharry reforms of 1992, the Netherlands increasingly became a net payer. The wish to curb this development has dominated the Dutch attitude towards Brussels over the last years, and not entirely without success. Because of this attitude, we did not make use of some opportunities in the field of participation in the establishment of a European rural policy and its implementation in the Dutch policy.

The interpretation of the agro-environmental regulation in the Netherlands was qualitatively good, but quantitatively limited. The drawing up of Rural Development Plans was a slow process. The Netherlands is no longer a forerunner, but still thinks it is. In some cases (e.g. Natura 2000), however, it is still in the forefront, but even here, the implementation is lagging behind. Just like some other European countries, we are now being addressed by the European Court concerning our slow implementation of various European directives.

### **Agenda 2000**

The need to change European agricultural production is becoming more urgent due to imminent overproduction, the new WTO round, the upcoming membership of countries with large production potentials and several reports on the situation, e.g. those written by Buckwell and the Group of Bruges. Agenda 2000 was drawn up against this background. Its most important objectives are:

- Introduction of cross-compliance: to attach conditions/environmental conditions to the receipt of price-compensation support for agricultural products.
- Introduction of a national envelope: direct subsidies paid in the form of a total sum related to the member state's share in the total production volume. (By postponing price reductions in the dairy sector, the scope of the national envelopes has for the time being been restricted).
- Introduction of the Framework Regulation on Rural Development: Rural Development Plans (RDPs) will become obligatory for rural areas, and will be taken as the basis for judging applications for co-financing from Brussels.
- Introduction of a new set-up and the distribution of structural funds: three new objectives replace the six former ones:
  - a. For the poorest regions: highest priority, strict application, 2/3 of the budget. Not in the Netherlands.
  - b. For areas with particular structural problems. As regards the Netherlands, this involves the northern region, and reconstruction and urban areas.
  - c. For employment projects.

### **The Model of European Agriculture**

Through Agenda 2000, the European Commission wants to shape agriculture according to the Model of European Agriculture (MEA), which supports the notion that European farms are family businesses, integrated in a social community and in local production conditions and market relations. Sustainable production, multifunctionality and the management of rural areas is taken as the starting point in a way that should also be acceptable to the WTO. The MEA is elaborated in Agenda 2000 of July 1997, and was accepted as a guideline for the development of European Agriculture by the Luxembourg Council in December 1997. It serves as a basis on which 'good agricultural practices' are defined, a concept which applies to all agricultural areas in the EU, although it needs to be translated to fit local conditions.

Services delivered by agriculture that go beyond the standards of good agricultural practices should be additionally rewarded.

The MEA receives quite a lot of criticism. WTO partners regard it as a way to defend agricultural subsidies. Also within the member states there is some opposition, which in fact supports the criticism of 'window-dressing'. European agriculture must still prove its use to society. The willingness of society to support European agriculture is yet to be demonstrated, and the question remains what the effects will be on world market competition. The current agreements on Agenda 2000 do not yet meet these demands.

#### ***Implementation of Agenda 2000 and the European Agricultural Model***

Agenda 2000 is aimed at gradual agrarian reform and the transition from specific agricultural policies to a broader rural policy. This poses a problem for the Netherlands: our rural areas differ from most European rural areas in their use and the degree to which they are urbanised. EU regulations do not always pay attention to these circumstances. The regulations should be implemented in a manner that safeguards the social functioning of our rural areas. Being the basis of Agenda 2000, the MEA should gain credibility:

- While it is cutting back price supports, the EU itself should focus on establishing frameworks that orchestrate the support given to regions and individual farmers. 'Good agricultural practices' should be an important standard in this, provided that it leaves room for region-specific interpretations.
- On the national and regional level, additional requirements could be formulated (depending on the region) to supplement the general requirements of good agricultural practices.
- On the level of individual farms, the demand for multifunctionality must be dropped. In the Netherlands, specialised and multifunctional farming will have to exist - and must be enabled to exist - alongside each other. This does not change the fact that farms will have to meet the demands set by consumers, the environment and landscape conservation. A new entrepreneurship is required, one that knows how to deal with these aspects as well as with market and other developments. This can be translated into the following strategies:
  - a. orientation towards international markets, i.e. specialisation, diversification, cooperation, chain integration and risk-spreading; exploitation of knowledge- and capital-intensive production methods;
  - b. orientation towards the chain, i.e. attention to adding value to primary production (processing and sale at the farm and shortening of the chains);
  - c. broadening, i.e. combination of agricultural production and sidelines based on the farm/surrounding area;
  - d. additional incomes, i.e. management of the property/family property by extensification and/or outsourcing of work, and earning additional incomes by performing work outside the farm;
  - e. termination, i.e. the option to terminate the exploitation of a farm if other strategies fail.

#### ***4. Dutch rural areas in the European context***

##### ***Market and competition, but also quality and sustainability***

The EU has broadened its original objective of achieving a common market. It is now time to give quality and sustainability the same priority as market mechanisms and competitive strength. As the relation between cities and rural areas plays an important role in this, the EU should extend its attention to economically poorer areas and ecologically poorer, densely populated areas. Of all places, here there is a need for space, nature and scenery. Rural development and the transformation of agriculture needs special attention. In order to be competitive on the world market, Europe will have to reinforce its strong points, i.e. knowledge, capital and a large range of quality products.

These products, which are produced in a high-quality landscape, are sometimes specific to a certain region. The coexistence of specialised production for international markets and multifunctional agriculture may cause some tension. This issue needs to be steered in the right direction by governments, as does the pricing of the social services offered by multifunctional agriculture.

### ***The unique position of Dutch rural areas within Europe***

Rural areas in the Netherlands have their own character and use. Despite a high population density and strong urbanisation, there is still a contrast between urban and rural areas. Our country must preserve its rural areas as an indispensable counterpart to the urban ones. The European notion that the Netherlands no longer has any rural areas must not be unthinkingly accepted. It is impossible to apply a uniform notion of rural areas to the whole of Europe, and we should therefore leave room for a differentiated interpretation that allows for national and regional differences. In an expanded Europe, the Netherlands will seem even more urbanised. According to the OECD and EU definitions, there is hardly any rural surface area in the Netherlands. If EU regulations and subsidies were to be exclusively aimed at large-scale, open rural areas, the Netherlands would have a problem, because our remaining rural areas are so essential and are already under so much pressure.

Within Europe, Dutch agriculture stands out as capital-intensive, export-oriented and on a relatively small scale. However, since the European regulations stimulate large-scale farming, this conflicts with the finely meshed Dutch government system and the small-scale dimensions of Dutch landscapes. Only 50% of our production comes under the European market and pricing policy, whereas the sector has always predominantly consisted of independent farmers. Owing to these differences:

- the changeover from price supports to a liberalised market will go more smoothly than in other countries. Despite this, on-land agriculture is dependent on support;
- the development of rural areas will improve the cooperative tradition and reform thereof;
- the transition from product to area subsidies will have far-reaching consequences in the Netherlands, unless allowances are made for population density and environmental pressure;
- the historically finely attuned structure will be destroyed.

### ***Rural Development Plans and issues to be considered in their elaboration***

Agenda 2000 introduces a Framework Regulation for Rural Development, which incorporates nine existing regulations. Rural Development Plans (RDP) must be drawn up for all rural areas. In the Netherlands one nation-wide RDP has been drawn up, and includes four RDPs for four country regions. The agro-environmental measures have been grouped in the Nature Management Scheme, an implementation instrument of the RDPs. For the further elaboration and adjustment of the RDPs and the POP (the national rural development plan in which the four regional rural development plans are incorporated), the following issues merit attention:

- Direction from Dutch provinces: the cooperating Dutch provinces must be in charge (while recognising the existing cooperatives) and should formulate the quality demands to be set for rural areas, while also taking account of urban needs and issues.
- Integrated use of the means: RDPs must be development plans, designed to increase the viability of farms within ecological, economic, social and cultural limiting conditions. This requires an integrated approach to and use of the objectives and means.

- Linking RDPs to 'good agricultural practices': meeting the demands of 'good agricultural practice' should be a condition not only for the right to premiums within the framework of cross-compliance, but also for the right to subsidies by virtue of the (European) Framework Regulation.
- Room for 'rural entrepreneurship': the Framework Regulation makes it possible to support multifunctional agriculture. This opportunity should be used in the elaboration of POPs and RDPs; therefore, multifunctional agriculture should be acknowledged as a farm type. In the next amendment, the definition of 'farm' should be broadened to include 'rural entrepreneurship'. This would give 'agriculture' a wider meaning, and the required professional skills of the rural entrepreneurs would explicitly include consumer quality demands and care for the environment (environmental accreditation for farms).
- Flexibility in the application: RDPs are valid for seven years. There should be the possibility to adjust and add to the plans before this period expires.

### ***Consequences of the European policy for the national spatial planning policy***

The European policy and Agenda 2000 should be firmly embedded in the national spatial planning policy on land use, development and management, based on a coherent approach to the various functions. In order to carry out these plans and projects, the distribution of tasks and the phasing of the implementation must be geared to the available budget. If the Dutch policy were better geared to the European approach, there would be less need to 'find a policy for the available money', and the current under-utilization of funds could be more effectively curbed. This is especially of importance now that our country (Berlin, March 1999) has received more means than expected from the Structural Funds. Particularly the implementation of the Rural Development Framework Regulation will have consequences for the national spatial policy on agriculture, nature, recreation and fisheries. These consequences will be laid down in the Second Structure Plan for the Rural Areas in the Netherlands.

### ***Threats to and partners for the Netherlands in Europe***

In finding a position within Europe, we must pay attention to the specific threats to the Netherlands. With the expansion of the EU, large, non-urbanised rural areas will be added and become an important consideration when drawing up new regulations and distributing subsidies. This may come at the expense of the already limited attention to relatively urbanised rural areas, as present in the Netherlands. Therefore, we must find allies within Europe: regions that are similar in terms of population density, production and environmental pressure, e.g.:

- Paris Basin central Belgium
- South-East England area surrounding Milan
- Nordrhein-Westfalen coastal belt Lisboa-Oporto
- Hessen parts of Denmark

*Note: These areas differ widely and belong to several countries and cultures. It is therefore highly uncertain whether they will be willing to become allies.*

## **5. Regional policy in the rural areas**

### ***Regional diversity and administration***

The Netherlands has been oriented towards the Atlantic and the entire world since antiquity. This may explain its limited orientation towards Europe and its limited awareness of the specific values of our own rural areas. Urban development and rural development are strongly intertwined, and investments in rural areas were made possible by earnings from trade. Just as Europe itself, our

rural areas show great diversity owing to physical and cultural circumstances and many generations of specific working methods and land use. During the twentieth century, however, uniformising forces were at work. Globalisation can stimulate that, but can also cause a contrary development. In order to maintain a competitive position on the international market, regional economies will need to make their characteristics stand out even more.

A Europe without internal borders will incite regions to create their own initiatives to resent to Brussels, but will also lead to cooperation with regions in other countries, e.g. within the framework of LEADER.

The emergence of Europe and the regions will remove some of the importance of the nations. Regions are getting stronger in terms of their status, responsibilities and means, following the example of the German Länder. There appears to be growing competition to provide regions with adequate administrative powers in order to be prepared for the challenge of transregional cooperation, regional development, access to European institutes and utilisation of funds. This is at odds with the member states' responsibilities towards Europe.

#### ***Area-specific policies in the Netherlands***

Area-specific policies arose out of dissatisfaction with generic solutions and sectoral approaches, and the desire to honour regional cooperation and initiatives. The Dutch Ministry of Agriculture, Nature Management and Fisheries (LNV) made a rather late contribution to area-specific policies in the form of Areas of Outstanding Beauty (WCL-areas: Waardevolle CultuurLandschappen). An evaluation of area-specific policies in ROM and WCL areas revealed both negative and positive results. The exchange of ideas, joint development of a vision, public support and utilisation of creativity were experienced as positive results; negative results included the lack of a legal status for the plans, the effort involved in drawing up a policy, limited democratic legitimacy, working at cross purposes and insecurity about regulations and policy.

Area-specific policy supplements general policies. By the end of 1999, based on the New Style Administrative Agreement (BestuursAkkoord Nieuwe Stijl (BANS)), the Interprovincial Consultation Body, LNV and VROM reached an agreement on a steering model for area-specific policy, which included agreements on roles and responsibilities. As these agreements have been incorporated in the POP (the national RDP), we must judge their effectiveness from the regional RDPs.

#### ***Area contracts***

In a letter to parliament dated 8 July 1998, the Ministers of LNV and VROM introduced the term 'area contracts' as a means to facilitate customised policies and to simultaneously safeguard the responsibilities. The state government responded to this by launching the Area Contracts Project, in order to develop a general framework for uncommon situations, e.g. the Act on the Improvement of the Structure of Agriculture, and the Scheme to Encourage Area-Specific Policy (Reconstructiewet and Stimuleringsregeling Gebiedsgericht Beleid (SGB 2000)). Here, an area contract means: an administrative agreement between state and provinces on targets to be set, multi-year financial agreements and the way in which developments will be monitored during a period of 4 to 5 years. These agreements are not subsidy agreements under the General Administrative Law Act, as the use of private law would be in conflict with the public law arrangement. However, the agreement does involve a high degree of commitment from both parties.

To sum up, the contracts pay no attention to agreements between provinces and regional/local partners, and in their current form, area contracts (including their financing) are aimed only at specific categories. Areas must be worthwhile, there must be major bottlenecks or a complex policy task, the generic policy must have

failed, and the situation must require an integrated approach and a substantial financial contribution from the state.

#### ***A different, broader elaboration of area contracts***

The excess of regulations currently in force (ca. 90 regulations, 65 of which stem from LNV) can be a hindrance to finding new directions or to cooperation between parties; this applies to all areas and to all types of parties. An instrument should be developed that serves a new way of operating on the level of rural areas/regions: this should be a clear instrument, not one unilaterally determined by the government, but which forms a framework for agreements between the diverse parties in the area. In other words, an instrument that rightly could be called an area contract. Depending on the objective, the contract parties, the division of roles, and the need for zoning (land use) changes, these contracts should be supplemented by a permit model, an economic management model and a co-responsibility model, characterised by a specific combination of legal, economic and social steering. This would imply a more radical change than the current ideas, in which the provinces are given the role of stimulating and collecting initiatives in the selected regions and then arranging the financing of these initiatives with the state in an 'area contract' (a bilateral administrative contract). This limited approach raises several questions, concerning e.g. democratic legitimacy, communication, the commitment of the actors and the exclusion of areas.

#### ***The execution: existing instruments or an experiment status***

High demands are set on area-specific policy, also within the RDPs. The vast array of regulations for area-specific policies need to be streamlined, adapted and better geared to each other. The province should then be enabled to fulfil a counter-function towards local authorities, social organisations, companies and the public. Some cases may present problems that cannot be solved by the current acts and regulations, even though the objectives pursued are the right ones. For these cases, it should be possible to grant a legal, experimental status. Following the principle that the existing regulatory instruments are used wherever possible and an experimental status is granted where required, the implementation options are:

- In all situations: streamlining, adaptation and simplification of current acts and regulations.

The current acts and regulations and the related instruments should be made as manageable as possible. Improvements are required in the following fields: the extent to which procedures are geared to each other, deadlines and subsidy conditions, improvement of the allocation mechanism, clarity on the execution of the regulations, and the establishment of a single counter.

- In specific area categories: idem + combining subsidy flows. In specific area categories where sectors need to be served in an integrated manner and with regard to their mutual relations. In addition, subsidy flows should be combined and made more practical. This is in line with SGB 2000.
- In other special situations: experimental status. If the execution of projects in a region is desirable but not feasible despite the adaptations, an experimental status should indicate in what points and to what extent the existing acts and regulations may be deviated from. The granting of such status could be laid down in the (broadly interpreted) area contract.

## **6. Administrative and legal relations in transition**

### ***The dialectics of progress***

The Netherlands was one of the six founders of the European Community. The



resulting attitude of 'We know what we're doing' may put our country at a disadvantage. Countries that are known to be Eurosceptical (UK), less well organised (southern countries) or have recently joined the EU (Austria, Finland and Sweden) seem to be more aware of the importance and impact of European policies and their impact on internal administrative and organisational affairs. They also anticipate these consequences better.

### ***Between Europe and the regions***

Although the Netherlands likes to show that it believes in Europe, in practice, national interests determine our position. Our pioneering role in European integration stemmed from national interests, as does our current 'wait and see' attitude and the struggle against our current net-payer position. Although the attention to national interests is appropriate, these interests are too often translated into money and too infrequently into gearing our policies better to the European administration and legislation, and into creating room for our own interpretation.

In the long term, there is something to be gained if we pay more effort to gearing our policies to the European policy, if this is linked to a strong awareness of our own interests. As the issue of strengthening the regions plays a role throughout the EU, we should also consider it from that level. This issue may be of a smaller scale in the Netherlands, but the tendency is unmistakable. In order to avoid erosion of the national level because of its position between Europe and the regions, the attitude of 'struggling against' must be restructured into 'taking part in'.

### ***Policy, government and justice from the European perspective***

Plans with an unclear status, area contracts or vague agreements that are in conflict with national or European rules do not serve the area-specific approach, and law suits, fines and repayments will make the situation even worse. In line with the existing agreements, attention should be paid to:

- Responsibilities and supply of information. The member state is ultimately responsible for compliance with EU requirements, even if the executive power is decentralised. Therefore, the state must structure the EU's right to receive information from the Netherlands, and the competencies in investigation, monitoring and designations as well as financial liability issues. It must keep a clear record of EU regulations, the ensuing information duties and the state of affairs of the implementation.
- European regulations and their relation to the national legal system. Community Law states that it permeates the legal order of member states and that it may even affect the principles of the member state's constitution. This calls for:
  - a. lucid procedures and compliance with EU duties of notification and consultancy, timely and correct implementation of EU regulations into the national legal system, and identifying and pointing out where they conflict with the constitutional framework. Where necessary - and if such is safe and sensible - the Constitution should be adapted;
  - b. greater involvement of parliament in the establishment of EU policies and firmer contact with the government on this. In special cases, parliament should be able to request a Minister to adopt a certain position, or to adopt a definitive position in the European Council of Ministers only after the Dutch parliament has discussed the issue and established its position.
- The administrative order. Integration in Europe does not have any formal consequences for the Dutch administrative order, but there are some factual consequences. The Dutch State is liable in EU regulatory issues, also in issues that come under the authority of decentralised governmental bodies according to our constitutional right. The result is a tendency to re-centralise competencies in

order to avoid conflicts. This does not really solve the problem, however, as EU policies have a bearing on the decentralised administration anyway. Therefore, provisions are required that will strengthen the shared responsibility, i.e. better national coordination in the preparation and execution of EU decisions.

#### ***The Dutch concept of 'regions' within a European context***

A functional division into regions, i.e. one based on shared characteristics, is the most logical one. However, judging from the existing situation and the required combining of forces, it is more appropriate to follow the current administrative division. Europe does not set any demands on the nature or size of a region, but unification does lead to the desire to enlarge the dimensions. The provinces do not have the required scale level in a European context. This is why a solution was sought in structural cooperation between a number of provinces. With a view to the range of administrative authority, only whole provinces can combine. At present, Europe distinguishes four regions within the Netherlands for statistic purposes (also called the NUTS division):

- the North (Groningen + Friesland + Drenthe)
- the East (Overijssel + Gelderland)
- the South (Zeeland + Noord-Brabant + Limburg)
- the West (Noord-Holland + Zuid-Holland + Utrecht + Flevoland).

Four regions seems to be the maximum for the Netherlands; less might be better. If we choose four regions, we should follow the existing NUTS division.

#### ***Justice, security and confidence***

Every policy field needs laws and regulations in order to safeguard continuity and legal security. Our detailed justice system has been achieved by hard work carried out by many over many generations. Still, we must have an eye for regional differentiation, self-steering possibilities and integrated solutions. This requires amendment of laws and regulations. The joint search for and shaping of the right balance between general acts and local, customised regulations is hampered by a lack of mutual trust and recent negative experiences. The restoration of this trust should be given top priority.

#### ***Conclusions***

The policy field of the ministry of Agriculture, Nature Management and Fisheries (LNV) is undergoing many changes. Agriculture is reorienting itself according to international market pressure and the wishes of society. In rural areas, pressure on space and environment is increasing, while at the same time the value of space and the environment is becoming important to more and more people. Also the political environment of LNV is changing: the way in which it guides certain aspects of society and deals with its social partners is changing, the position of the regions is becoming stronger, the influence of Europe is greater and becoming more intense, and global trade and environmental demands are becoming more influential. The consequences of EU membership have been underestimated. Our country has now been summoned to fulfil its obligations. Where Europe's influence has grown, our country's participation in EU policies has become less intense and more narrow, which unnecessarily weakens our national government's position. The current regulations and decision-making processes are too complex for many, and the trust between governmental bodies and its social partners has been damaged. Moreover, there is a national coordination problem, as LNV is not the only defender of the interests of rural areas and regions.

These changes have serious consequences for the position of LNV. In carrying out its central task - i.e. to shape and elaborate its contribution to Europe on the

basis of a new partnership with the regions - it is confronted with important challenges in the fields of policy, leadership and organisation.

### **Recommendations**

Actively participating in the establishment of European policies and anticipating European developments will enable us to influence the content of these developments and to use our influence to make the developments more democratic, more open, more transparent and better geared to the situations and democratic traditions of the member states.

#### ***Leadership with a vision .... and able to leave room***

LNV's policy vision must aim at providing a future for Dutch agriculture and rural areas, based on principles of ecology, economy, culture and public support from the urban communities, and it must focus on the European context and the extraordinary position our relatively urbanised rural areas occupy in this. Based on these assumptions, national priorities must be formulated and communicated, and room must be given to regional priorities. Moreover, it must do justice to individual farms, by laying down 'good agricultural practices' per farm type and region. In order to properly protect existing values as well as the dynamics of agriculture, a general approach to the quality of rural areas must be adopted.

#### ***Investing in a better relation with Europe***

- Restore the pioneering role of the Netherlands in Europe - also in the field of rural development - and work towards raising awareness within the Netherlands of the consequences of EU membership.
- Promote the extraordinary position and quality of the relatively urbanised Dutch rural areas within Europe. Find allies in Europe that will support these interests.
- Create room within European policy for the Dutch situation and approach to rural areas, by e.g. playing an active role in the establishment of procedures for the implementation of European regulations.
- Contribute to a European vision on landscapes that also pays attention to urbanised and ecologically poor areas, and plead for a special fund or a multiplication factor for these areas when EU product subsidies are changed into area subsidies.
- Actively support those EU objectives in EU dealings with the WTO that are based on the principle of socially sound production in a high-quality, differentiated environment. Consequently, also contribute to the concrete elaboration of MEAs and reference frameworks.
- Support structural subsidies intended for the management of the physical environment, and raise the issue that parties other than farmers should also become eligible for this support.
- Make use of opportunities: be supple when complying with EU obligations and anticipate expected developments, thus creating favourable subsidy conditions. It is important to foresee the situation as it will be after 2006.

#### ***Adopt a coordinating and instrumental role as a link between Europe and the regions***

- Reinforce the role and involvement of the Dutch parliament in the making of EU policies.
- In consultation with the regions, lay down clear procedures and responsibilities in order to be able to meet the European notification and consultation obligations, also if the execution of the policies is decentralised.
- Improve cooperation between state and decentralised authorities when preparing European matters, e.g. by including the 'European Agenda' in the

BANS consultations with the government, the Inter-Provincial Consultation Body, the Association of Dutch Municipalities and regional representatives, during official talks/preliminary talks on Europe.

- Improve the gearing of policy preparation and execution by making use of the experiences of decentralised authorities in the execution of European regulations and policy.
- Restore the mutual trust between state and regions by:
  - a. translating European priorities and regulations to fit the regional level in concrete terms
  - b. removing the bottlenecks created in a region by European and national legislation
  - c. enabling the provincial single-counter function
  - d. making customised regulations possible, within the boundaries of the equality principle
  - e. guaranteeing continuity and stability where clear and effective agreements have been made
  - f. describing regional qualities in a joint effort, so that these can be translated into national and European terms.
- Encourage and structure the establishment of regional knowledge centres.
- In order to encourage regional initiatives and curb the under-utilization of funds, room must be created in the budget to co-finance regional projects that qualify for European financing but are not directly related to national priorities.
- Create room for direct relations between regions and Europe, as well as between the regions.

#### ***Give European principles a Dutch interpretation***

- Regard the diversity in nature and landscape partly as the result of centuries of cultivation, i.e. as an asset that should be protected as part of the European heritage.
- Employ cross-compliance as a temporary measure in order to support the realisation of 'good agricultural practices', and include the entire farm management in this.
- With regard to 'good agricultural practices', draw up quality criteria, implementation frameworks and a system for monitoring and sanctions; involve agrarian- and environmental organisations in the introduction.
- Employ the means that become available through sanctions to more quickly reduce environmental pollution (water, soil and air) caused by agriculture.
- Encourage a new entrepreneurship in the field of rural development, centred on the strategies of international market orientation, chain orientation, multifunctionality or additional incomes.
- Gear national financing systems (council funds) to the policy on rural areas.
- Promote the designation of country sections as European regions: maximally four and in accordance with the NUTS division.

#### ***Get to work regarding the European policy and embed the interpretation of this policy into the Second Structure Plan for the Rural Areas in the Netherlands (SGR2)***

- Make an effort to implement the Dutch EU Rural Area Programme and other EU regulations, and use the possibilities for periodic adjustment; use the experiences of other countries to strengthen our policy.
- Ensure that new plans and RDPs do not frustrate ongoing reforms, but rather take over and continue these reforms.
- Ensure that the cooperating provinces adopt the current policy objectives of the RDPs and integrate them into regional initiatives, so that they become integrated

plans for area-specific policies; regularly check whether the elaboration of the plans remains flexible and geared to EU directives.

- Ensure that RDPs become true development plans that enhance broadening (multifunctionality), reform and integrated care for the physical environment; plead with Brussels for the scope of the Framework Regulation to be broadened to include not only agricultural farms but rural entrepreneurship.
- Make meeting the 'good agricultural practices' a condition for the right to receive financial support from the Framework Regulation for Rural Development.
- Embed into the new Second Structure Plan for the Rural Areas (SGR2) the Framework Regulation for Rural Development, the Bird and the Habitat Directives, area-specific policy, areas that fall under the transition arrangement and the new objective 2 of the Structural Funds, in as far as land use, physical development and management are concerned.

#### ***Improve the administrative/legal basis for implementation***

- Clarify the administrative responsibilities of provinces and local authorities within the national legal system with regard to the preparation of EU legislation and its implementation on a national level.
- Draw up good implementation agreements and promote the inclusion of an article in the General Administrative Law Act that allows for contracts under public law between authorities and private organisations, and that enable the state to be the accountable party towards the EU for customised regional measures.
- Think in broad terms and look to the future when introducing and defining area contracts.
- Distinguish three implementation situations in RDPs and area-specific policies:
  - a. where possible, streamline and adapt current acts and regulations
  - b. for specific area categories: idem + combine subsidy flows
  - c. for areas where this is required, create the possibility to grant a legal, experimental status.