

Employment in Rural Areas of Bulgaria: Challenges and Possible Solutions

SPEECH

by

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Distinguished guests

Dear friends and colleagues,

It is with great pleasure that I am with you here today in Sofia, a city that I have visited several times already and to which I keep returning! On this occasion, I have been invited by my dear friend Dilyana Slavova, President of the Agriculture, Rural Development and Environment Section, otherwise known as the NAT Section of the European Economic and Social Committee. She is perhaps better known to you here in Bulgaria as President of the National Association of Milk Processors. Thank you for this invitation! For those of you who know Dilyana, I am sure you will agree that she is a lady of many qualities, including her unbounded energy, her determination and her ability to bring results – the proof being this conference here today!

At this meeting, I will be speaking about employment opportunities in rural areas in Bulgaria, but before coming onto that topic I would like to say a few words about the European Economic and Social Committee and about the context of this event. Firstly, to inform you that the members of the EESC represent European Employer, Trade Union and a variety of civil society organisations, such as farmers, environmentalists, consumers, the social economy, SMEs, liberal professions, etc. All members are appointed by the 28 EU Member States. The EESC is a *consultative* body to the European Commission, European Parliament and Council and our role is to advise them and to make known the views of organised European civil society on a variety of policies. We can do this by reacting to legislative proposals, or by taking our own initiative to bring certain issues to the forefront of European policy-making. Indeed, this is why we are here today. For this conference is part of a larger objective of the EESC in the form of a project called 'More Europe Locally' and driven by the NAT Section. I am sure you will agree that given the dismal results at the elections to the European Parliament, all initiatives to bring Europe to the local sphere are more than welcome! But this project touches upon a very specific issue, that of unbalanced territorial development and the necessity for coherence in territorial policy. Put simply, the aim of the project is that when taking any decision, policy-makers should ask what is the expected impact? Will it bring more people to cities or encourage them to stay in rural areas? It is recommended that any decision which leads to increased urban concentration should be subject to an impact assessment.

I would now like to turn to the core of my presentation this morning: 'Employment in Rural Areas: Challenges and Possible Opportunities'. According to the Bulgarian National Statistical Institute, 84% of the population of Bulgaria is defined as "predominantly and significantly rural". The OECD definition of a rural area is "a territory at the level of a municipality or a settlement, with a population density lower than 150 inhabitants per square kilometre". Unfortunately, what we are witnessing here in Bulgaria, is a severe depopulation of rural areas, which is threatening the very existence of villages and small towns, particularly in the mountainous regions. Depopulation is not a problem in all European regions – for example, in 2011 the average rural population *grew* in eight Member States. However, in Bulgaria, the rural population *decreased* by 1%.

The impact of this depopulation is real and immediate and obviously has a direct impact on the levels of employment. So the question arises: how to reverse this process of depopulation and how to create employment in rural areas?

In order to answer that question, we must remember that sparsely populated areas are generally characterised by geographical isolation and high transport costs, by large-scale emigration, ageing populations and low fertility, weak and monolithic economic structures and by low average incomes. As a point of interest, in rural areas, average incomes are some 25-30% lower than in urban areas. Indeed in some Central and Eastern European countries, they are up to 50% lower.

Hence, we can surmise that in order to combat the exodus from rural areas and to increase local employment, we must begin by supporting integrated rural development policies. There should be a strong focus on the provision of relevant infrastructure, such as efficient transport, communication and energy links. It is necessary to develop and *maintain* an adequate local supply of commercial and social services and to invest in health, education, care centres and cultural activities.

It is equally necessary to provide education and training possibilities, to develop the right conditions to attract young farmers, to create sustainable and attractive jobs and to unlock the potential of women in particular as entrepreneurs. There should also be rural investment in innovation, knowledge and product diversification. Let us also not forget the importance of access to affordable loans and training.

This is undoubtedly a very ambitious programme and in times of crisis, the question arises as to where the money is going to come from? A large amount does and will continue to come from the EU and specifically for the CAP, Cohesion Policy and Structural Funds. For example, for the period 2014-20, Bulgaria has been allocated 7.6 billion euros, of which over 5 billion euros are to be spent on less developed regions.

But it is much more than a question of money. First and foremost, it is about providing decisive political action and leadership. Secondly, it is about involving local residents and giving them ownership of the process. Local people in rural areas and their organisations should be directly involved in the planning and implementation of territorial cohesion policies and in employment creating activities. Thirdly, it is about selecting and targeting certain sectors of activity where there is sufficient potential to ensure sustainable employment.

For let us remind ourselves that rural areas have a wealth and richness that is sometimes neglected, namely: the national heritage of the region (natural or man-made) and the traditions and biodiversity of the area. This brings me to the role of *tourism* in reviving rural areas. Two years ago, we organised a conference in Cyprus on the topic of sustainable tourism. The day after the event, we visited a beautiful mountainous village which had recently been renovated and was entering the market as a retreat for agro-tourism. The project was not yet complete, but the opportunities were evident. Crucially, agro-tourism is not necessarily limited to seasonal tourism. In contrast, it is a form of tourism which can co-exist alongside 'normal' village life. And why not also explore other forms of

niche tourism: cultural, environmental, religious, tourism for pensioners, etc. There is no doubt that the sector has a great potential to create jobs and growth. However, in order to unleash its full potential it is necessary to better integrate the sector into relevant policies such as transport and infrastructure, rural development, social, regional, environmental policy etc. Moreover, it is imperative that well trained staff is available in order to provide qualitative services.

The second recommendation that I would like to make relates to capitalising on specialised local produce. In Bulgaria, mountainous areas cover 18.5 % of the territory and specialised products from mountainous regions should be labelled, marketed and sold in a regulated manner. This would directly contribute to maintaining local expertise and employment, whilst also generating investment. In March 2014, an EU Regulation on the optional use of the quality term 'mountain product' came into effect, which is very welcome. It is imperative to make use of the specialisations and added value of local mountainous products as an instrument to avert further depopulation of rural areas.

The third and final sector which in my view should be strengthened in order to create employment in rural parts of Bulgaria is that of the social economy and specifically, the cooperatives sector. As we are all aware, the transition to the market economy led to the liquidation of many State cooperatives in Bulgaria which had provided employment in rural areas. Nonetheless, according to a study commissioned by the EESC on 'The Social Economy in Europe', in 2010 there were 16,000 jobs in agriculture cooperatives in Bulgaria and 940 agricultural cooperatives. At the wider European level, the social economy currently provides paid employment to 14.5 million Europeans in 27 Member States, which equates to 6.5% of the working population. Significantly, between 2003 and 2010 there was an *increase* in the number of social economy jobs from 11 million to 14.5 million, despite the economic and financial crisis. So the sector is gaining in momentum. It is also certain that it will be difficult for small farmers to be affluent, unless they participate in joint ventures such as cooperatives which can add value to locally produced raw materials. However, for the sector to grow it must be accompanied by sufficient political, legislative and financial support.

Ladies and gentlemen, I apologise for taking up so much of your time, but the subject is both complex and challenging. There are also many avenues for enhancing employment in rural areas in Bulgaria or indeed, elsewhere in Europe. But the road will be long and we must follow it determined, ambitious and confident!

Thank you for your attention.