

RURAL SPACE COHESION CHALLENGES

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Abstract. *Under the current conditions, the European Union is characterised by unbalanced development trends, as territorial disparities among the Member States and regions within the Member States increase owing to the effects of the economic crisis. In the result, the Territorial Agenda of the European Union 2020 emphasises that territorial cohesion is a common goal. The aim of the research is to formulate the territorial cohesion system of the Baltic States as a region of the European Union. To achieve the aim, two tasks are set: 1) to single out and describe the similar variants of territorial cohesion and their interrelation; 2) to justify the importance of internal disparities across the regions in Latvia to identify the challenges to be tackled for reducing these disparities. The description of the real situation is based on EU, FAO and Latvian statistical data, which were grouped, compared and analysed, and leads to the following conclusions: a/ territorial cohesion as a phenomenon and a process simultaneously involves four pathways for reducing disparities, starting with the highest level – the perspective concerning the European Union as a system as a whole – and ending with reducing local territorial disparities within any EU Member State; b/ internal disparities of the regions, their causes and forms and especially the ways of tackling them have been the focus neither for scientists nor for politicians, even though the disparities were significant. Since the municipalities forming the regions, in accordance with the ESPON methodology, are predominantly rural or intermediate territories, reducing the internal disparities of the regions, at the same time, contributes to wellbeing in rural areas as a space for life and work.*

Key words: *rural space, territorial cohesion, challenges.*

INTRODUCTION

The sustainable development of rural areas has been a key objective of the European Union's Common Agricultural Policy since it was formally established as the second pillar of the policy in 2000, with increasingly important budget allocations. In its early days, rural development policy was essentially sectoral (dealing mainly with agricultural structures), with limited territorial aspects. In the period 2007-2013, the CAP's objectives focused on improving the countryside and improving the quality of life in rural areas, while in the period 2014-2020 one of the priorities of the CAP was defined as fostering local development in rural areas (European Commission. Rural Development in..., 2013). Accordingly, the focus shifts from the average indicators for the entire European Union and individual Member States to the disparities, and cohesion-oriented policies are strengthened in the EU. Since 1986, the objective of cohesion policy has been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy (Europe 2020) introduce a third dimension: territorial cohesion.

Under the current conditions, the European Union is characterised by unbalanced development trends, as territorial disparities among the Member States and regions within the Member States increase owing to the effects of the economic crisis (Third ESPON Synthesis Report). In the result, the Territorial Agenda of the European Union 2020 emphasises that territorial cohesion is a common goal. The Green Paper on Territorial Cohesion identifies three main components of territorial cohesion: balanced and harmonious development, overcoming divisions and territorial inequalities and regions with specific geographical challenges (The Green Paper). The concept „territorial cohesion” in essence is a complex umbrella concept, which includes:

- flows and connectivity (networks, functional areas, services of general economic interest);
- spatial nodes (settlement structure, clusters, economies of agglomeration);
- maritime and terrestrial macro-geographic space use and organisation (e.g. ecosystems);
- territorial assets e.g. institutional set-up, cultural landscape, identity and integrity etc. (How to strengthen...)

At an informal meeting of the ministers responsible for spatial planning and territorial development (19 May 2011), it was requested to regularly organise the Territorial Agenda Annual Conference initiated by the Belgian Presidency and the ESPON Programme and other institutions such as the

European Environment Agency were asked to contribute to this aim. (Territorial Agenda of the European Union 2020)

The understanding and assessment of territorial cohesion as a phenomenon and a process is a focus for scientists as well. First, it involves explaining the nature of this phenomenon (Camagni R., Faludi A., Molle W., Medeiros Ed.; ESPON INTERCO). Yet, presently there is no single definition of territorial cohesion available either in the institutional documents of the European Union or in research studies by scientists (Medeiros Ed. 2014a:7), which fortunately does not hinder analyses of current processes in the European Union as a whole and in individual parts of the EU territory and EU Member States (Adams N., Cotella G., Nunes R. (eds), 2011; Bronisz U., Ophem J. van, Heijman W.; Canagni R., Capello R.; Medeiros E., 2014b). In Latvia too a number of research studies have been performed (Cingule-Vinogradova S., Jermolajeva E; Kruzmetra M., Rivza B.; Lonska J.; Bulderberga Z.), which focused on analyses and assessments of the regions forming the country. **The aim of the research** is to formulate the territorial cohesion system of the Baltic States as a region of the European Union. To achieve the aim, two tasks are set: 1) to single out and describe the similar variants of territorial cohesion and their interrelation; 2) to justify the importance of internal disparities across the regions in Latvia to identify the challenges to be tackled for reducing these disparities. **The method of the research:** to examine the research problem, the following information sources were used: the EU legislation and the reports of international and EU institutions; various sources of scientific publications, research papers. The description of the real situation is based on EU, FAO and Latvian statistical data, which were grouped, compared and analysed, and conclusions were drawn. The conception of territorial cohesion that suggests reducing disparities between the levels of development of the various regions based on smart, sustainable and inclusive growth as the main objective was selected as the **research methodology**. Cohesion can be seen as a principle of action (something must be done), ethics (a set of values, such as economic, social and territorial equity) and an integrative concept (multi-dimensional approach) (ESPON INTERCO...).

RESULTS AND DISCUSSIONS

The Baltic States form a certain region on the eastern coast of the Baltic Sea owing to their territorial integrity and similar historical background. An ESPON publication, in which European territorial structures are depicted on a map, convincingly shows that the Baltic States shape a region with many similar and, at the same time, distinctive features (ESPON ATLAS ...).

I VARIANTS OF TERRITORIAL COHESION IN THE BALTIC REGION

If viewed from regional positions, cohesion policies in the Baltics have to be multidimensional, as they have to involve two external comparisons:

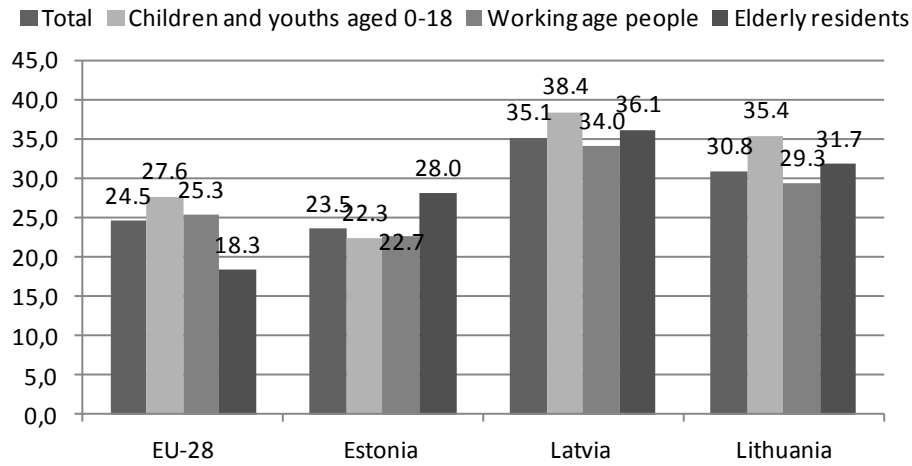
- a perspective on the situation in the EU on the whole from the state's positions, which might be a comparison with both the average indicators of the entire EU and the maximum level in some Member State;
- since the Baltics or the Baltic region is comprised of three states, each of them may be compared with the other two states forming this region.

These two perspectives on cohesion are well illustrated by the figures presented in the following table, with a challenge to bring the situation in the Baltic States closer to at least the average indicators in the EU Member States as well as to the average among the three Baltic States.

The situations in the three Baltic States are often compared, usually stressing the superiority of Estonia regarding its indicators and searching for an answer to Latvia's lagging behind. GDP per capita, for example, in 2013 (EU 28 = 100, PPS) was 73 in Estonia, 73 in Lithuania and only 64 in Latvia (EUROSTAT). For this reason, indicators of agriculture as an industry of national economy are divided into two groups in the FAO database: Estonia is included in the group of high income countries, while Latvia and Lithuania are in the group of low and middle income countries (The State of Food..., 2014:161). Unfortunately, labour productivities in agriculture are quite different and rise at different rates, which is a challenge to cohesion at least for Latvia.

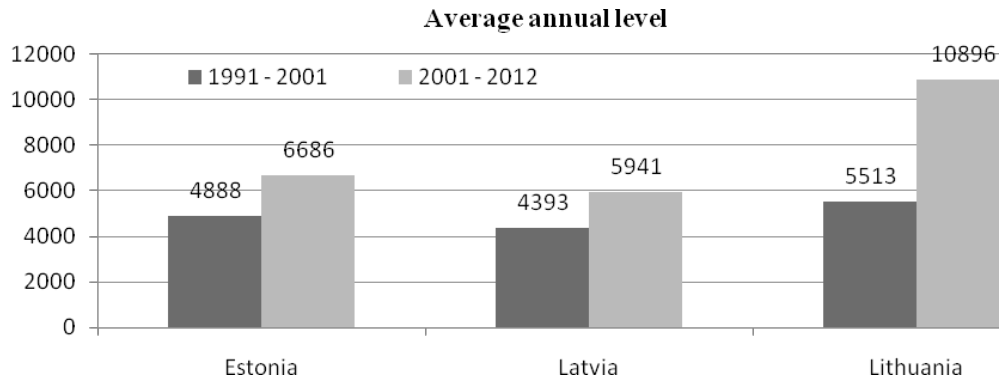
Lithuania is the leader in the Baltic region both in terms of value of agricultural production per agricultural worker and in terms of increase rate of this value.

A similar situation emerges if comparing the net migration for 2013 per 1000 capita: 2.0 in Estonia, 5.7 in Lithuania and 7.1 in Latvia (Demography 2017:90).



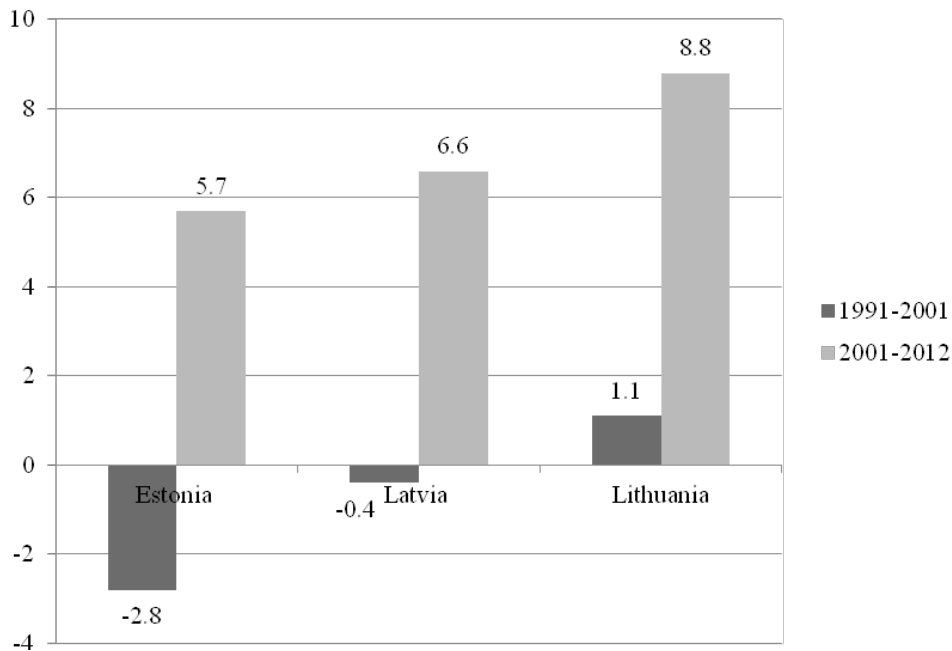
Source: Statistical Yearbook of Latvia 2014:480

Figure 1. Proportion of the population subject to the risks of poverty and social exclusion in 2013



Source: authors' construction based on The State of...,2014:161

Figure 2. Agricultural labour productivity (value of agricultural production/agricultural worker)



Source: authors' construction based on The State of..., 2014:161

Figure 3. Change in agricultural labour productivity in the years of independence

In the Baltic region, a challenge has been the adoption of the single currency of the European Union, as Estonia introduced the euro in 2011, while Latvia did it in 2014 and Lithuania in 2015. In the period of five years, a single currency system emerged in the Baltic region, which paved the way for making economic and social contacts in an easier way.

The identification and tackling of such problems is the result of communication of the leading EU structures, on the one hand, and the leading institutions of each Baltic State, on the other. Analyses of situations and cohesion processes are performed on behalf of the leading EU institutions by such scientific research structures as ESPON (European Spatial Planning Observation Network), EPRC (European Policies Research Centre), the Austrian Centre of Regional Science, etc.

In addition to these two external comparisons, the EU's cohesion policies envisage two cohesion variants to be implemented within a Member State, as the EU can address territorial development challenges and helps unleash territorial potential not only at national and transnational but also at local, regional levels (Territorial Agenda...). The first one of them involves comparing indicators of the regions forming the Member State, identifying disparities and elaborating a plan of activities to reduce the disparities, which comprises a significant part of regional development programmes.

Table 1

Internal disparities in Latvia at the level of regions

Region	Demographic burden per 1000 capita	GDP per capita in 2011, EUR	Household disposable income per equivalent consumer in 2012, EUR
Riga	591	15573	571.79
Pieriga	597	8082	516.95
Vidzeme	606	6555	392.24
Kurzeme	625	8762	462.34
Zemgale	585	6606	418.11
Latgale	600	5602	353.24

Sources: *Demography 2014:39; CSB of the Republic of Latvia, 2014.*

Interesting research studies on cohesion problems in Poland, Scandinavia, Lithuania and Latvia too have been carried out with regard to this aspect. A research study conducted on the basis of data for Poland convincingly show the results of economic development in its regions, which are affected by intellectual and social capital disparities in these territories (Bronisz U., Ophem J. van, Heijman W., 2014). Territorial cohesion is fostered by cross-border cooperation in Scandinavia (Medeiros E., 2014b). In Lithuania, the development of social infrastructure was identified and justified as an important territorial cohesion factor (Atkociuniene V., 2014). Urban-rural cooperation as a driver of regional cohesion (Bulderberga Z., 2014) as well as individual income disparities across the regions and the factors that presented significant effects of territorial affiliation on the disparities were researched in Latvia (Lavrinoviča I., 2014).

Finally, internal disparities across the regions forming the country were detailed, which turned out to be sufficiently significant and had to be reduced for the purpose of sustainable development. Only a few figures are given to confirm it.

Table 2

Internal disparities in Latvia within the regions

Within 20 municipalities of Zemgale region	Indicator	
	maximum	minimum
Individual merchants and companies per 1000 capita	31.6	10.2
Average enterprise registered capital, EUR	35921.93	817.56
Population change, %, in the period 2009-2014	- 9.7%	+ 2.5%

Source: *authors' calculations based on SRDA RDIM model data*

With this territorial cohesion perspective becoming popular in the EU’s official documents and in research studies (ESPON INTERCO.), in Latvia, too, research interest in the internal disparities across the regions forming the country and in the opportunities for reducing these disparities increases (EKOSOC-LV, 2014).

II A CHALLENGE OF REDUCING THE INTERNAL DISPARITIES ACROSS THE REGIONS FORMING THE COUNTRY

According to the 2013 territorial development index (TDI), a situation has emerged in Latvia that convincingly indicates the necessity for implementing a cohesion policy in the country, as very marked disparities across the regions and even more pronounced disparities within the regions actually exist.

Table 3

Internal disparities in Latvia

Territorial development index (TDI)	Vidzeme region	Kurzeme region	Zemgale region	Latgale region	Riga region
Maximum	+ 0.536	+ 0.543	+ 0.502	- 0.625	+ 2.731
Number of municipalities with a TDI above the average – 40	5 municipalities	6 municipalities	4 municipalities	0 municipalities	25 municipalities
Average in the country = 0.0					
Number of municipalities with a TDI below the average – 70	20 municipalities	12 municipalities	16 municipalities	19 municipalities	3 municipalities
Minimum	- 0.949	- 0.836	- 0.804	- 1.530	- 0.766
Difference between Maximum and minimum	= 1.483	= 1.379	= 1.306	= 0.905	= 3.497

Source: authors’ calculations based on SRDA RDIM model data

The set of figures presented in Table 3 leads us to several conclusions. First, at regional level, two groups may be distinguished: three regions (Vidzeme, Kurzeme and Zemgale) having relatively similar characteristics and two regions (Latgale and Riga) that, first, have very distinctive characteristics if compared with each other and, second, their characteristics are diametrically opposite. Riga region and Latgale region may be characterised as two antipoles; the first one is the maximum gainer, whereas the second one is the maximum loser. This is the only case where performance results are significantly affected by the territorial location, as Riga region consists of a large part of the Riga agglomeration, while Latgale region lies beyond the boundary of the agglomeration. Second, the figures presented convincingly reflect the size of disparities in each of the regions – the minimum is observed in Latgale region, whereas the maximum is reported in Riga region.

Since any situation is influenced by both exogenous and endogenous factors of both objective and subjective nature, examining cohesion challenges is urgent. The territorial development index presently includes only statistical quantitative indicators that determine the situation but do not answer the question why some municipality develops, the situation improves and the outflow of residents declines there, whereas another municipality with the same or even greater amount of resources presents almost no development or even its development declines. It indicates that a greater number of criteria have to be employed to assess the development of a territory in order to identify the effects of activities that contribute to cohesion. A model with measurable territorial cohesion indicators that, besides usual economic and social indicators, also incorporates territorial connectivity, territorial cooperation and, finally, territorial governance as an organising and driving force, which was proposed by E.Medeiros, can serve as an optimal methodological

option for this purpose. In addition, such indicators have to reflect two different periods of time in order to determine the vector of change (Medeiros E., 2014a).



Source: Medeiros E., 2014a:13

Figure 4. The star of the Territorial Cohesion

In 2014, a national research programme entitled EKOSOC-LV was initiated in Latvia. Its purpose was to establish a basis of knowledge on sustainable development processes in the country and society and to elaborate a theoretical framework for a sustainable development strategy and policy; the programme also included the task to examine Latvia’s rural and regional development processes and opportunities in the context of knowledge economy (EKOSOC-LV, 2014). The development of Latvia’s rural areas and regions is closely associated with all the variants of territorial cohesion. For this reason, examining local territorial cohesion challenges also involves identifying the factors contributing to balanced spatial development of rural areas and regions.

CONCLUSION

Territorial cohesion has become one of the most important priorities in the European Union’s development programme until 2050 and is also included among the CAP priorities for the period 2014-2020, which confirms the close interaction of rural development and agricultural production as a national industry in order to maintain rural areas as a sustainable space for life and activity.

Territorial cohesion as a phenomenon and a process simultaneously involves four pathways for reducing disparities, starting with the highest level – the perspective concerning the European Union as a system as a whole – and ending with reducing local territorial disparities within any EU Member State. Focusing on the territorial cohesion pathways, which to a greater or lesser extent take place simultaneously, make one think of the interaction of causes and consequences of the pathways and of their consideration in designing cohesion policies, as all the simultaneously functioning pathways form an integrated system, with the exogenous and endogenous factors affecting processes coexisting.

From the perspective of Latvia, important challenges are caused by the necessity to reduce territorial disparities across the country’s regions and, equally important, within the regions. Reducing regional disparities has been the focus for scientists and has been researched in many aspects; unfortunately, internal disparities of the regions, their causes and forms and especially the ways of tackling them have been the focus neither for scientists nor for politicians, even though the disparities were significant. Since the municipalities forming the regions, in accordance with the ESPON methodology, are predominantly rural or intermediate territories, reducing the internal disparities of the regions, at the same time, contributes to wellbeing in rural areas as a space for life and work.

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