

The future of rural Europe within sight

Eururalis 2.0 is on its way! The first results are computed and the presentation tool is getting into shape. By the end of November 2006 the integrated results will be presented for the first time to an international group of policymakers and scientists.

Contents

- The future of rural Europe within sight
- Interview with John Mills, Director of Rural Policy, Defra
- Livestock patterns
- Interactive policy evaluation
- Renewable Energies in Germany
- Eururalis 3.0
- Announcements

What has happened since the first newsletter was published? In April the Policy Advisory Group had a meeting in Copenhagen and the Scientific Advisory Group met in Amsterdam. Both groups were very interested in the plans for Eururalis 2.0. We received many useful tips and offers for cooperation.

In May the European directors of rural development met in Crete. Eururalis was on the agenda there and it fueled the discussion. The Greek chairman called Eururalis a tool for scenarios and decision making, by showing reliable projections of what will happen. The main appointments that were made in Crete were:

- A number of countries assigned a policymaker to join the PAG and new potential SAG members were mentioned.
- The UK offered to organize a work conference in November to discuss the first results and to draw policy conclusions.
- Poland was from both policy and scientific viewpoints interested to cooperate more intensively.

Furthermore Eururalis was presented at a meeting on impact assessment of rural development in June in Brussels and at a meeting of the Nitro Europe project.

Next to these meetings the methods, models and data had to be elaborated in order to get results in time. Although the schedule is tight we think the

main results will be ready in time for the work conference in York at the end of November. Glimpses of first results are given further on in the newsletter. Also in this newsletter an interview with John Mills, director of rural policy, DEFRA, UK and also a PAG member on his expectations of Eururalis 2.0 is included.

One of the implemented policy options in Eururalis 2.0 is bio-energy. It is expected that the production of bio-energy will have a large impact on rural EU. Germany has already much experience with bio-energy and offers a view on what rural areas elsewhere in Europe might expect. For that reason we have included an article about the bio-energy production in Germany.

The future of the CAP policy after 2013 will be decided in the Mid Term Review that will take place in 2008 and 2009. This review is already throwing its shadow forward and leads to a lively discussion between policy makers and stakeholders. We think that Eururalis will be a helpful tool to discuss and evaluate the strategic policy options for the CAP after 2013. Strategic policy options regarding CAP are implemented and the impacts for the EU regions will be presented explicitly. The results show for instance where the competitive agro regions will be and where agriculture will marginalize. We hope Eururalis will play a role in a constructive discussion about the future of rural Europe.



**Interview with John Mills,
Director of Rural Policy, Defra, UK**

1. In which way Eururalis is important for your work?

Eururalis provides a very useful tool to aid in long-term rural policy planning. In the UK, responsibility for rural policy rests separately with each of the four devolved areas of England, Scotland, Wales and Northern Ireland. Thus the low level detail in Eururalis is very important to the UK as it encourages debate at a regional level where very different rural challenges are faced. It is for this reason that we were keen to host the next development conference of Eururalis and look forward to welcoming you all to York later this year.

2. What are your expectations of Eururalis version two and possible future versions?

Early indications of Eururalis Version 2 are that it offers a host of improved scenario planning and user-functionality. From a planning point of view, the options to customize indicators and look at time steps over the forecast period allow us a better understanding of the nature of change in rural areas whilst keeping track of progress. With regard to functionality, features such as comparison maps and spider graphs aptly and easily demonstrate the impact of selected scenarios.

3. What are your ambitions in the upcoming policy discussions on long term challenges for the rural areas in Europe?

Obviously of great importance are the upcoming European Rural Development Programme for 2007-13 and the impact of CAP reform. I am sure that the policy discussions that will form part of the second day of the conference will give us a clear indication of how we will make best use of Eururalis and other related policy planning tools as we face up to the many difficult challenges ahead.

‘Eururalis provides a very useful tool to aid in longterm rural policy planning’



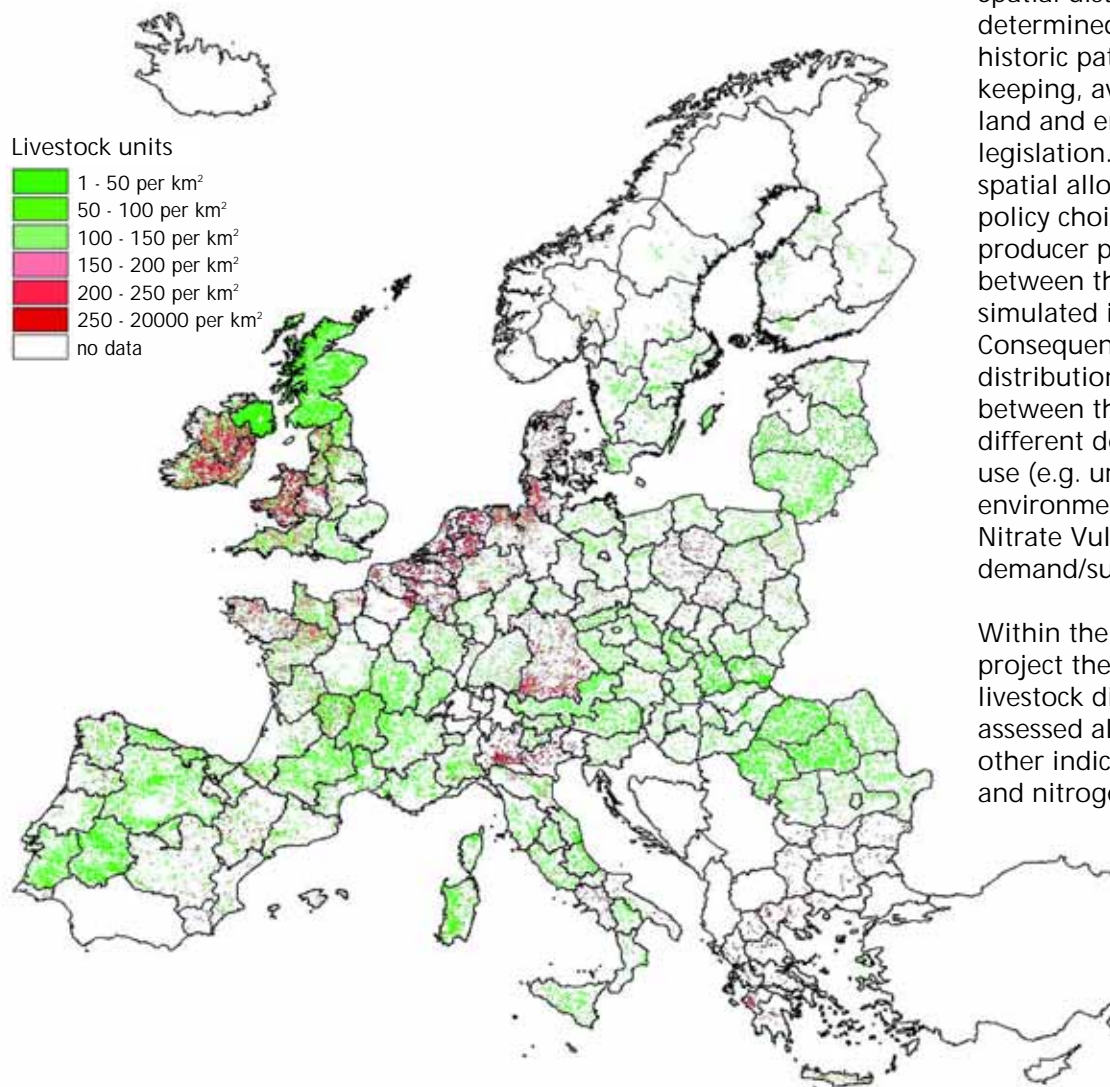
Livestock patterns

Year 2000

The current pattern of livestock production is the basis for its future spatial distribution. Statistics only provide livestock data on the level of EU regions. In Eururalis more detailed information is asked for. Therefore the available statistical data on regional levels has been scaled down, taking into account factors such as slope, soil productivity, climate, environmental policies and differences in farming systems. This has resulted in detailed livestock density maps for the year 2000.

Future

Changes in demand and supply of products based on animal husbandry determine the future quantity of livestock in Europe. Not only demand, but also global trade, policy and changes in technology and environmental regulation will determine animal numbers. Because of the global interactions use is made of the macro-economic GTAP and integrated assessment model IMAGE to simulate these changes in animal numbers. At the same time, the distribution of animals within the different European countries needs further attention.



Spatial distribution in future is determined by infrastructure, historic patterns of livestock keeping, availability of grazing land and environmental legislation. Preferences for the spatial allocation are related to policy choices, technology and producer preferences. These differ between the different scenarios simulated in the Eururalis project. Consequently, the spatial distribution of livestock will differ between the scenarios because of different developments in land use (e.g. urbanization), environmental policies (e.g. Nitrate Vulnerable Zones) and demand/supply functions.

Within the framework of the project the effects of changes in livestock distribution will be assessed also by a number of other indicators like biodiversity and nitrogen surplus.



EURURALIS

Interactive policy evaluation

In the first newsletter the four policy options were already described. In the figure an example of the Eururalis tool is shown with these policy options: CAP market support, CAP income support, bio-energy and LFA policy. The user of the tool can put the policy options in the desired position.

Each policy option has 3 or 4 possible positions. In theory this leads to $3 \times 4 \times 3 \times 3 = 108$ options for each of the 4 scenarios. This would lead to more than 400 possible new scenarios!

In practice some combinations of policies are not plausible. For instance the maintenance of the LFA policies cannot be combined with full liberalization of the CAP. Still policy makers can evaluate the impact on people, planet and profit indicators as well as land-use on some 82 policy combinations.



Renewable Energies in Germany

Germany has been very supportive in promoting biodiesel as a fuel alternative. Recent changes to German tax law combined with various other factors are now opening the door to other biofuels in Germany. Renewable energies made up 4.6% of total primary energy supply in Germany in 2005. Especially biodiesel is very popular. With a share of more than 4% of the total volume of diesel fuel sold, biodiesel is heading the list of marketable biofuels in Germany.



Since the beginning of the 90's, rapeseed cultivated as a raw material for the production of biodiesel has become more popular. The biodiesel market developed slowly at first before production capacity reached the 100,000-tonne mark in 1999. Since then, there has been a sharp rise. Nationwide, production capacity is expected to amount approx. 2.7 mt at the end of 2006, i.e. Germany accounts for more than 45% of EU production capacity of biodiesel. In Germany already 12% of the arable land is used for the production of biofuels!

In a comparison of countries, Germany has assumed a leading position in the production of biodiesel. Within the framework of environmental policies, a sustainable energy supply in Germany has taken on a particularly great deal of significance. Under the current market situation biofuels are not competitive without some sort of support, therefore EU and German legislation, especially regarding possible tax breaks, is vital for the development of the biofuel sector. Emphasising environmental advantages biodiesel - along with other alternative fuels - is given a tax advantage.

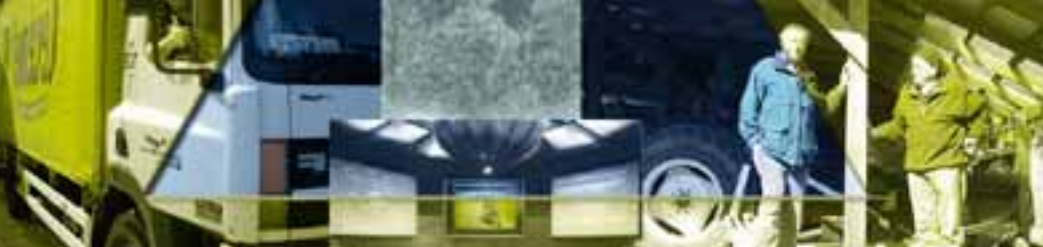
This success of biodiesel in Germany is also closely related to the willingness of the automobile industry to cooperate: the use of biodiesel has been approved by the



manufacturers for an estimated 2.5 to 3 million cars and can therefore be used easily. It is expected that the sale of biodiesel via gas stations will be expanded further in the future.

Now the German rapeseed area suffices to meet replacement goals for 2005 to 2007. It would only suffice to meet the 5.75% replacement goal of 2010 if almost all rapeseed harvested was used domestically for biodiesel production. This is an unlikely scenario.

Therefore Germany will have to increase its imports of rapeseed or rapeseed oil or biodiesel and/or reduce its exports of rapeseed or rapeseed oil to meet the goals. For information in Eururalis 2.0 a more far reaching option is evaluated where a 15% replacement is assumed. It is clear that this will have significance impact on even Germany the leading country in bio-energy production.



Eururalis 3.0

Eururalis is all about looking ahead. There are still many scientific challenges and policy questions left which we will try and address in the third version of Eururalis. The aim of Eururalis 3.0 will be to work in international consortia on scientific methods for the Eururalis framework. Of course this will take place in close cooperation with EU policy makers to make results relevant for their decisions. This means we are looking for international cooperation with institutes from member states and with the EC for the third Eururalis project. If you would like to contribute please contact the projectleader.

In Eururalis 3.0 some new topics will be addressed. Meetings with the policy makers showed that the implementation of the Water Framework Directive and policies on Nature and on Green services are a priority. We are thinking of further elaborating the policy options regarding bio-energy, especially the implementation of second generation bio-energy and the use of other waste products.

Next to the policy options an indicator on greenhouses gasses is needed. Furthermore the regionalization of the economic models will be an important new improvement.

Announcements

Combined Eururalis meeting in York

At the end of November (28-30) a two-day work conference with the title "challenges for the rural areas in Europe", in York, UK will be organized by DEFRA. At this meeting the directors of rural development, the international Policy Advisory group (and other experts from member states) and the Scientific Advisory Group will

get a first look at the results of Eururalis 2.0. The meeting will entail presentations of the results and there is time to explore the future of Europe with the new Eururalis tool. Furthermore the results will be scientifically reviewed and policy conclusions will be formulated. After this meeting Eururalis 2.0 will be finalised. Eururalis 2.0 will be ready at the end of 2006.

Colofon

More information can be obtained from:

- Willem Rienks, Wageningen University and Research Centre, willem.rienks@wur.nl or +31-317-474232
- Hayo Haanstra, Dutch Ministry of Agriculture, Nature and Food Quality h.j.haanstra@minInv.nl or +31-70-3784905
- Wies Vullings, Wageningen University and Research Centre, wies.vullings@wur.nl or +31-317-474495

Calender

28-30 november	PAG & SAG meeting in York
January 2007	Eururalis 2.0 CD-ROM published
January 2007	Eururalis Newsletter 3
February 2007	Eururalis 2.0 Book published
Spring 2007	Eururalis symposium