Table of contents

1.	INTRODUCTION: The origins of the structural policy	1
2.	RURAL AREAS	6
2.1.	The rural concept	6
	The diversity of rural areas in the EU	6
	Rural income and regional prosperity	11
	Rural employment	13
	Rural activities	16
2.2	Environment and landscapes	18
	Introduction	18
	Agriculture and Cultivated Landscapes	18
	The case of Less Favoured Areas	19
	Environmental Problems caused to Natural Resources by Agriculture	21
2.3	Forestry in the European Union	24
	Forests in Europe	24
	Forest ownership	24
	Multiple-use of Forests	24
	Forests and the environment	24
	Sustained-yield use of forests	25
	Forestry in the economy	26
	Forest damage	27
2.4	EU farmers	30
	Overview of farm structures	30
	The "Southern" holdings	30
	The "Northern" holdings	30
	Outlook for farm structures in the EU	31
	Concentration and distribution of agricultural production	32
	Agricultural incomes and their evolution	33
	Regional analysis	34
	Diversification of agricultural income	35
3.	PRESENT RURAL DEVELOPMENT POLICY	36
3.1.	Economic diversification	36
	The EAGGF Guidance section	38
	The ERDF	39
	The ESF	39
	Objectives 1 and 6	39
	Objective 5b	40
	Some observations	43
	The LEADER initiative	44
3.2.	Valuing the environment	45

	The Overall Context of the Agri-Environmental Policies	45
	Regulatory Policies to be respected by Agriculture	46
	More details on the nitrate directive	46
	The EU Agri-environmental Scheme	48
	Specific measures for Less Favoured Areas (LFAs)	51
3.3	Forestry policy measures	58
	Afforestation of farmland	58
	Development and enhancement of forests	58
	Protection of forests against air pollution and fire	58
3.4	Agricultural adjustment and on-farm development	60
	General overview	60
	Modernization of agricultural holdings	61
	Processing and marketing of agricultural and forestry products	64
	Main problems and issues	65
	Conclusion on the Adjustment of Agricultural Structures	65
4.	FINANCIAL FRAMEWORK and BUDGETARY EXPENDITURE	66
4.1	Headings 1 and 2	66
4.2	Compulsory and Non-compulsory expenditure	67
4.3	Distribution of resources between the different structural funds	68
5.	CONCLUDING CONSIDERATIONS - KEY ISSUES	71
5.1	Complexity and the need for simplification	71
5.2	Links and overlaps between instruments	71
5.3	Strengthening evaluation procedures and transparency	71
5.4	Why a rural development policy?	72