



EUROPEAN COMMISSION  
European Research Area



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# Globalization and Rural Europe – Past, Present and Future

**Rural Development and Globalization**

DERREG Final Conference

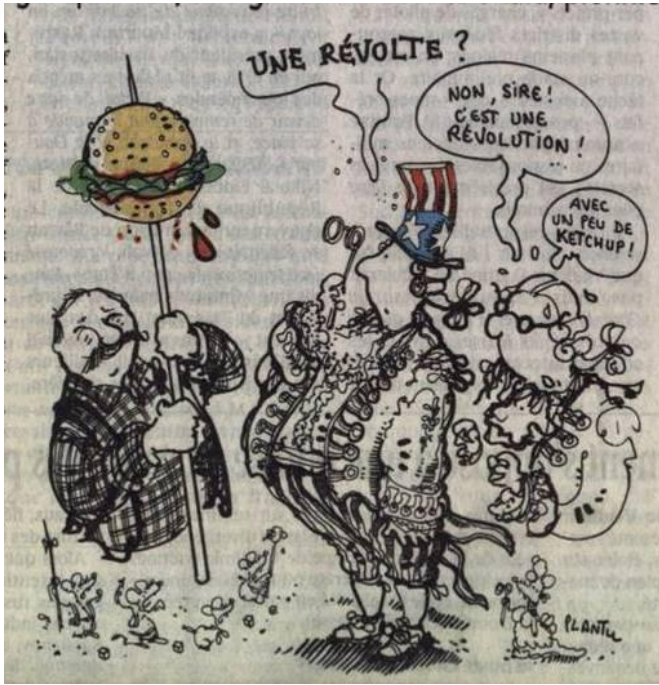
Murska Sabota, October 2011



# Globalization and Rural Europe

“globalization is seen to touch every walk of life – opening doors, creating opportunities, raising apprehensions ... our response to globalization has moved to the heart of the EU policy agenda.”

Commission of the European Communities (2007)



# We have always been global....

- Many rural areas (especially coastal regions) have historically had stronger ties to other countries than to their own national capitals
- Rural areas have occupied frontier zones, with shifting political control and transient, ethnically mixed populations
- Rural resources such as minerals have been exploited for trade in distant markets since Roman times



Fig. 6. — Les mines de fer, au temps des Romains, exploitées par un étranger.

# We have always been global....

- Rural areas provided sailors for expeditions of discovery and developing maritime trade, and settlers for colonies
- Out-migrants exported facets of rural Europe around the globe
- New crops and animals imported from newly discovered lands became staples of European agriculture



# Contemporary globalization

## **Contemporary globalization is characterised by:**

- The pervasiveness of globalization processes and their effects
- The instantaneous nature of global connections
- The significance of neoliberalism as a driving ideology
- Contrasts with twentieth century attempts to 'fix' the rural at the national scale

# Globalization

“a multidimensional set of social processes that create, multiply, stretch and intensify worldwide social [and economic] interdependencies and exchanges while at the same time fostering in people a growing awareness of deepening connections between the local and the distant”

Steger (2003) *Globalization: A Very Short Introduction*, p. 13

- *multiplication* of social and economic networks that transcend traditional borders;
- *stretching* of social and economic relations, activities and interdependencies over increasing distances;
- *intensification* and *acceleration* of exchanges that are made across expanding distances in ever-less time and with increasing frequency;
- development of a *global consciousness*.

# Globalization and Rural Development

- How are globalization processes reshaping opportunities for rural development?
- What challenges arise for rural development from globalization?
- What different can regional development policies and grassroots initiatives make in responding to globalization?



# DERREG



- ‘Developing Europe’s Rural Regions in the Era of Globalization’
- EU Framework Programme 7
- January 2009 – December 2011
- Consortium of 9 universities & research centres in 6 countries led by Aberystwyth University

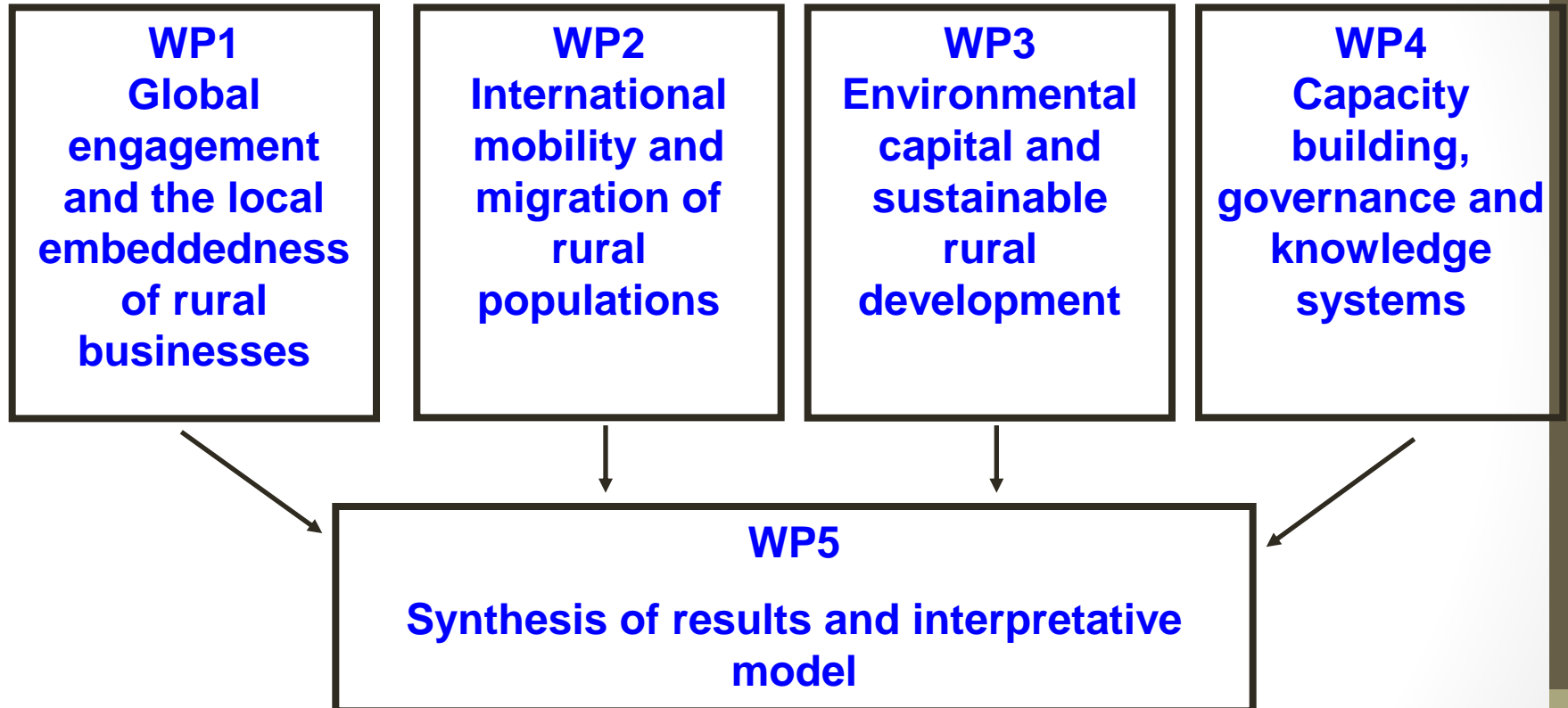
# Case Study Regions

1. Oevre Norrland, Sweden
2. West region (Roscommon), Ireland
3. Alytus, Lithuania
4. Comarca de Verín, Spain
5. Goriška, Slovenia
6. Pomurska, Slovenia
7. Jihomoravský kraj, Czech Republic
8. Westerkwartier, the Netherlands
9. Regierungsbezirk Dresden, Germany
10. Saarland, Germany



# DERREG

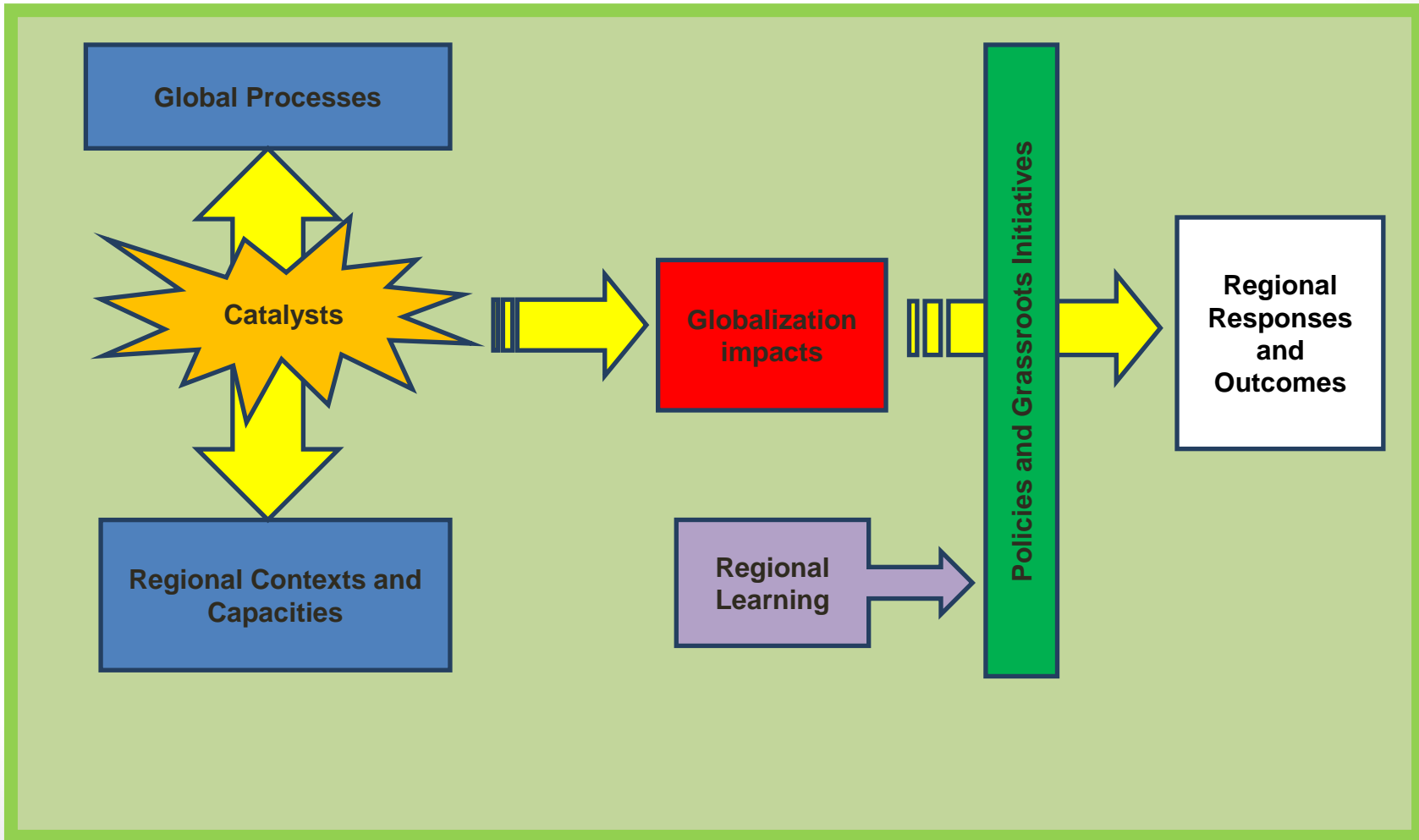
## Four thematic work packages



# Regional variations

- Different globalization processes operate in different combinations in different regions, with different results
- There is no one rural experience of globalization, and no pre-determined outcomes
- National, regional and local factors can all intervene to shape impacts and responses

# An interpretative model



# Globalization processes

## **Market Liberalization**

- Increased competition in domestic markets from dismantling of trade controls
- New opportunities to grow export markets
- Footloose strategies by industries seeking cost efficiencies
- FDI in sites of low cost entry to European market

## **Network Extension and Intensification**

- Stretching & reconfiguration of global commodity chains
- International networking valued by rural firms
- Increased vulnerability to external events

# Globalization processes

## **Intensification of International Mobility**

- Global tourism
- International labour migration
- Amenity migration
- Cross-border commuting
  
- Extended transnational social networks
- Patterns of return migration and repeat emigration

# Globalization processes

## **Global Consciousness**

- Greater awareness of international inter-dependencies and global perspectives
- Global values and standards
- Transnational campaigning
- Challenge to established rural traditions and activities
- Opportunities for sustainable development

## **Acceleration of Information Flows**

- Instantaneous transmission of information around the world
- Information gradient between city and country eroded
- Benefits from better market intelligence
- Transnational cooperation and knowledge exchange



# Regional Contexts & Capacities

## **Geographical Location**

- New opportunities from liberalized borders
- Some borders still less permeable
- Continuing disadvantages of poor transport infrastructure
- Incentives for businesses in remote, less populated regions to develop international markets to overcome restricted local markets

## **Resources**

- Mineral resources and global resource boom
- Opportunities for developing niche products
- Cultural and environmental resources

# Regional Contexts & Capacities

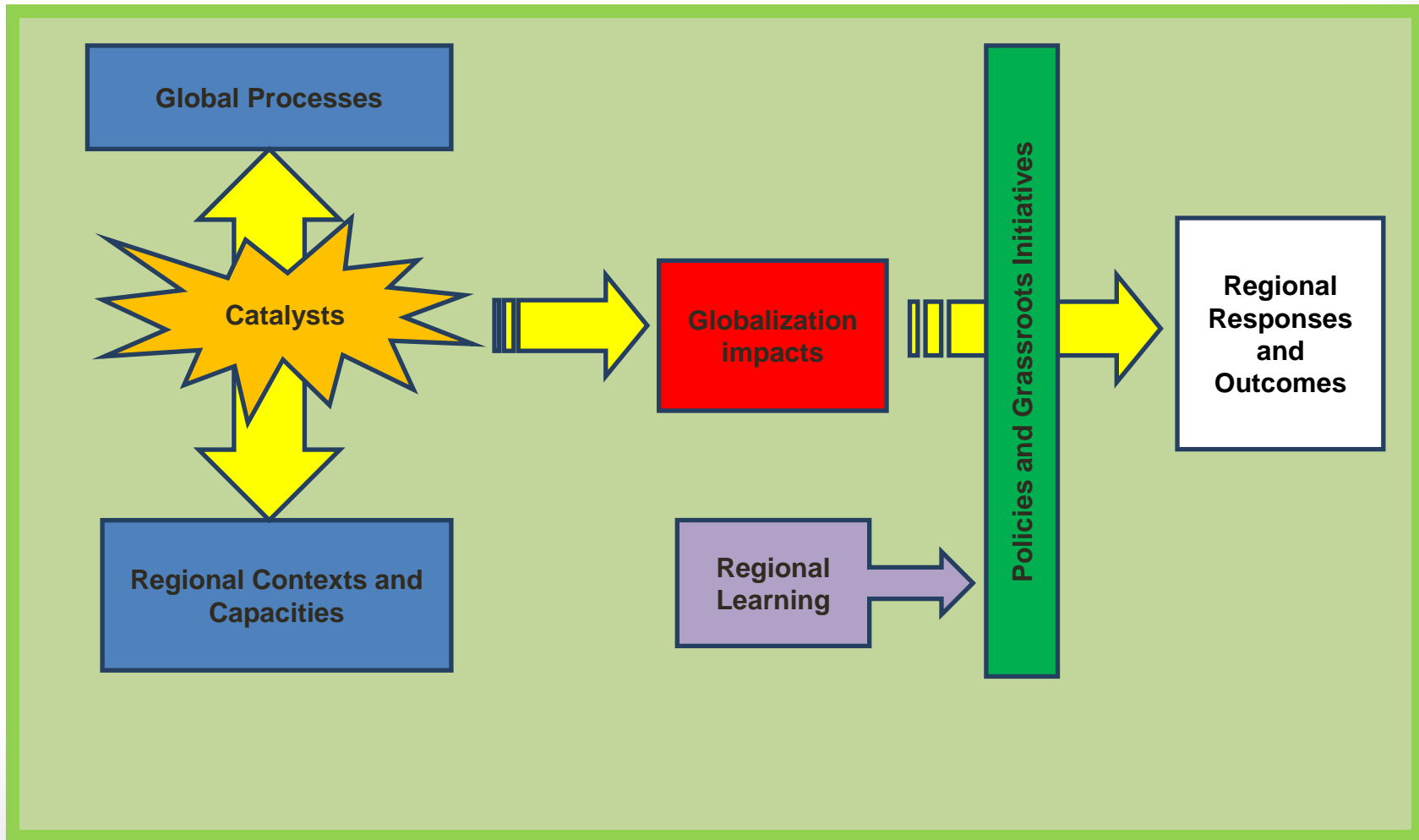
## **Political-Economic Context**

- Legacy of socialist central planning
- Differing ideological emphasis of policies in western Europe

## **Human Capital**

- Skilled workforces attracting foreign investment
- Migrant workers and return migrants attracted by skills gaps
- Mismatch of economic structure and skills base as a driver for out-migration

# An interpretative model



# Catalysts

## **Critical role of individuals**

- Entrepreneurs
- Social activists
- Corporate managers
- Tourism operators
- Individual actors who can bridge regional and international contexts

## **Institutional catalysts including policies and strategies**

# Catalysts

## **Events as catalysts**

- Accession to the European Union
- Break-up of Yugoslavia
- Economic recession stimulating SMEs to search for new markets

# Globalization Impacts

- FDI in branch plants
- Development of export markets and international networks
- Takeover of regional companies by TNCs
- Closure of factories due to relocation of production or corporate retrenchment
- Increased numbers of international tourists
- Purchase of properties by foreign buyers
- Out-migration to work abroad
- Influx of foreign migrant workers into some regions
- International return migration
- Designation of protected landscapes following international models
- Sustainable development initiatives responding to global environmental concerns

# Regional Responses

- These globalization impacts provide the context for rural regional development in the 21<sup>st</sup> century
- What is critical is how regions respond
- Regional development policies and the actions of public projects and grassroots initiatives have a critical role in shaping regional futures by assembling coherent responses to globalization impacts.
- Typology of regional responses

# Global resource providers

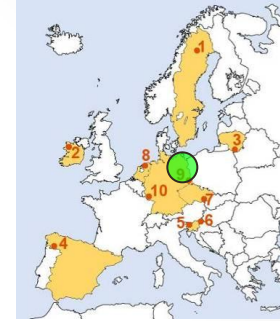
- Mineral and energy resources
- Benefited from global resources boom
- Oevre Norrland, Sweden
  - Iron ore, copper, gold
  - 90% of forest products exported (€570 million p.a.)
  - Anglo-American, Blackstone Nickel, Dragon Minerals etc
  - State-owned mining company LKAB (exports = 75% of sales)
  - Steel and paper industries



Kiruna, Northern Sweden



# Global resource providers



- Renewable energy resources
- Contested development
- Lausitz, Germany
  - Brown coal mining district
  - Promotion of wind power in trans-border 'Energy Region Lausitz'
  - Local preference for coal over wind
  - Mining & power stations owned by Vattenfall (Swedish)
  - Protests led by Greenpeace



Boxberg, eastern Germany

# Branch-plant economies

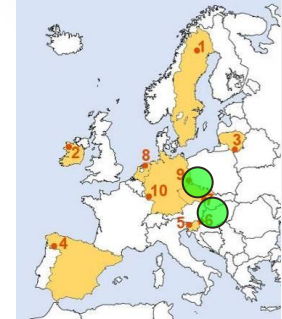


- Inward investment by transnational firms as an established strategy for rural regional development
- West Region, Ireland
  - Ireland accounted for 7% of FDI in EU in 2009
  - Over 70 foreign-owned firms located in West Region
  - Employ over 14,000 people
  - Medical technology and electronics companies



Monklands, Ireland

# Branch-plant economies

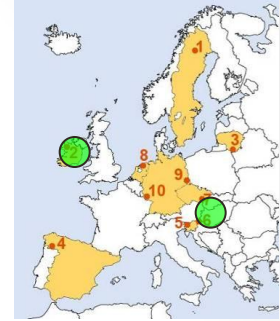


- Competitive advantage of Central & Eastern European states
- Low cost entry to EU
- Relocation within EU
  
- South Moravia, Czech Rep
  - €2.7 bn of FDI in rural districts, 2002-2006
- Pomurska, Slovenia
  - Carthago (German camper van manufacturer)



Boskovice,  
Czech Republic

# Branch-plant economies

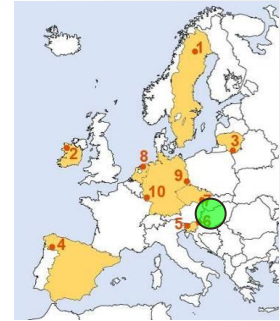


- Vulnerability of footloose economics
  - Relocation of traditional industries
  - Withdrawal of branch plants
- Pomurska, Slovenia
  - Closure of MURA clothing plant
- Co. Roscommon, Ireland
  - Downscaling of Elan medical technologies plant



Murska Sobota, Slovenia

# Global Playgrounds



- High amenity-value areas
- International tourism
- Transnational amenity migration
- Pomurska, Slovenia
  - British property-owners
  - Investment in local economy
  - Entrepreneurial activity



Pomurska,  
Slovenia

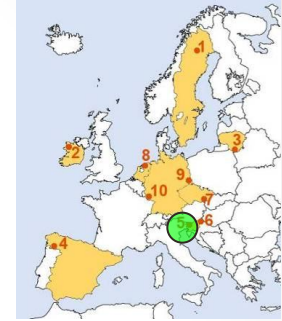
# Niche innovators

- Exporting goods based on endogenous resources to global niche markets
- Attracting visitors to niche events and attractions
- Oevre Norrland, Sweden
  - Niche exports, e.g. bread, berries, wood products
  - Kiruna ice hotel
  - Kiruna space centre



Kiruna space centre, Sweden

# Trans-border networkers

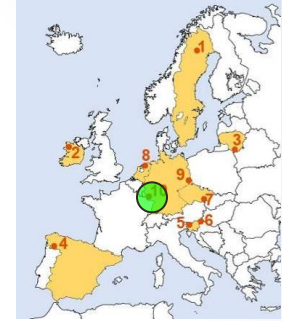


- Border regions with internationalization primarily focused on networks with neighbouring countries
- Subverting traditional core-periphery relations
- Goriska, Slovenia
  - Cross-border trading with Italy
  - Firms drawing on cross-border labour pool
  - Cross-border visitors to casinos



Goriska, Slovenia

# Trans-border networkers



- Border regions with internationalization primarily focused on networks with neighbouring countries
- Subverting traditional core-periphery relations
- Saarland, Germany
  - Residential mobility within Saar-Lor-Lux transnational labour market



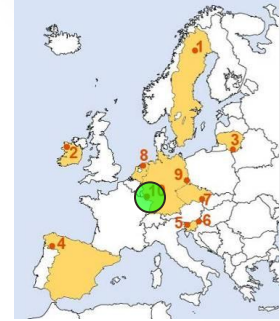
Merzig-Wadern, Saarland

(Photo: W. Frys)



# Global Conservators

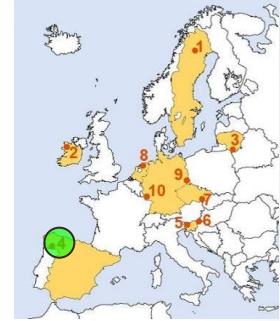
- International designations of natural protection and environmental conservation
- Top-down and bottom-up
- Sites of contestation
- Saarland, Germany
  - Bliesgau UNESCO Biosphere area promoted as model for sustainable development
  - Opposed by farmers and hunters



Bliesgau  
UNESCO  
Biosphere,  
Saarland

# Re-localisers

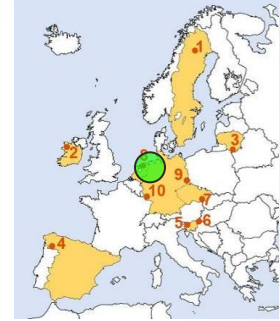
- Re-action to globalization by re-constructing local value chains
  - Limitations of local resources
  - Potential to extend into niche export markets?
  - Part of a global movement?
- Comarca de Verin, Spain
  - Initiatives based on revalorizing local cattle breeds, chestnuts, and local carpentry



Vilardevos, Galicia, Spain

# Re-localisers

- Re-action to globalization by re-constructing local value chains
  - Limitations of local resources
  - Potential to extend into niche export markets?
  - Part of a global movement?
- Westerkwartier, Netherlands
  - Sustainable tourism initiatives
  - Farmers' markets
  - Multifunctional use of local resources



Westerkwartier, Netherlands

**Economic impact**

*Positive*

Resource providers

Trans-border networkers

Global playgrounds

Branch-plant economies

Niche innovators

**Vulnerability**

Relocalisers

*High*

*Low*

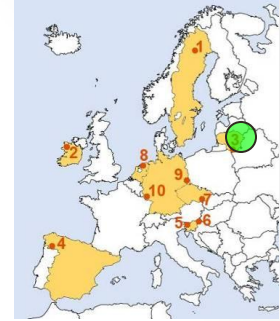
Global conservators

*Negative*

Structurally marginalized



# Structurally Marginalized



- Limited international activity by local businesses
- Vulnerable to market and policy changes
- Exporter of labour
  
- Alytus, Lithuania
  - Limited international transactions by local firms
  - Little international investment
  - Out-migration of migrant workers
  - **But still potential for development**



Alytus, Lithuania

# Policy Interventions

- Regional development policies and grassroots initiatives can make a difference in shaping regional responses to globalization
- Options for responses may be constrained by regional context and capacities
- Institutional capacity can also be an enabling or limiting factor
- Some policy interventions require European or national action
  - Access to financial capital
  - Tax and fiscal incentives

# Regional Action

- Successful regional responses to globalization need to include and engage the local population
- Developing responses involves collective critical reflection on the identity, character and future of a region
- Importance of supporting 'regional learning'
- Appropriate support for interfaces between the region, public authorities and knowledge actors

# Globalization and Rural Europe – The Future

- Globalization is not something detached and distant from the rural regions of Europe
- Regional actors are participants in the reproduction of global networks through rural regions
- Regional development policies and grassroots initiatives can consequently shape regional responses to globalization
- Developing effective responses to globalization involves reflection and learning, with the successful harnessing of lay and expert knowledge, and the facilitation of entrepreneurship and grassroots action.
- With appropriate policy support, Europe's rural regions can engage globalization from the bottom-up, and can have an influence in shaping their own futures