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# KEY POLICIES AND SOCIO-ECONOMIC GROWTH FACTORS OF RURAL AREAS IN THE EUROPEAN UNION

RUSALI MIRELA-ADRIANA<sup>1</sup>

**Abstract:** *Economic growth driven by a broad spectrum of factors is essential to long-term, sustainable development. From this perspective the paper approaches the economic growth of rural areas in Romania in light of the Europe 2020 Strategy, in order to identify specific indicators and national targets. The work falls within the management of rural development policy, in the current context of CAP's funding period 2014-2020. In line with the strategic objectives of improving the competitiveness of agriculture, the sustainable management of natural resources and balanced territorial development of rural areas, the results based on a comparative analysis of main socio-economic indicators related to the EU member states, stresses certain variables that present pressure or security risk upon Romania's rural economy.*

**Keywords:** rural development, socio-economic indicators, growth, European Union.

**JEL Classification:** O1, F6, Q0, O5.

## INTRODUCTION

Rural areas of the European Union face multiple common challenges when comparing to urban regions, i.e. lower incomes caused by fewer employment opportunities and smaller gains from the rural specific economic activities like agriculture and very often undervaluation of agrifood products. Therefore the economic gaps between regions resulted in several cases in phenomena of outward migration flows of rural populations and land abandonment, with a major risk to future rural growth and sustainability. In this context, the article aims at investigate rural economic challenges that require political response, based on the present policy framework designed in the economic growth vision of rural regions of the EU-28 and on an empirical research that highlights the socio-economic structure of rural regions by urban-rural typology, trends within rural employment and an analysis of economic activity in rural areas, with focus on agriculture.

Socio-economic development aims to harmonize the three main pillars of sustainable development: economic development, protection of the environment and social justice (Eurostat, 2015). While gross domestic product is the best-known measure of macro-economic activity and has been regarded by specialists as a proxy indicator for societal progress, the economic dimension of socioeconomic development is analyzed in view of economic growth based on diversity of activities and bringing added value, on employment of trained labour force and investment.

## MATERIALS AND METHODS

The overview of recent relevant documents related to the policy framework comprised mainly EU legal communications, regulations and reports generated by the general directions of the European Commission in rural development area and CAP and support studies (e.g.: EC, 2010a,b; Eurostat, 2016, 2015).

The policy framework is based on measurable indicators, for which purpose was formulated a set of common context indicators established by Commission Implementing Regulation (EU) No 834/2014, laying down rules for the application of the common monitoring and evaluation framework of the common agricultural policy and Commission Implementing Regulation (EU) No 808/2014, laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). The selection of the indicators used as a guide the "Study on Employment, Growth and Innovation in Rural Areas" (ECORYS, 2015)

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and has been completed with information provided by the European Commission publications (EC, 2015a,b).

The empiric research has been used the methods of statistical analysis of socio-economic indicators in rural regions of the EU-28 classified by the urban-rural typology (predominantly rural, intermediate and predominantly urban), and synthesis of the outcome resulted from the evaluations of relevant indicators, by comparing most recent available data from Member States supplied by Eurostat *i.e.* National and Regional Economic Accounts, Economic Accounts for Agriculture, Labour Force Survey (LFS).

Economic development is commonly expressed in terms of GDP, which in the regional context may be used to measure macroeconomic activity and growth, as well as for providing the basis for comparisons between regions. Taking into account several aspects of growth, a wider approach have shaped the analytical study: socio-economic structure of regions by the typology urban-rural, in terms of population, territory, distribution of GVA and employment; growth patterns of socio-economic indicators (employment, productivity); sectoral economic structure of the regions and development. Potentials for growth expressed by indicators as gross fixed capital formation (GFCF) (C28) (selected), can be reflected as well by other relevant indicators, for example: total factor productivity in agriculture (C27), agricultural entrepreneurial income (C26), employment of non-agricultural sector, or economic development of non-agricultural sector, self-employment, farmers with other gainful activities, are consistent drivers to economic growth.

## RESULTS AND DISCUSSIONS

The rural development policy of European Union (EU) has been constantly evolving to respond to the emerging challenges in rural areas. Agriculture was one of the first economy sectors that received the attention of policymakers, as according to Article 39 of the Treaty of Rome on the EEC of 1957 established the objectives for the first common agricultural policy (CAP), *i.e.* this was focused on increasing agricultural productivity as a way to ensure a fair standard of living for the agricultural community, stabilizing markets and ensuring supply security at affordable prices for consumers. The impact of primary objective of producing more food within Europe determined food surpluses, distorted trade and raising environmental concerns, which asked for changes in the CAP, a process that started in the early 1990s by a change from production support to a market-oriented and a more environment-friendly and sustainable agriculture.

Agricultural policy have embarked on further on reforms taken place in recent years, with main benchmark steps in 2003, 2008 and the most recent reform process concerning the wider one of the EU's Common Agriculture Policy (CAP), has been completed by 2013 with the approval of the basic legislative acts for 2014-2020 (EC, 2010). These reforms are made in relation to the goals of developing an *intelligent, sustainable and inclusive growth*, in line with the Europe 2020 strategy, while taking account of the wealth and diversity of the agricultural sector across European regions. Three long-term strategic objectives have been identified by the European Commission in relation to EU rural development policy during the period 2014–2020.

For Romania, the RDP targets are the country's objectives concerning rural zones included in the National Programme for Rural Development (RDP) 2014-2020 (MADR, 2015), which encompass the *6 rural development priorities* *i.e.* promoting competitiveness and restructuring the agricultural sector, environmental protection and climate change, stimulating economic development, job creation and a better quality of life of people, focusing on the following 3 main areas and targets:

❖ **Farm viability, competitiveness and sustainable forestry management (19.7%)** → *will help modernize nearly 3400 farms and cooperatives, support the development of more than 30000 small farms, and help more than 9400 young farmers to start up; promoting association between small farmers i.e. 15000 small farmers will also be supported to permanently transfer their holdings, promoting consolidation of holdings. In forestry sector, there will be investments to expand the limited network of forest roads by over 900 km.*

❖ **Restoring, preserving and enhancing ecosystems related to agriculture and forestry** (29.7%) → *more than 1.3 million ha (over 10%) of agricultural land and more than 800000 ha (12%) of forests will benefit from payments to support biodiversity and promote environmentally-friendly land management practices. Compensatory payments will be made to farmers on more than 70% of all the areas designated, representing 4.7 million hectares (> 1/3 of agricultural land) will receive support in order to prevent land abandonment and soil erosion (in areas affected by climatic and physical constraints i.e. mountainous areas, areas with soil erosion, dryness etc.).*

*Skills in the agricultural sector will be reinforced by 184000 training places, under the above two priorities.*

❖ **Social inclusion and local development in rural areas** (27%) → *almost 27000 jobs will be created in rural areas, of which more than 2000 will be created under LEADER (120 Local Action Groups will implement local development strategies, covering 100% of the eligible rural territory) and the setting up and development of 3000 non-agricultural businesses will be supported. Almost 800 projects will be supported to improve small-scale rural infrastructure, improving living conditions for some 27% of the rural population (will include investments in local roads, waste water/water supply facilities, crèches, kindergartens, after-schools, and agricultural high schools). Almost 400 local cultural patrimony buildings will be restored and preserved.*

### Main research findings from agriculture and rural development statistics

More than half (52% in 2014) of the EU-28's territory is within regions classified as being predominantly rural, while these areas were inhabited by 112.1 million people, more than one fifth (22.3 %) of the EU-28's population (table 1).

Table 1. Socio-economic structure of rural regions\* in EU-28, by urban-rural typology indicators (2014)

Country / Specification	% Territory			% Population			% GVA			% Employment		
	Rural	Intermediate	Urban	Rural	Intermediate	Urban	Rural	Intermediate	Urban	Rural	Intermediate	Urban
Belgium	33.6	31.8	34.6	8.6	23.6	67.8	5.5	19.8	74.6	6.7	20.7	72.5
Bulgaria	53.6	45.1	1.2	37.1	44.8	18.1	25.3	35.7	39.0	32.5	42.0	25.5
Czech Rep.	48.4	37.0	14.6	32.9	42.9	24.2	27.5	36.8	35.7	31.1	40.2	28.7
Denmark	48.3	50.5	1.2	28.9	48.8	22.4	23.6	41.4	31.6	27.1	45.5	27.3
Germany	38.5	50.4	11.1	16.3	42.0	41.7	13.9	37.2	48.9	15.2	40.3	44.5
Estonia	81.6	8.8	9.6	45.2	11.4	43.5	31.2	7.6	61.2	43.2	10.5	46.3
Ireland	98.7	-	1.3	72.4	0.0	27.6	58.1		41.9	66.3	-	33.7
Greece	82.2	12.1	5.7	43.8	10.6	45.7	34.0	8.4	57.5	41.4	10.2	48.4
Spain	29.4	50.7	19.9	7.3	33.5	59.2	6.5	30.5	62.9	7.0	31.9	61.1
France	53.6	38.5	7.9	29.7	35.2	35.1	22.6	30.1	47.2	27.7	32.3	40.0
Croatia	79.1	19.8	1.1	56.1	25.1	18.8	44.0	22.6	33.4			
Italy	45.2	41.9	13.0	20.1	43.0	36.9	17.4	40.9	41.6	19.1	42.8	38.1
Cyprus	-	100	-	0.0	100	0.0		100		-	100	-
Latvia	62.8	21.1	16.2	36.6	12.9	50.5	22.7	10.3	66.8	36.2	13.3	50.5
Lithuania	64.7	20.4	14.9	41.5	31.1	27.4	29.8	31.7	38.5	39.9	31.5	28.6
Luxembourg	-	100	-	0.0	100	0.0		100		-	100	-
Hungary	66.3	33.1	0.6	46.7	35.6	17.7	34.7	27.2	38.1	39.3	28.9	31.8
Malta	-	-	100	0.0	0.0	100			99.8	-	-	100
Netherlands	2.1	53.8	44.1	0.6	26.9	72.5	0.6	23.2	75.2	0.6	25.0	74.3
Austria	79.2	11.9	8.9	44.1	20.8	35.1	35.5	24.6	39.9	39.6	24.2	36.2
Poland	51.2	39.5	9.3	33.2	38.5	28.3	26.5	32.5	40.9	33.5	33.4	33.1
Portugal	81.1	11.6	7.3	33.8	17.1	49.1	28.4	13.7	57.8	33.0	16.5	50.4
Romania	59.8	39.4	0.8	44.9	43.6	11.4	31.7	41.1	27.2	41.8	46.2	12.0
Slovenia	58.6	41.4	-	43.4	56.6	0.0	36.2	63.8		39.6	60.4	-
Slovakia	59.0	36.8	4.2	50.2	38.4	11.4	40.6	32.2	27.3	43.9	36.7	19.4
Finland	82.4	14.8	2.8	40.4	30.5	29.1	34.6	27.8	37.5	38.3	29.0	32.6
Sweden	44.0	54.4	1.5	15.9	61.6	22.4	13.7	55.2	31.1	15.5	59.1	25.4
United Kingdom	27.6	44.5	27.9	2.9	23.2	73.9	1.9	19.8	76.7	2.8	23.8	73.4
EU-28	52.0	38.2	9.8	22.3	35.1	42.7	15.5	31.2	52.7	21	34	45

Source: author's processing of data from Eurostat - National and regional economic accounts.

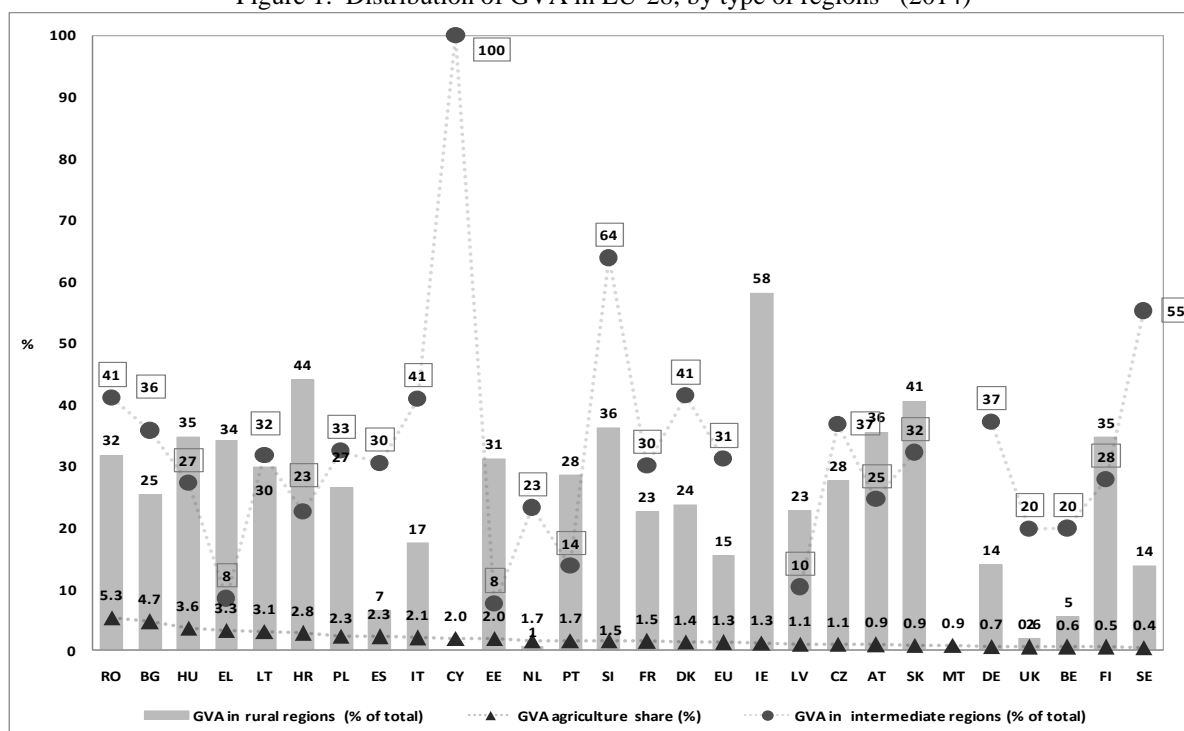
In average, 38.2% of the area and more than one third (35.1%) of the EU-28's population were inhabiting intermediate regions, in contrast with predominantly urban regions covering only close to 10 % of the land area, although accounted for a majority of the population, sharing 42.4 %.

Table 1 shows that countries with the major part of GVA obtained in predominantly rural regions were Ireland, which has no intermediate regions (58%), followed by Croatia (44%) and Slovakia and Slovenia which has no regions classified as urban (40.6%). Romania falls also much above the EU-28 average gained in 2014, of 15%, among the group of states with shares between 35.5%-31.7% of GVA produced in rural regions, after Austria, Hungary, Finland and Greece. Moreover, Romania shared 41.8% of the GVA of intermediate regions and 27.2% in urban regions.

The distribution of employment differs between countries and types of region, except for Poland with the most balanced employment shares (33% in each type). Employment structure by type of region evidenced the highest shares in predominantly rural areas from Ireland (66.8%) followed by Slovakia, Estonia, Romania and Greece (43.9%-41.4%), while the highest employment shares in intermediate regions were in Cyprus and Luxembourg (100% each), Slovenia (60.4%), Sweden (59,1%) and Romania (46.2%).

Agriculture in the EU-28 generated in the period 2012-2014 an average gross value added of over EUR 167 billion, accounting for a share of 1.3 % of the total added value of economy. As shown in fig. 1, the contribution of agriculture to total GVA, in 2014, by top 5 countries ranked Romania 5.3% (7.1 billion EUR), followed by Bulgaria, 4.7% (1,7 bil. EUR), Hungary, 3.7% (3.2 EUR), Greece 3.3% (5.2 EUR) and Lithuania 3.1% (1 bil. EUR).

Figure 1. Distribution of GVA in EU-28, by type of regions\* (2014)



Source: author's processing of data from Eurostat - National and regional economic accounts.

\* By urban-rural typology there are classified no intermediate regions in Ireland, 100% urban regions in Malta, 100% intermediate regions in Cyprus, Luxembourg and Slovenia.

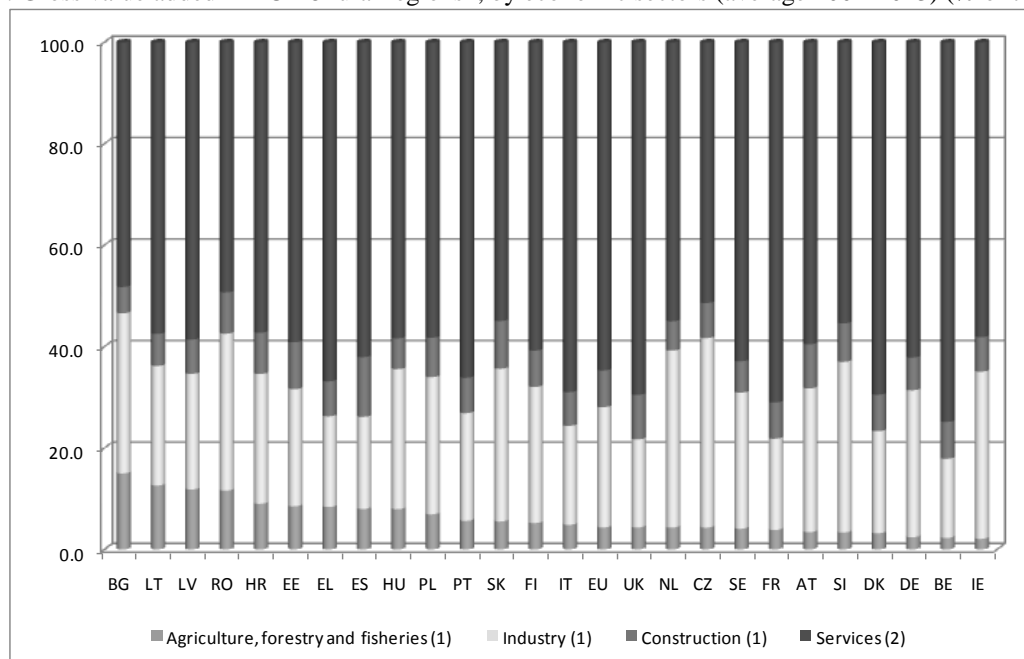
By type of regions, the weight GVA in predominantly rural regions differs visibly across countries, ranging, in 2014, from 58% (92.5 million EUR) in Ireland, to 1% (3.3 million EUR) in Netherlands, compared to the EU-28 average of 15%. Romania shared 32% GVA in national rural regions, accounting for 37.2 million EUR, and 41% in intermediate regions corresponding to 48.2 million EUR, summing 73% of total GVA produced in rural together with intermediate regions.

The structure of the economy varies greatly by type of region and by country. By the share of GVA gained in agriculture, in predominantly rural and intermediate regions the agricultural

sector prevails in Bulgaria (7.7%), in Greece and Romania (7.3% each), in Netherland and Lithuania (6.6%-6.3%), followed by Latvia, Croatia, Greece and Hungary (8%-9%). By contrast, the agricultural sector in Luxembourg and Sweden represents less than 1% of their total GVA in rural and intermediate regions, preceded by Slovenia, Slovakia, and Germany with 1.2%-1.3% shares.

As fig. 2 shows, service sector is the main source of labour force employment in the EU. The economy of predominantly rural regions mainly depends on the service sector, however, in the EU-N13, the contribution of agriculture remains important.

Figure 2. Gross value added in EU-28 rural regions\*, by economic sectors (average 2004-2013) (% of total GVA)



Source: author's processing of data from Eurostat - Economic Accounts for Agriculture.

\* Exempt for Cyprus, Luxembourg and Malta for (1) and as well Poland for (2).

Note: by urban-rural typology there are classified 100% urban regions in Malta and 100% intermediate regions in Cyprus, Luxembourg and Slovenia.

By economic activity, agriculture employed nearly 10 million people in 2014 which represented 4.4 % of total employment in the EU-28 (table 2). In 2014, the highest employment rates in agriculture were found in Romania (27.8%), Greece (13%) and Poland (10.9%), in contrast with the United Kingdom, Malta, Belgium, Luxembourg, Sweden and Germany, where agriculture provided less than 2% of employment. Employment in agriculture and its share in total employment in EU-28 had a decreasing trend over last five years, representing in absolute terms more than 1 million persons. While the decline in EU-28 was of -2.1%/year, the trend was more accentuated in the EU-N13 states (-2.5%/year) than in the EU-15 (-1.6%/year). Nevertheless, the number of people employed in agriculture increased in six Member States *i.e.* Luxemburg, United Kingdom, Malta, Cyprus and Ireland, while the most accentuated annual average was in Croatia (-10.0%) and Portugal (-7.6%).

Although with smallest shares in total employment of the EU-28, forestry was important for about half of million of people employed in 2014 in this sector of EU-28, most of them being in Latvia (2%) and Estonia, Finland, Lithuania and Slovakia (1% in each), while Romania (0.6%) was slightly above the EU-28 average (0.3%). Among the least shares of employment in forestry were in Netherlands, United Kingdom, Cyprus, France Spain, Germany and Denmark (0.1% or less).

Food industry in EU-28 employed almost 5 million people in 2014. The distribution of employment in food industry placed in top Bulgaria and Croatia (3.8% each), followed by Hungary (3.4%), Greece and Poland (3.3% each), while sharing below 1% in Luxembourg.

While service sector generally accounts for the majority of jobs, the weight of services sector in employment presents large gaps among states, ranging from 42% in Romania to 83% in the Netherland.

Table 2. Employment in EU-28, by economic activity (2014)

NUTS code	Label	Agriculture		Forestry		Food industry		Tourism	
		1000 persons	% of total	1000 persons	% of total	1000 persons	% of total	1000 persons	% of total
EU	European Union	9,558	4.4	546	0.3	4,957	2.3	9,936	4.6
BE	Belgium	53	1.2			113	2.5	155	3.4
BG	Bulgaria	181	6.1	26	0.9	112	3.8	155	5.2
CZ	Czech Republic	108	2.2	27	0.5	115	2.3	195	3.9
DK	Denmark	62	2.3	3	0.1	60	2.2	105	3.9
DE	Germany	528	1.3	35	0.1	950	2.4	1,527	3.8
EE	Estonia	16	2.6	7	1.1	17	2.7	26	4.1
IE	Ireland	103	5.4	3	0.2	54	2.8	137	7.2
EL	Greece	461	13.0	5	0.2	116	3.3	297	8.4
ES	Spain	678	3.9	25	0.1	483	2.8	1,404	8.1
FR	France	695	2.6	31	0.1	611	2.3	932	3.5
HR	Croatia	128	8.2	15	0.9	60	3.8	96	6.1
IT	Italy	738	3.3	53	0.2	465	2.1	1,269	5.7
CY	Cyprus	15	4.2	1	0.1	11	3.1	28	7.8
LV	Latvia	46	5.2	18	2.0	28	3.2	29	3.3
LT	Lithuania	106	8.0	14	1.0	41	3.1	34	2.6
LU	Luxembourg	3	1.3	:	:	1	0.6	8	3.1
HU	Hungary	167	4.1	23	0.6	139	3.4	172	4.2
MT	Malta	2	1.2	:	:	4	2.1	14	7.8
NL	Netherlands	170	2.1	2	0.0	129	1.6	325	3.9
AT	Austria	187	4.5	12	0.3	71	1.7	235	5.7
PL	Poland	1,734	10.9	78	0.5	522	3.3	334	2.1
PT	Portugal	363	8.1	14	0.3	97	2.2	276	6.1
RO	Romania	2,392	27.8	48	0.6	187	2.2	181	2.1
SI	Slovenia	84	9.2	4	0.4	19	2.1	41	4.4
SK	Slovakia	59	2.5	24	1.0	50	2.1	119	5.0
FI	Finland	76	3.1	26	1.1	37	1.5	86	3.5
SE	Sweden	62	1.3	29	0.6	45	0.9	159	3.3
UK	United Kingdom	341	1.1	23	0.1	423	1.4	1,598	5.2

Source: author's processing of data from Eurostat - Labour Force Survey.

Among these, tourism accounted for 10 million employed persons in EU-28 (4.6%), in 2014, most of them found in Greece and Spain (8.4%-8,1%), but also in Cyprus, Malta and Ireland (7.8%-7.2%). Romania ranks the last place with 181 thousand people employed in tourism, preceded by Poland (2.1% each) .

Labour productivity in agriculture accounted for 167 billion EUR in the period 2012-2014, of which the highest performances had Netherlands, Denmark and Belgium (table 3). Romania was below the EU-28 average, with a 27% share corresponding to an average amount of 6.9 billion EUR, however, the annual average trend was one of the highest (10%), after Belgium (17%) and Luxembourg (15%).

Gross fixed capital formation in agriculture quantifies the part of value added invested, that is a key element for determining competitiveness. In the period 2007-2013, the agricultural sector in the EU-28 invested in average 59 billion EUR, accounting for 35% of the total agricultural GVA, of which 90% was invested in the EU-15, especially in France, Italy and Germany (table 4). As an average of the period, the highest shares of GFCF in agricultural GVA were found in Luxembourg (125%), Denmark (85%) and in the Netherlands, Austria and Estonia (64%). The lowest levels of investments in agriculture have registered in Cyprus (4%), Poland (9%), in Slovakia and Bulgaria (11%) and in Romania (16%).

In the period 2007-2013, GFCF in agriculture in the EU-28 increased in average with 1.3% as annual growth rate, with a lower trend in the EU-15 (1%) than in the EU-N13 newest Member States (3.6%), while Cyprus (-14.4%), Croatia (-11.9%) and Denmark (-5.3%) and Greece (-4.5%) showed the highest decline of GFCF.

Table 3. Labour productivity in agriculture, in EU-28 (average 2012-2014)

Country / Indicator	GVA	Employed persons	Labour productivity		
	EUR million	1000 AWU	EUR/AWU	Index EU-28	Annual average growth rate (%)
EU-28	167,431	9,917	16,884	100	3
Belgium	2,376	58	40,989	243	17
Bulgaria	1,696	322	5,267	31	7
Czech Rep.	1,426	105	13,537	80	2
Denmark	3,200	53	60,309	357	-6
Germany	17,985	507	35,482	210	-7
Estonia	346	22	15,380	91	7
Ireland	2,001	164	12,175	72	2
Greece	5,176	460	11,256	67	0
Spain	21,792	852	25,581	152	5
France	28,377	781	36,338	215	2
Croatia	1,108	196	5,653	33	-6
Italy	31,138	1,108	28,099	166	1
Cyprus	331	25	13,174	78	1
Latvia	268	82	3,284	19	7
Lithuania	1,083	147	7,382	44	8
Luxembourg	121	4	33,277	197	15
Hungary	2,892	447	6,472	38	4
Malta	60	5	12,004	71	2
Netherlands	9,737	146	66,646	395	2
Austria	2,819	124	22,813	135	3
Poland	8,964	1,930	4,645	28	3
Portugal	2,404	284	8,477	50	6
Romania	6,976	1,523	4,580	27	10
Slovenia	430	82	5,260	31	2
Slovakia	593	55	10,760	64	4
Finland	1,312	79	16,638	99	-6
Sweden	1,704	62	27,456	163	2
United Kingdom	11,117	295	37,703	223	2

Source: author's processing of data from Eurostat - Economic Accounts for Agriculture.

Table 4. Gross fixed capital formation in agriculture, in EU-28 (2007-2013)

Country / Indicator	GFCFA	GFCFA / GVA in agriculture	Growth rate of GFCFA
	EUR million current prices	%	% per year
EU-28	59,087	35	1.3
Belgium	1,114	51	3.4
Bulgaria	173	11	3.2
Czech Rep.	600	29	3.9
Denmark	1,610	85	-5.3
Germany	8,054	48	2.1
Estonia	184	64	3.4
Ireland	889	48	0.2
Greece	1,488	26	-4.5
Spain	4,793	21	2
France	11,156	38	3.9
Croatia	359	19	-11.9
Italy	10,249	39	-5.2
Cyprus	12	4	-14.4
Latvia	265	57	3.4
Lithuania	365	41	12.1
Luxembourg	135	125	5.9
Hungary	782	24	6.8
Malta	14	19	-0.3
Netherlands	4,561	52	5.5
Austria	1,974	64	5.2
Poland	1,049	9	5.6
Portugal	838	32	0.3
Romania	1,164	16	3
Slovenia	243	39	-1
Slovakia	182	11	4.1
Finland	1,176	70	0.6
Sweden	1,112	60	2.2
United Kingdom	4,545	46	4.4

Source: author's processing of data from Eurostat - Economic Accounts for Agriculture.



Nevertheless, GFCF in agriculture had an increase trend in other countries, in top with 12% being Lithuania, followed by Hungary sharing 5.9% and Luxembourg with 6.8%. Romanian investment had the highest percentage found among EU-N13, with an average value of 1164 million EUR, had a positive trend, rising with a moderate 3% in average per year.

## CONCLUSIONS

Europe 2020 Strategy is the ten-year growth strategy for the European Union envisaging three principles for the future growth: *smart, sustainable* and *inclusive*. The Member States targets to comply to these objectives, as well as those related to rural development level are fore guiding to the common aim of growth. The analysis of socio-economic indicators results aspects of risk for rural economic growth in some countries, among which for Romania the following are striking:

- Most significant development differences are observed between urban and rural areas.
- Low added value obtained in agriculture and the lack of economic diversification in rural areas hampers the development of a sustainable rural economy.

To these signals should be highlighted the evaluations results of Council on the Convergence Programme of Romania, contained in COM (2016) 343 final Brussels, which concludes that Romania is experiencing one of the highest risks of poverty and social exclusion in the EU and labour market activation is very limited, especially in rural areas. Romania needs to take action in the short term so as *to improve access to public integrated services, to extend basic infrastructure and encourage economic diversification, particularly in rural areas*.

According to a study on research an innovation (EC, 2013) *the field of agriculture, fisheries and forestry which has a lot of potential in Romania for economic growth given the existing raw materials, is not supported by a comparable scientific specialization*. This can be expected to raise awareness at the highest political levels on the added value of innovation in various sectors *i.e.* agriculture, transport, services etc..

Finally, to meet multiple challenges that rural zones are facing, the main efforts might focus on enhancing competitiveness, restructuring, modernization and value added in the agricultural sectors, on diversification of rural economy mainly with non-agricultural activities and services, on business development, on bio-economy and circular economy, education and knowledge transfer, all that in favor of sustainable economic growth and creation of employment opportunities. In this context, it has to be stressed that employment contributes to economic performance, quality of life and social inclusion, making it one of the cornerstones of socioeconomic development and welfare.

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