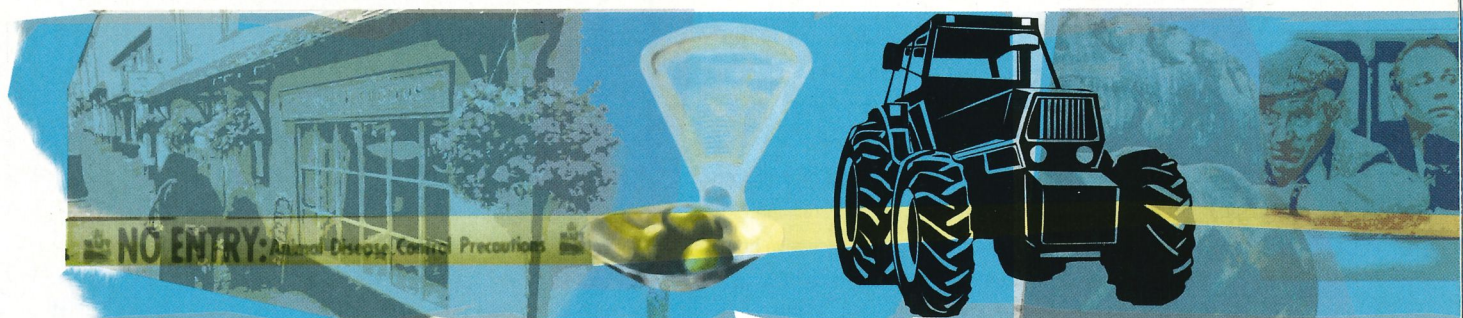


Spotlight on Rural Problems

THE COUNTRYSIDE HAS BEEN DEVASTATED BY THE FOOT-AND-MOUTH CRISIS AND A FALL IN TOURISM, BUT A NEW CAMPAIGN AIMS TO GET THE PRIVATE SECTOR INVOLVED IN BUILDING UP RURAL ECONOMIES



The British countryside has been in trouble for years. This is evident from cold statistics – seven out of ten English counties with the lowest GDP per head are predominantly rural. But the problems facing the rural economy are also plain to anyone merely using their eyes. A tour of Britain away from the main tourist beats will too often reveal a picture of struggling market towns, declining economic activity and deteriorating services.

The foot-and-mouth epidemic has gravely aggravated this predicament, crippling swathes of rural businesses, from farmers whose livestock was slaughtered, to small firms suddenly exposed to the dramatic drop in tourist visitors. Yet, the crisis has also highlighted the underlying issues confronting the rural economy more than anything else in a generation – notably the interdependence of farming and rural tourism. These issues are long-term and complex.

At the heart of the countryside's dilemma is a debate over the role farming should play. Caught between the difficulties of competing in global markets and the reduction in production subsidies, the industry has declined and faces further painful change.

As the foot-and-mouth crisis showed to the surprise of many, rural tourism is

now more economically important than farming. Yet it relies heavily on farmers maintaining a landscape capable of attracting visitors. No-one suggests, however, that developing tourism is the single solution to the countryside's problems.

Bringing out the entrepreneurial talents of farmers and others living in rural Britain is accepted by government and the plethora of development agencies as crucial. Yet it is painstaking work.

The Business in the Community "rural action" campaign launched this summer attempts to address one facet of the challenge – directly – involving the private sector. The aim is to produce change that is

both "top-down", with large companies adopting practices that benefit the rural economy, and "bottom-up", with rural small businesses learning more skills to enable them to spot and capture new markets.

Graham Russell, national rural director of BITC, said the campaign is aimed at looking how all companies can have a positive effect on rural areas, wherever they are located. "It is about the need to think rural," he said.

The campaign identifies three themes – building more enterprising communities by encouraging local entrepreneurs and sharing knowledge; strengthening market towns by introducing more commercial skills on a

collaborative basis and supporting local sourcing. It is this third element – promoting local sourcing, especially in the food sector – that has seen particular efforts since the campaign started. Last month, BITC and the Institute of Grocery Distribution unveiled a report containing 27 case studies of big companies attempting to shift towards more local product sourcing. These include Waitrose buying specialist cheese from Worcestershire, Sainsbury's purchasing desserts from the West Country and McDonalds restaurants attempting to source salads locally.

→ **Local producers can stand to benefit hugely if introduced to big players on the right terms. For the big players, the attraction is fulfilling customer needs and trends**

The commercial logic is straightforward for both sides. Local producers stand to benefit hugely if introduced to big groups on the right terms. For the big corporations, the attraction is fulfilling customer needs and trends which have long shown that consumers want more authentically regional foods.

Mr Russell said the local sourcing campaign has clear potential, particularly in the food sector. "Local sourcing is not a majority practice. Food is a global industry driven by costs. There is a lot more scope for companies that don't do any local sourcing yet and more scope for companies that do to evaluate their practice and do it better," he said.



The clear intention is to seek to achieve change concentrating initially on the bigger groups. "If we can change their habits it can have a disproportionate effect because of the volumes that they purchase," said Mr Russell. He added that the food sector has been chosen first for its obvious close links with the rural economy. However, the same principles will soon be applied to financial services and other retailers. HSBC's experience already showed what could be achieved, he said.

Women are thought to represent an untapped pool of entrepreneurial talent. They are often less bound by traditions than men, and this could help them to come up with ideas that could be developed into successful businesses. However, because support from the financial service sector is often not forthcoming, many ideas fail to become reality. HSBC, however, has been involved in a joint project with the Harper Adams college to expand the role of women in rural enterprise. The bank is providing core funding for the project, has established training programmes for its own staff, and offers favourable loans to women who complete the course. "The business case for HSBC is that there is a market out there," said Mr Russell.

A similar logic underpins the activities of Spar, the grocery retailer, in offering free business advice to local village shops that may be struggling. Plainly there are business opportunities for Spar in terms of possible acquisitions. However, the self-interest also applies long-term - Spar needs an economically viable countryside if its network of rural shops are to have a future, said Mr Russell.

The same principles of encouraging the big boys to "think rural" are also to be applied in the initiatives to strengthen market towns. Professional services firms will be encouraged to act for free to kickstart local regeneration. The "seeing is believing" programme, where senior businessmen meet local producers face to face to learn from each other will also be crucial, said Mr Russell. The BITC campaign is set to last about three years. Enough time to integrate the "think rural" message into all the organisation's work. "The objective is to make people think rural in all our initiatives - not for the idea to be parked in the corner," said Mr Russell.

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Building a better future

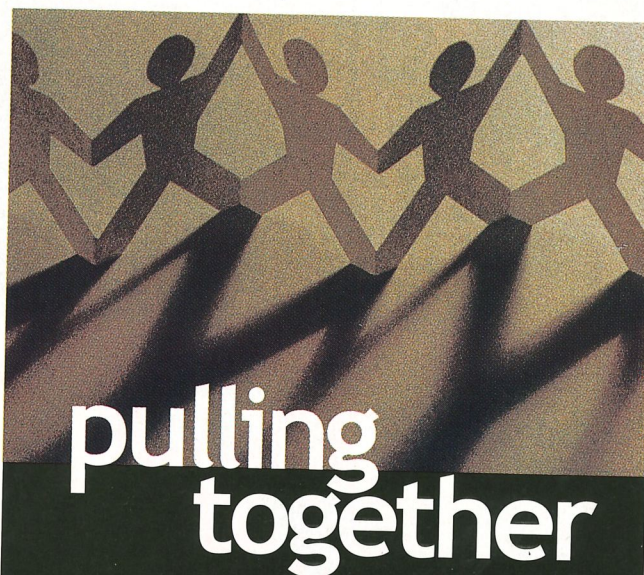
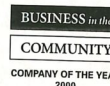
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