



DERREG

Developing Europe's Rural
Regions in the Era of
Globalization



CASE STUDY CONTEXTUAL REPORT 10



Comarca de Verín

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1. Introduction

1.1 Location and Geography

The Comarca de Verín is a region of the province of Ourense, situated in the south-west of the autonomous community (*Comunidad Autónoma*) of Galicia, in north-west Spain (figure 1). The Comarca de Verín is composed of eight municipalities which are named after their principal town or village: Castrelo do Val, Cualedro, Laza, Monterrei, Oímbra, Riós, Verín and Villardevós (figures 2 and 3). The geographical situation of the Comarca as a cross roads between Galician and Castilian municipalities, as well as between Galicia and Portugal, has made of it an important stopping-off place for those travelling to and from Castilla y Leon and Portugal since the Middle Ages, including pilgrims on the road to Santiago de Compostela.¹

The Comarca is situated in the high basin of the Támeiga river and covers an area of 1006.7 km², making it the second smallest of the DERREG case study regions after the Westerkwartier. The landscape of the Comarca is varied and diverse, but can be characterised by two main features: the Monterrei Valley or hollow, and the surrounding mountain systems to the north, east and west. The hollow is characterised by a soft and flat topography, with the Tamega River crossing the valley and providing fertile sedimentary soils. The lowlands of the Monterrei valley, and especially the area close to the river, is therefore largely occupied by the arable farming of mainly vegetable crops as well as vineyards, with a long tradition of wine production in the region. The river environment has also produced wetlands with high biodiversity. The Comarca shares an international border with Portugal to the south and lies a similar distance by road from the city of Porto as from the Galician capital Santiago de Compostela.

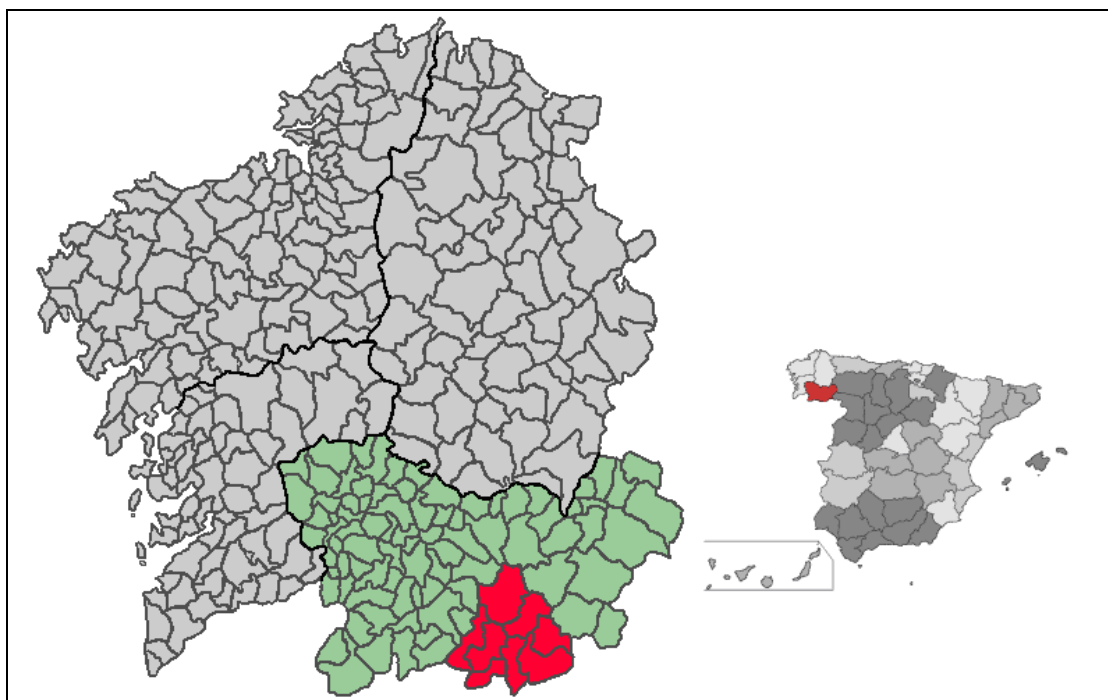


Figure 1: Location of the Comarca de Verín (red) in Ourense province (green), within the region of Galicia. Source: Wikipedia Commons²

¹ See Otero (2009)

² Source: http://en.wikipedia.org/wiki/File:Comarca_Ver%C3%ADn.png

In 2007, there were 28,548 inhabitants of the Comarca, which represent 8.49% of the total population of Ourense, 1.02% of Galician population and 0.06% of Spanish population.³ The whole of Ourense province is characterised by Eurostat as ‘predominantly rural’ and this is particularly so in the Comarca, which has a population density of just 28.36 persons per km² compared to 45.8 persons per km² for the province. This gives the Comarca the third lowest population density out of the ten DERREG case study regions. Most of the population settlements are located in the Monterrei valley including the region’s principal town of Verin, with 14,237 people permanently resident within Verin municipality which is 49.9% of the Comarca’s total population (figures 2). Outside of Verin, the landscape is dominated by smaller towns and villages, with the wine region of Monterrei (adjacent to Verin to the west) the next most populous municipality with 3,067 residents (10.7%) followed by Vilardevós, the most mountainous of the Comarca’s municipalities, with 2,382 (8.3%) and Cualedro with 2,092 (7.3%). The remaining 23.7% (6,763) of the population of the Comarca are distributed across 4 municipalities, each with fewer than 2,000 residents.



Figure 2: Main towns and road connections in the Comarca de Verin. Source: Eurostat

The province of Ourense has a relatively low score of 19,100 on ESPON’s accessibility index and this situation is exacerbated in the Comarca de Verin which has no air or rail connections. The closest railway station is located in A Gudiña (38 km from Verin), where trains from Vigo and A Coruña leave the region for Madrid and Barcelona. A new high speed train under construction will also bypass the Comarca, going directly from A Gudiña to the provincial capital Ourense. The closest airport is in the city of Vigo (162 km from Verin municipality), operating mostly national connections to Madrid, Barcelona and Bilbao although recently extended to include Paris and soon Brussels. Other intercontinental airports within Galicia are located in Santiago de Compostela (184km) and A Coruña (238 km), while the closest major international airport is in Porto, Portugal (183 km).

³ Source: (INE, 2009).

As such, roads are the most important means of connection both within the Comarca (e.g. N-525 or Zamora-Santiago de Compostela national road, crossing the Comarca from East to West going through several villages, as well as Verín) and for those travelling through the region into Portugal (N-532 Verín – Portugal border), as well as from Castilla or Madrid to the tourist area of Rias Baixas on the Galician coast (A-52 or Rias Baixas (Benavente-Vigo) State highway) (figure 2). Table 1 indicates travelling times and distances between Verín municipality (the centre of the Comarca) and the closest cities within the Galician region, and in Spain and Portugal:

	Distance (km)	Time (hours)
Verín – Ourense (Galicia)	69	0.45
Verín – Vigo (Galicia)	166	1.45
Verín – Madrid (Spain)	324	4.20
Verín – Chaves (Portugal)	28	0.25
Verín – Porto (Portugal)	183	2.20

Table 1: Travelling distances and times between Verín municipality and major cities

Within the Comarca there is a network of secondary roads, under Regional and Provincial ownership, which mostly converge in the municipality of Verín. Many of these are not in good condition which can make internal transport within the Comarca difficult, although there are regional variations. The municipalities of Cualedro, Monterrei, Verín, Vilardevós and Riós have the best infrastructure due to their central location, while accessibility is more restricted in Castrelo de Val and Laza in the north. The municipalities of Oimbra and part of Vilardevós are closer to Portugal with whom they have good communication links.

1.2 Government and Politics

Political power in Spain is highly devolved from the central government through 17 autonomous communities (*Comunidad Autónoma*) and 2 autonomous cities, which are defined as NUTS 2 regions and have regional governments responsible for schools, universities, health, social services, culture, urban and rural development and, in some places, policing. The historic region of Galicia was one of the first autonomous communities to be recognised by the Spanish Constitution in 1978. Autonomous communities are composed of provinces (*provincias*) which are defined as NUTS 3 statistical regions and serve as territorial divisions and electoral districts, but have less political significance since the establishment of autonomous communities. Galicia is divided into 4 provinces: A Coruña, Lugo, Pontevedra and Ourense. In turn, provinces are composed of municipalities (*municipios*). Municipalities (LAU 2) are granted constitutional autonomy to manage their internal affairs.

A *comarca* (approximately translating in English as shire or county) is a territorial unit between a province and municipality, being defined as (i) a territory, in a country or a region, which shares specific physical or cultural characteristics, and/or (ii) an administrative entity composed for a plurality of municipalities in the context of a province.⁴ Not all autonomous communities have comarcas, and in those that do their legal status varies. According to the regional government of Galicia, the comarca is a stable territorial group of municipalities being a reference for the region's traditional land divisions, as well as for the organisation and planning of contemporary Galicia.⁵ The Comarca de Verín, as an administrative entity, is formed by 8 municipalities (figure 3 and table 2) and represented by the 8 mayors of those

⁴ Source: Royal Academic Dictionary of Spanish Language, Advance Edition 23th. Available at: www.rae.es

⁵ Source: <http://www.xunta.es/galicia2003/es/inicio.htm>.

municipalities. The 8 municipalities are the primary tier of local government and are further subdivided into 175 Singular Entities.⁶



Figure 3: Municipalities of the Comarca de Verín

NUTS 1	NUTS 2	NUTS 3	LAU 1	LAU 2
North West (Galicia, Asturias, Cantabria)	Galicia	Ourense	(same as NUTS 3)	8 Municipalities: Castrelo do Val, Cualedro, Laza, Monterrei, Oímbra, Riós, Verín and Villardevós

Table 2: Hierarchy of administrative/statistical units for the Comarca de Verín

The regional government of Galicia (Xunta de Galicia) started a process in 1990 to promote and implement the Comarcal Development Programme, which came into law in 1997 with the 53 Comarcas of Galicia established. This law had the goal of setting up a normative frame for development, following a process based on dynamizing endogenous resources and local initiatives, by means of a gradual and participatory implementation of comarcal development plans. The plans had to integrate socio-economic planning and land planning, as well as to coordinate different administrations and public investments in the Comarcas. Local and regional administrations were responsible for fulfilling the goals proposed by the law. In order to promote a balanced territorial development and to dynamise the local initiatives, the following instruments of development were created in every Comarca:⁷

- Comarcal Councils: to elaborate an strategic programme of local development and to plan every Comarca in a rational and participatory way.
- Comarcal Centres: with the aim of spreading and promoting comarcal resources.
- Comarcal Foundations: with the aim of promoting public and private co-operation and to promote initiatives of development.
- Comarcal managers: they had to raise population awareness and to dynamise resources and potentials of every comarca.

⁶ Defined as “any habitable area within the municipal area, inhabited or not, clearly differentiated within the area and know by its specific denomination which makes impossible to confuse it with other” (Source: <http://www.ine.es/nomen2/ Metodologia.do>)

⁷ Plan of Comarcal Development of Galicia 2003. Available at: http://www.xunta.es/galicia2003/es/19_02.htm,

- A telematic net (CETADEC) that had to incorporate local products into the global market through spreading and implementation of new technologies.

Since the establishment of the autonomous regional government, politics in Galicia has been dominated by the conservative *Partido Popular* (Popular Party, PP), which balances a neoliberal wing aligned with the party's ideology nationally and strongest in La Coruña province, and a traditionalist wing that draws support from rural provinces including Ourense. The traditionalist wing is associated with an anti-modern regionalism and networks of patronage and clientelism.⁸ The rural dominance of the PP was reflected in local government elections in 2007, in which the PP achieved a majority in seven of the eight municipalities in the Comarca de Verin (Table 3). Only in Castrelo do Val municipality did the Socialist Party of Galicia (PSDEG-PSOE; affiliated with the ruling Spanish Socialist Workers' Party) win the most seats.

Municipality	PP	PSDEG-PSOE	BNG	ADEI-0	VER.IN
Castrelo do Val	2	6	1		
Cualedro	8	2	1		
Laza	5	2	2		
Monterrei	7	2	2		
Verín	9	4	2	1	1
Oímbra	6	2	1		
Riós	8	3	0		
Vilardevós	6	4	1		

PP: Popular Party; PSDEG-PSOE: Galician Socialist Party – Socialist Party; BNG: Galician National Party; ADEI-O: Independent Group Ourense; VER.IN: Independents of Verin.

Table 3: Number of councillors elected in the May 2007 local elections by municipality⁹

2. The Regional Economy

2.1 Economic History

The economy of the Comarca de Verin has historically been based on agriculture, with the 18th century seeing a process of population growth and economic development in the Monterrei valley thanks to improvements in farming practices, as well as the increase of mining production in 1786 and especially the construction of the road between Benavente (Zamora) and Vigo (Pontevedra). The region remains predominantly rural and based around small-scale subsistence agriculture, with a lack of industrial development and employment opportunities for younger people in particular leading to high volumes of out-migration in the 1960s to both parts of Europe (mainly France, Germany and Switzerland) and other Spanish industrial areas. This loss of young people, occurring in rural areas all across Galicia, combined with an ageing population has led to serious problems of de-population. In Galicia between 1860 and 2001, the percentage of people aged 50 years and over increased from 14.9 to 37.6%, while those above 65 years increased from 8% to 21%. At the same time, the percentage of people younger than 15 years decreased from 27% to 11.8%.¹⁰ Over the last century, population density in Galicia has continuously decreased in rural areas – mainly in the provinces in Lugo and Ourense - and increased in urban areas – mainly in the provinces of Pontevedra and A Coruña – where there has been a stronger development of industry and services.

⁸ Source: Keating (2001)

⁹ Source: <http://www.elecciones.mir.es/MIR/jsp/resultados/index.htm>

¹⁰ Source: Fernandez and Lopez (2000); and INE 2001a, for the period 1955-2001

In general, the process of population ageing has been accelerating since 1980. There are two main factors contributing to this: the increasing return of retired Galician emigrants (mostly over 55 years old) and the decrease of fertility rates which are currently among the lowest ones in the world (Guisan and Cancelo 2002). The ageing process especially affects the primary sector (agriculture and fishing). According to the data published by the Galician Statistical Institute for 2001 (IGE), 30% of the workers in the primary sector were older than 55 years, whereas in the other sectors this percentage varies from 9 to 12%; moreover, only 4% of the workers in the primary sector are young (between 16 and 24) compared to 9 -14% in the others sectors. This has led to a stagnating agricultural sector, with the sector's GVA for the whole of Ourense province (NUTS 3) increasing by only 20% over the ten year period from 1995 to 2005, compared to the more rapidly expanding industrial (83.8%) and service (64.1%) sectors (figure 4). Within this ten year period, however, agricultural GVA had initially declined until 1999, reaching a low of €155.2 million, before a period of steady growth saw it reach €295.1 million in 2004.

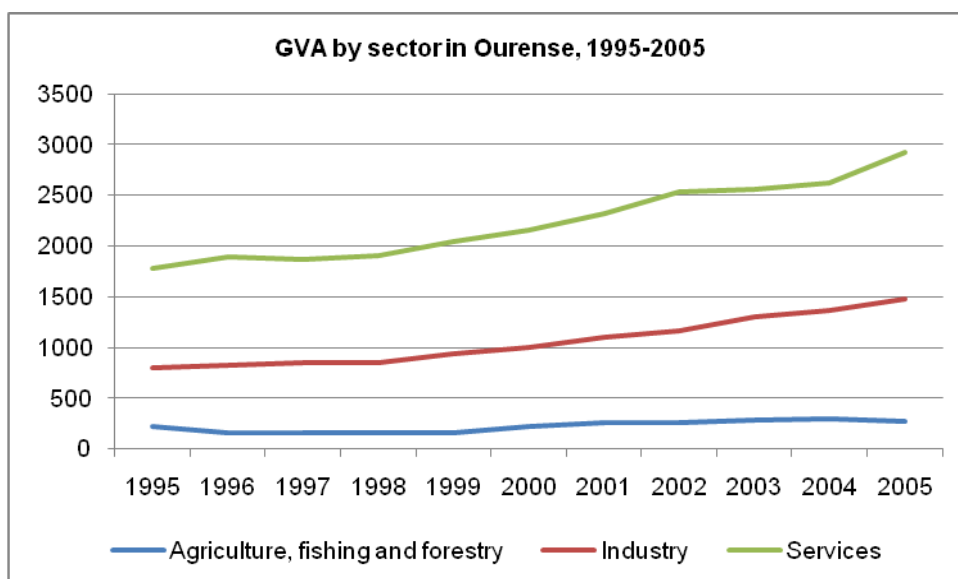


Figure 4: Gross Value Added by sector in Ourense (NUTS 3), 1995-2005. Source: Eurostat

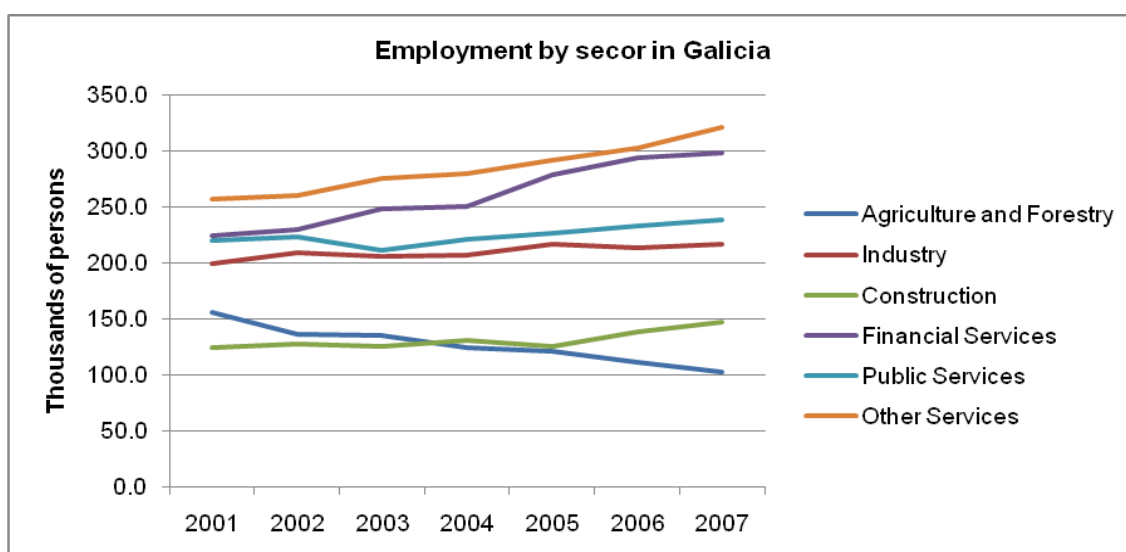


Figure 5: Employment by sector in Galicia NUTS 2 region, 2001-2007. Source: Eurostat

Similarly, within the whole Galician region the significance of the agricultural sector in terms of employment has continued to decline in recent years, with numbers of employed persons decreasing by 34% between 2001 and 2007 (figure 5). At the same time, both service sector and industrial employment expanded over this period, by 32% and 13% respectively. This saw the share of agricultural employment within Galicia's economy fall from 13.2% to 7.8%. The same process is evident within the Comarca de Verin over a longer period, with employment within the agricultural sector as a share of the regional total decreasing from 33% to 10.8% between 1991 and 2001.¹¹ Employment in construction also decreased slightly (from 18.6% to 17.8%), while employment within industry and services both increased in the comarca (from 12.5% to 15.3% and from 36% to 56%, respectively). However, these latter two sectors have not been able to fully reabsorb the job losses of the former two, especially those produced from agriculture, leading to high levels of unemployment.

Economic growth in the service and industrial sector has seen the GDP per capita in Ourense increase by 84% from €8,800 in 1995 to €16,200 in 2006 (figure 6). However, the 2006 figure is only 68.4% of the EU average and is the lowest out of the four Galician provinces, across which the average GDP per capita is €18,500. This suggests regional variation within Galicia in terms of economic growth, which is itself one of the least developed regions in Spain. The two coastal provinces of Galicia, A Coruña and Pontevedra, accounted for 74% of the region's population in 2001 and contain the principal industrial areas of La Coruña/Ferrol and Vigo/Pontevedra along their coastline, as well as established fishing and tourism sectors. In contrast, the inland rural provinces of Lugo and Ourense are experiencing accelerating levels of depopulation, with their predominantly agricultural economies too small and subsistence based to be economically competitive and generate employment to retain the population. The wide dispersal of the population in small settlements also makes service provision to residents difficult.¹²

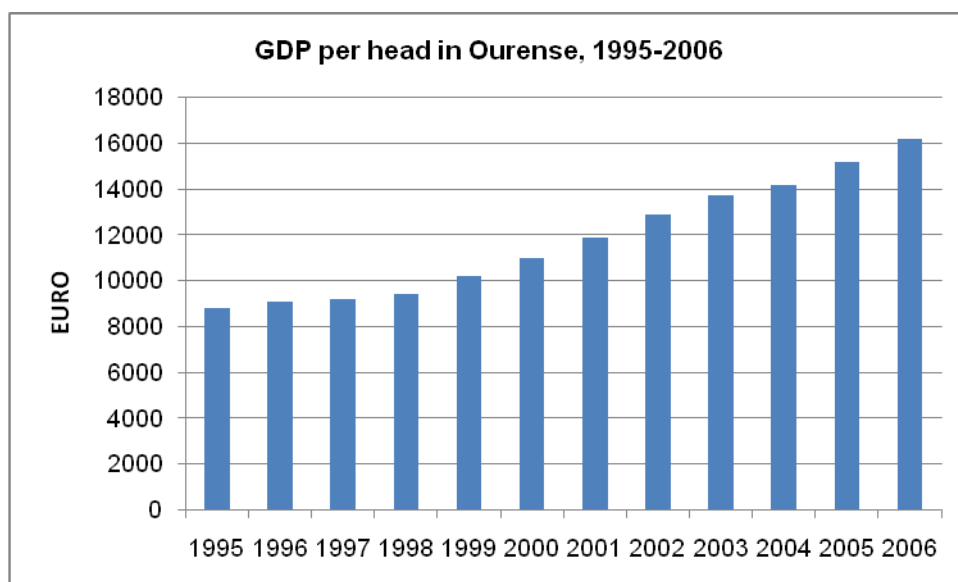


Figure 6: GDP per head in Ourense (NUTS 3), 1995-2006.
Source: Eurostat

¹¹ Source: INE

¹² Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/es11_eco.htm

2.2 Present Economic and Employment Structure

The service sector is now the most important area of activity in the economy of the Comarca de Verin in terms of employment and contribution to GVA. Data for the larger NUTS 3 region of Ourense province indicates the prominence of the service sector in terms of GVA, contributing 62.5% of the regional total in 2005 compared to 31.7% from Industry (including construction) and only 5.8% from agriculture. This service sector contribution to the economy of Ourense has remained essentially stable over the past decade, whilst a small 2% decline in agriculture's contribution of regional GVA between 1995 and 2005 was accounted for by a concurrent growth in the contribution from industry over the same period.¹³

Within the Comarca de Verin, services accounted for 61.4% of the total regional employment in 2007 compared to 30.1% from industry (including construction) and 8.5% from agriculture. However, as table 4 indicates, service sector employment is particularly concentrated within the municipality of Verin as the region's principal town. With Verin municipality excluded, service sector employment falls to 42.8% and agricultural employment increases to 22.9%. At the same time, industrial employment (including construction) also increases outside of Verin municipality to 34.4%, with construction in particular having emerged over the past decade as an important regional employer. Other important regional industries include the textile sector, which employs around 600 people within the comarca and has benefited from promotion by the internationally renowned native designer Roberto Verino. However, more and better training is important for improving the sector's future growth and competitiveness. Also locally sourced and bottled mineral water and wood processing are significant industrial employers.

	Verin municipality	Comarca excluding Verin	Comarcas Average
Agriculture	2.2	22.9	8.5
Industry	14.1	17.6	15.2
Construction	14.1	16.8	14.9
Services	69.6	42.8	61.4

Table 4: Proportion of regional employment per sector within the Comarca de Verin in 2007¹⁴

Lack of jobs and low activity rates are a problem in the Comarca de Verin. In 2001, the average economic activity rate (active population/>16 year old population) in the Comarca was 39.6%, which was lower than for Ourense province (44.9%), suggesting a less dynamic labour market. However, there are also strong regional differences between the municipalities of the Comarca de Verin. For example, Verin municipality has a considerably higher activity rate of 48%, which is closer to the average for Galicia as a whole (50.7%). There are also notable gender differences, with economic activity for men in the Comarca de Verin at 49.4% in 2001, compared to 30.2% for women. This issue of low economic activity is evident within Galicia more broadly, with a slightly increased rate of 53.7% by 2007 still the lowest across comparative DERREG NUTS 2 regions.

Unemployment is consequently high in the Comarca, with an average rate of 16% in 2001.¹⁵ More recent data from the *Tesorería General de la Seguridad Social* (the National Social Security System) shows a slight decrease to 14.6% in April 2008, yet the unemployment rate remains twice the Spanish average. Moreover, figures for the whole of Ourense province show a more significant decrease in unemployment in recent years, from around 16% in 2000 to 9% by 2006, suggesting that the municipalities of the Comarca de Verin are lagging behind in terms of employment opportunities.¹⁶

¹³ Source: Eurostat

¹⁴ Source: Estudio socio-económico Plan de Actuación Verin 2009-2014

¹⁵ Source: INE (National Statistics Institute of Spain)

¹⁶ Source: Eurostat Rural Development Report, 2008

Verin is the largest town and focus for service sector (retail and public sector) employment within the Comarca de Verin, as well as being amongst the largest towns in Ourense province outside of the provincial capital Ourense. Ourense city is the dominant urban area in the region, with around 30% of residents in the province residing in the city itself. Within Ourense province, the occupational structure of the population reflects the mix of rural and urban populations (table 5), with 3 in 10 residents employed in skilled manual and craft occupations including agriculture, while around 2 in 10 residents are employed in clerical and non-manual, semi- and un-skilled manual, and professional and managerial occupations.

	Number	%
Senior officers and managers	11485	9.9%
Professionals	11500	9.9%
Professional and managerial occupations	22985	19.9%
Technical and associate professionals	10616	9.2%
Clerical and secretarial workers	9436	8.2%
Service and retail workers	17066	14.8%
Clerical and non-manual occupations	26502	22.9%
Skilled agriculture and fishery workers	13428	11.6%
Craft and related trade workers	21938	19.0%
Skilled manual and craft occupations	35366	30.6%
Plant and machine operators and assemblers	12189	10.5%
Elementary occupations	13028	11.3%
Semi- and un- skilled manual work	25217	21.8%
Armed Forces	558	0.5%
Not described		
Total workforce	115699	

Table 5: Occupational structure of the Ourense labour market, 2001
Source: Eurostat

The business sector has been slow to develop in the Comarca de Verin, with a lack of small to medium sized enterprises. Despite a comparatively large number of enterprises for a small region (1,678 in 2007), the majority of these were sole-trader (61.4%) or microenterprises of between 1 and 9 employees (35.2%), with small-scale agricultural wholesale and retail prevalent in rural areas. Only 3.4% of firms had over 10 employees and only 0.3% (5 firms) with more than 50. These larger employers include Roberto Verino Diffusion (textiles), Apparel Marpy (textiles), Cooperative Apparel Verin Soc (textiles), Carbeiroá (mineral water), Fontenoy (mineral water), Sousa (mineral water) and Xuntoira (home furnishings). In 2007, there were 177 business start-ups in the Comarca de Verin and 107 closures.¹⁷

2.3 Rural Primary Industries

As noted above, the relative significance of agriculture in the regional economy of both the Comarca de Verin, and Ourense more broadly, has reduced since the 1990s. Despite a small increase in agricultural GVA in Ourense, from €225.3 million in 1995 to €270.3 million

¹⁷ Source: Galician Institute of Statistics (www.ige.eu)

in 2005, its share of regional GVA fell over the same period from 8% to 5.8%.¹⁸ Within the Comarca de Verin specifically, the agricultural sector's share of regional employment has dramatically reduced from 33% in 1991 to 8.5% in 2007.¹⁹ At the same time there are significant regional differences, with the level of agricultural employment notably higher in rural municipalities where it can account for almost a quarter of the working population, indicating the continued economic importance of agriculture within rural areas of the comarca.

There were 13,310 farms in Ourense province in 2005, which was around a third less than 5 years previously. Small farms dominate, with 72.0% having holdings of less than 5 hectares reflecting the continuance of subsistence scale farming practices in the region. Only 5.9% of farms have holdings of more than 20 hectares and only 160 farms (1.2%) had more than 50 hectares, giving an average farm size of only 7.7 hectares. In 2005, only 12.85% of farms in the whole of Galicia had some other form of non-agricultural income, which was the lowest proportion across comparative DERREG NUTS 2 regions and suggests so-far limited farm diversification.²⁰ The ageing population of the region is particularly reflected in the agricultural sector, with data for 2000 showing over 60% of farmers in Ourense as being aged over 55 and only 4.2% aged under 35. The gender of farmers in Ourense is almost evenly split, with 51.3% male and 48.7% female.

Utilized agricultural areas (UAA) cover 101,890 hectares of land in Ourense in 2005, which is only 14% of the regional territory. Data from 2000 suggests a 29.2% share of agricultural land, indicating a significant decline in the agricultural area as well as the possibility of large areas which may not be utilised.²¹ The agricultural land in Ourense is of mixed quality, with 69% of farms classified as lying in mountain regions and the remainder also in 'less favoured areas'. This can refer to a range of natural handicaps including lack of water, climate, short crop season and tendencies of depopulation, with the latter particularly evident in the Comarca de Verin where the surrounding mountain landscape limits the potential growing area to the fertile soils of the central Monterrei Valley. As a result of these conditions, over two-thirds (67.7%) of the UAA within Ourense is used as permanent grassland for livestock grazing, while only 26.7% is under arable crops and 6.4% permanent crops such as vineyards and fruit orchards. Most farms in Ourense are of mixed production, with 87% of holdings having some livestock and 84% some land under arable crops.²²

Within the Comarca de Verin, a wide variety of vegetable crops are grown in small-scale holdings, while potatoes and forage crops for livestock feed tend to dominate wholesale production. Livestock farming includes mainly pigs, poultry and some dairy and beef cattle. Chestnut growing and processing as well as mushroom gathering are also important traditional agricultural activities in the region. The Comarca is also the location for the Monterrei wine region which has a long history in the region and is now recognised as a Spanish Denominación de Origen (Designation of Origin - DO); extending from Castrelo do Val municipality in the north-east into Monterrei in the centre of the region and down through Verín and Oimbra on the Portugese border. The vineyards spread over the hillsides and valleys, irrigated by the River Tamega and its tributaries, and occupy a surface area of approximately 3,000 hectares or 3% of the Comarca's territory.

Forests and woodlands cover 18.9% of the territory of Ourense and within the Comarca de Verin this is mostly in the mountainous areas surrounding the central Monterrei valley, with large reservations of chestnut and pines trees. Linked to the forest has been an important wood processing industry, although this is declining in recent years as a consequence of

¹⁸ Source: Eurostat

¹⁹ Source: INE

²⁰ Source: Eurostat Rural Development Report, 2008

²¹ Source: Ibid

²² Source: Eurostat

wide-spread forest fires. Other primary sector activities within Ourense province more broadly include mineral extraction operations at the town of Toén near Ourense city, for use in construction, manufacturing concrete and as ballast in railway infrastructures, as well as slate mining at Carballeda de Valdeorras in north-east Ourense.

2.4 Tourism

Tourism has been identified as a potentially important sector for promoting regional development in the Comarca de Verin. Yet currently the tourism infrastructure in the Comarca is highly limited, with only one state-run hotel situated close to the region's main tourist site of the 12th century Monterrei Castle in addition to a number of other smaller tourist establishments (e.g. restaurants with rooms). Proposals for tourist developments include exploiting the region's natural mineral water resources to establish spas, as well as tourism linked to the wine region in order to capitalise on the increasing attraction of Galicia as a tourist region.

Tourism in Galicia has increased significantly over the past decade, with the region's cultural heritage and traditions as well as more temperate climate and vegetated landscape promoted in contrast to the more commercial holiday resorts of southern Spain. Visitor numbers to Galicia increased by around 50% between 2000 and 2007, from 2,763,043 to 4,170,752 (figure 7). The tourist infrastructure in Galicia has expanded over the same period, with available bed places increasing by 25.3% from 2000 to a total of 119,122 in 2006. Bed places in Ourense province, however, account for only 7.4% of this Galician total, suggesting regional disparities in terms of the development of the tourism sector.²³

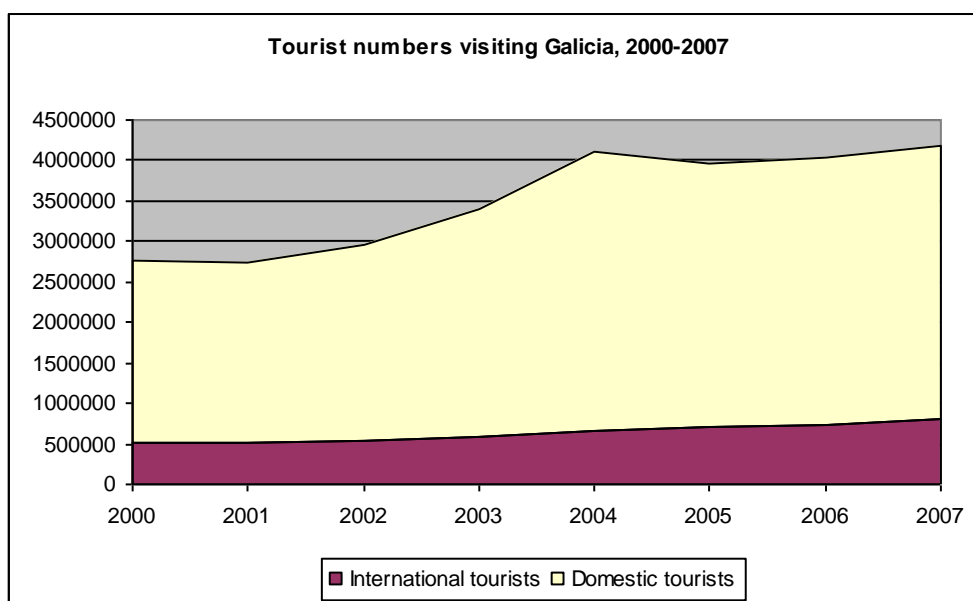


Figure 7: Tourists numbers visiting Galicia NUTS 2 region, 2000-2007
Source: Eurostat

Domestic tourists accounted for the majority of visitors, with only 19.5% of tourists to Galicia in 2007 coming from outside Spain, marginally up from 18.2% in 2000. Over a quarter of international visitors to Galicia in 2006 were from Portugal (28%), followed by Italy (10%), Germany (10%), France (9%), Britain (7%) and the USA (5%).²⁴ By comparison, 15% of all tourists to Galicia are from Madrid. Although sub-regional figures are not available, international tourism is concentrated in coastal districts and Santiago de Compostela (noting,

²³ Source: Eurostat

²⁴ Source: Garín-Muñoz (2009)

for instance, the significance of tourism from Catholic countries), whilst Comarca de Verin is likely to receive a higher proportion of Portuguese visitors, but lower numbers of foreign tourists from elsewhere.

2.5 International Integration

The international integration of the economy of the Comarca de Verin is so far limited, with agricultural production mainly directed towards both local and national markets (e.g. Madrid, Vigo). Similarly, the region's mineral water is currently sold primarily in Spain. Opportunities exist for developing international trade include both tourism and wine exports, with a renewed international interest in Monterrei wines following favourable reviews by internationally renowned wine critic Robert M. Parker, Jr. in 2008. The Comarca is, however, the location for some businesses within the apparel/garment cluster which has developed in Galicia since the 1980s; initiated by the internationally successful company Inditex and followed by other brands and designers including Adolfo Dominguez, Caramelo and Roberto Verino. The sector has enjoyed high levels of economic growth stimulated by low regional labour costs, with Galicia becoming established as the largest apparel exporting region in Spain, with 48% of the market share in 2007 compared to 20% ten years earlier. Ourense province is a particular focus for this sector, with many of the high-end fashion companies locating their operations in the region. As such, the province represents only 2% of exports, but employs 32% of the workers in the apparel cluster (circa 2009).²⁵ In March 2009, a joint initiative was established with the Portuguese apparel/garment cluster promoting cooperation and strengthening of the sector within a European context.²⁶

There was a massive increase in foreign direct investment (FDI) inflows into Spain following the country's integration with the European Union in 1986, stimulating the sustained growth of the Spanish economy over the past two decades until the impact of the global recession in 2008. According to figures from the Investment Register of the Secretariat General for Tourism and Trade, foreign direct investment (FDI) increased from 3% of GDP in 1990 to 33.8% in 2005. Main investors included companies from other EU countries such as Seat and Volkswagen (Germany), Renault (France) and Barclays Bank (UK).²⁷ Much of this investment has been concentrated in Madrid and Catalonia leading to regional disparities. Galicia has benefited from some FDI in sector including textiles, automobiles, energy, audiovisuals and construction.

3. Population and Migration

3.1 Population Development

The population of the Comarca de Verin has steadily declined over the past two decades, with a decrease of 882 people or 3.0% of the population between 1991 and 2008. A similar process is evident within the whole of Ourense province, where the rate of population decline has been higher at 4.9% over the same period. Within the Comarca there are regional variations in terms of population dynamics. Since 1991, all the municipalities belonging to the Comarca have decreased in population with the exception of the urban municipality of Verin, with the most severe rates of decline in Laza, Vilardevós and Riós (40%, 34% and 29% respectively, between 1991 and 2007). Whereas Verin goes against this Comarcal trend, with its population increasing by around 5% in the last 6 years thanks in part to in-migration from the surrounding rural regions. This decline has resulted from a natural fall in the population; caused by both an ageing population and low birth rates. In 2008, the average number of children per woman is 0.89, with a birth rate of 5.3 per thousand significantly exceeded by a death rate of 14.9 per thousand. While deaths have

²⁵ Source: http://www.isc.hbs.edu/pdf/Student_Projects/Spain_Apparel_2009.pdf

²⁶ Source: *ibid*

²⁷ Source:

http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992_6275487_6299039_4243460,00.html

remained relatively stable since the 1970s at between 400 and 450 per annum, births in the Comarca has severely declined from 408 in 1975, to 201 in 1991, and 145 in 2008.²⁸

	1991	2001	2008
Comarca de Verin	29,423	29,450	28,541
Ourense Province	353,491	344,623	336,099
Galicia	2,731,669	2,732,926	2,784,169

Table 6: Population change in the Comarca de Verin, Ourense province and Galicia between 1991, 1997 and 2008. Source: INE

At the same time, this population decline has been partially offset by a significant net migration gain. Between 1990 and 2007, 17,042 people moved into the Comarca de Verin compared to 14,523 who migrated out of the region, resulting in a net migration gain of 2,519 people or around 8.5% of the 1990 population. Figure 8 illustrates how both in-migration and out-migration have continued to increase since the late 1990s, with in-migration peaking at 1,605 in 2006. The dominant trend amongst out-migrants has been to move within the province of Ourense, particularly to the capital city itself, as well as within Galicia. In recent years, there has been increased in-migration from both outside of Galicia and internationally, with large numbers of arrivals from neighbouring Portugal and increasingly from South America (following trend across Spain).

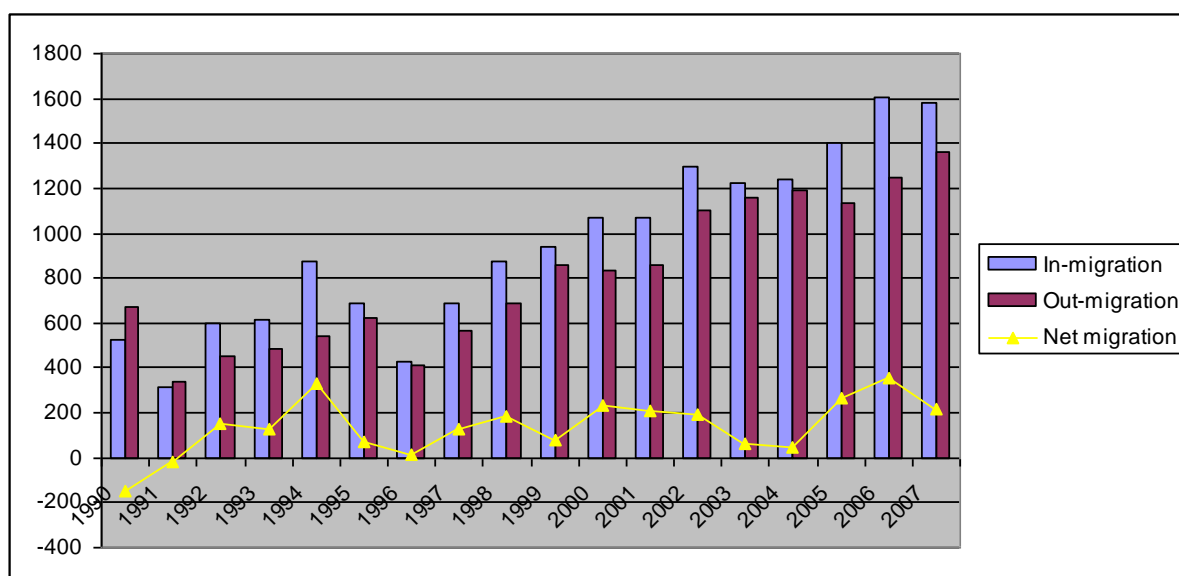


Figure 8: Migration balance in the Comarca de Verin, 1990 to 2007. Source: IGE

3.2 Demographic and Household Characteristics

The median age of the residents of Ourense is 41, which is the highest across the DERREG NUTS 3 regions.²⁹ Within the Comarca de Verin specifically, only 10% of residents are aged under 15 years, which again is the lowest proportion across the case study regions, while over 30% are aged over 65. Compared with data from 1991 when 15% were aged under 15 and around 24% over 65, this illustrates the increasing proportion of elderly residents relative

²⁸ Source: INE

²⁹ Source: Eurostat

to young people within the Comarca (figure 9).³⁰ The balance of male to female populations has remained fairly constant in the Comarca since 2000, with 1.02 women to every man in 2007.

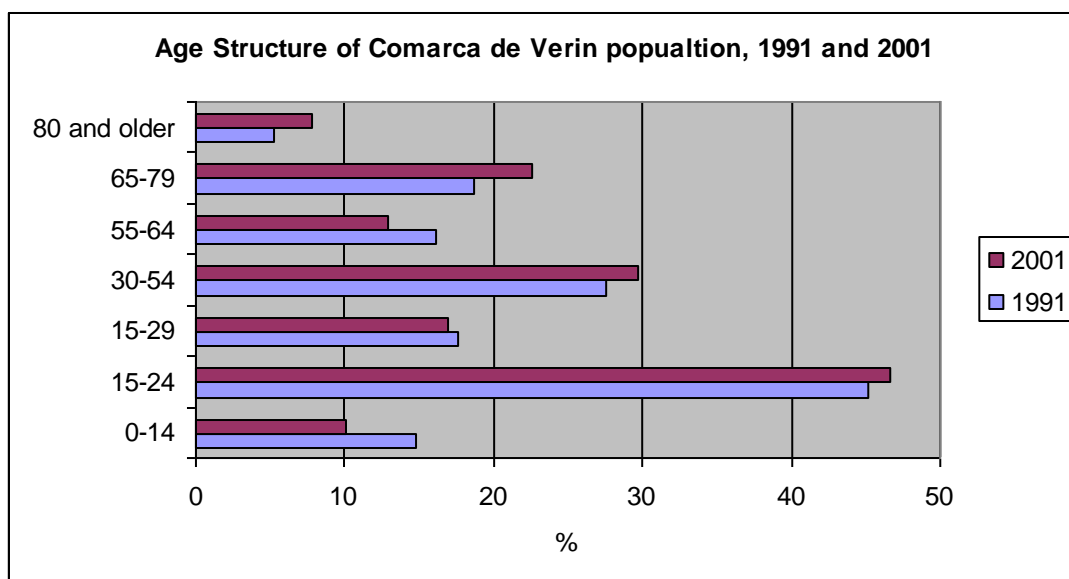


Figure 9: Age structure (%) of Comarca de Verin population in 1991 and 2001.
Source: INE

Figures for Ourense province indicate that typical household structure is around average across the DERREG case study regions, with around 50% of the population living in 3 or 4 person households, while 9.5% live in single person households and 9.3% in households of six persons or more.³¹ However, these figures include the 30% of the province's population who live in the capital city Ourense, whereas households in the rural areas of the Comarca may reflect a more traditional larger family structure.

Depopulation during the twentieth century left a residue of surplus properties which have subsequently facilitated an explosion in the number of second homes in Galicia. The number of second homes in Galicia as a whole increased from 19,353 in 1970 to 166,711 in 2001, whilst in Ourense province, the number increased from 4,633 in 1970 to 34,942. The greatest increase was during the 1980s, with a 235% rise in the number of second homes in Ourense, slowing to an increase of just 7% during the 1990s. By 2001, there were an estimated 47,500 people living part-time in second homes in Ourense province. The municipality of Verin has one of the highest numbers of second homes in Galicia, with over 1,000 properties identified as second homes in 2001. This equates to roughly a quarter of all properties in the municipalities, with similar rates in the neighbouring municipalities of Cualedro, Monterrei and Oimbra.³²

3.3 Non-national Residents

The location of the Comarca de Verin on the northern border of Portugal means that the region has historically been impacted by the movement of populations between the two countries as well as by military aggressions; with the region occupied by the French General Soult and his forces to invade Portugal during the Peninsula War of the early 19th Century. During the twentieth century, the Comarca de Verin and Galicia in general has been more

³⁰ Source: INE

³¹ Source: Eurostat

³² Source: Hernández Borge (2007)

significantly impacted by the out-migration of its residents to other areas of Spain, Europe and Latin America, than by processes of in-migration by non-Spanish nationals.

However, this trend has been sharply reversed in the first years of the twenty-first century, with annual immigration to Galicia by non-Spanish nationals increasing from less than 2,000 persons in 1997 to over 16,000 in 2006. Accordingly, the proportion of foreign nationals in the Galician population has increased from 0.66% in 1996 to 2.93% in 2007. The proportion of foreign nationals in Ourense province has similarly increased from 1.4% of the population in 1996 to 3.68% in 2007 – the highest percentage among provinces in Galicia, reflecting the border location. Seventeen of the 21 municipalities with the highest proportions of foreign residents in Galicia are in Ourense province. The municipality of Verin is one of these, with 1,369 non-Spanish residents in 2007 (around 10% of the population), along with Oímbra, with 227 non-Spanish residents (>10%).³³

The increase in foreign residents in Galicia has been particularly driven by a surge of immigration from Latin America -- with the Latin American population in Galicia growing from around 5,000 in 1996 to over 40,000 in 2007 – but there have also been significant increases in the number of non-national residents from Africa, Asia, Western Europe and Central and Eastern Europe. The largest single non-national group are Portuguese, who accounted for 19% of the foreign population in Galicia in 2007, followed by Brazilians (10%), Colombians (10%), Argentineans (7%), Moroccans (5%), Uruguayans (5%), Venezuelans (5%), Romanians (4%), Italians (3.5%), Peruvians (3%), Dominicans (2.5%), Cubans (2%), French (2%), Chinese (2%) and Britons (2%).³⁴

International migration into Galicia is comprised by three key elements. Firstly, there are foreign second home-owners and permanent international migrants, mostly from European countries such as Britain, although this trend is not as strong as in some other regions of Spain. Secondly, there are a number of migrant workers in the region from both within and outside the European Union. In 2001, there were 1,473 migrant workers from the pre-enlargement EU in Ourense, plus a further 1,234 migrant workers from outside EU-15. Over 50% of these migrant workers were employed in the service sector, with a further 36% employed in industry and 7% in agriculture.³⁵

Thirdly, Galicia has also experienced a high level of return migration by Spanish nationals from abroad, especially from Latin America. Around 6,000 – 8,000 Spanish nationals have migrated into Galicia from outside Spain each year since 2002. Galicia is the third most significant destination for international return migrants in Spain after Madrid and Catalonia.³⁶

4. Environment and Sustainable Development

4.1 The Regional Environment

The environment of the Comarca de Verin is characterised by the central fertile lowlands of the Monterrei Valley, bisected from north to south by the Támega River which continues into Portugal, and the surrounding mountain systems of San Mamede (1618 m) and Fial das Corzas to the north, Sierra Seca and Penas Libres (1083 m) to the east, and Sierra de Larouco (1525 m) to the west (figure 10). The climate in the Comarca varies considerably between the valley and mountainous municipalities, between Atlantic and continental. The weather in the Verin hollow has a dry climate, with hot summers and cold winters. In the peripheral mountains, the climate is more humid and temperatures are cooler, with rainfall more abundant and winter snows.

³³ Source: González Pérez (2008)

³⁴ Source: Ibid.

³⁵ Source: Eurostat

³⁶ Source: González Pérez (2008)

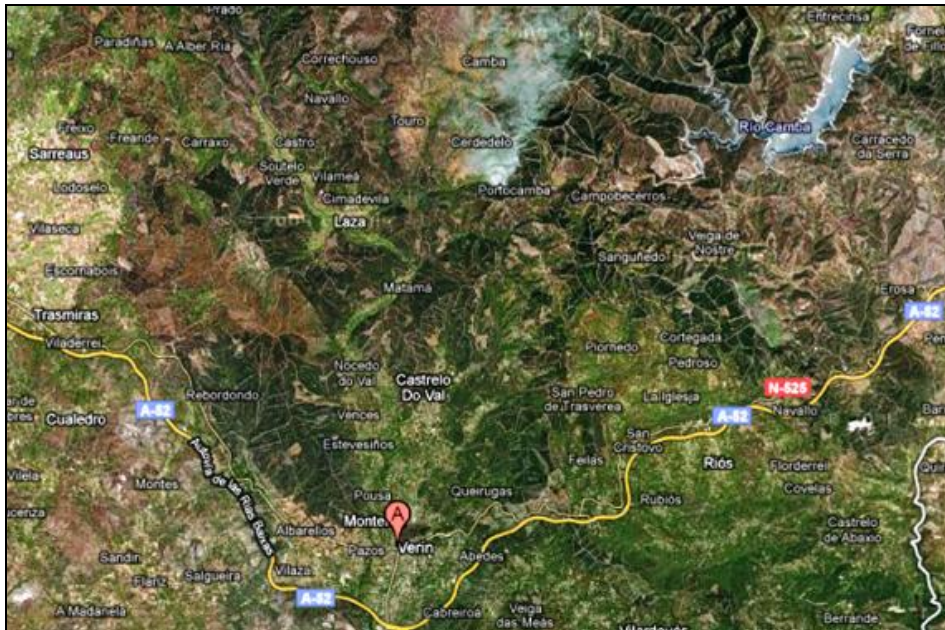


Figure 10: Aerial view of the Comarca de Verin landscape. Source: Google Earth

Figures for the wider province of Ourense, which shares similar landscape and climatic conditions, recorded 29.2% (211,700 hectares) of the region's territory as agricultural land, 18.9% as forests and woodland (138,700), 50.3% (386,900) as natural areas and just 0.7% as built-up areas; the latter figure being lower than the Galician average of 1.6%. This proportion of natural area is also the highest out of the 4 provinces in Galicia and reflects the mountainous landscape of Ourense in general and the Comarca de Verin, with large expanses covered by heather and brush.³⁷ The mountainous regions of the Comarca also contain large wooded areas of chestnut and pine trees. As such, most of Ourense is classified by the European Environment Agency as an open semi-natural landscape, with secondary areas of both rural mosaic and forested landscape types.

Water is an important natural resource in the Comarca de Verin, with the Tamega River floodplain providing fertile agricultural lowlands as well as wetland areas of high biodiversity. The Comarca is part of the Tamega river basin, a major tributary of the Duero which is the second largest river in the Iberian Peninsula. Smaller rivers join the Tamega throughout the Comarca before it enters Portugal in Feces de Abaixo. The Comarca also contains numerous mineral water springs, originating along a geological fault that crosses part of the valley.

4.2 Protected Areas

The Comarca de Verin contains extensive natural areas as described above, with several of these designated as protected areas of environmental importance by national and international designation. These include the alluvial complex of the Tamega wetlands, on the Tamega River, which belongs to the European Natura 2000 network and contains a rich diversity of fauna and flora. The natural park of O Invernadoiro is primarily located in the municipality of Vilariño de Conso in Ourense (outside of the Comarca) but verges on the municipalities of Laza and Castrelo do Val. Covering 5,722 hectares, the park is a typical Galician *monte* landscape, with rounded hills covered by endemic species: oak forests, holly trees, yew trees and sloes/blackthorn (figure 11). Fauna in the park include wolves, roe deer, wild boar, otter, dormouse and many different bird species. The park belongs to the Natura

³⁷ Source: Eurostat Rural Development Report, 2008

2000 site Macizo Central, which includes a small part of Laza municipality in the north of the Comarca.



Figure11: Landscape of the O Invernadoiro natural park³⁸

At the regional scale, around 12% of the territory of Galicia is subject to some form of environmental protection, including 54 sites within the Natura 2000 network of Special Protected Areas. Other internationally recognised sites includes the Atlantic Islands of Galicia National Park which was established in 2002 and incorporates the archipelagos of Cíes, Ons, Sálvora and Cortegada within 8,480 hectares of terrestrial and aquatic area. While the extensive lands (363,669 hectares) of Terras do Mino, in Lugo province, were classified in 2002 as a Biosphere Reserve and included in UNESCO's international network. Within Ourense, the Área de Allariz Biosphere Reserve covers an area of 21,482 hectares and was designated by UNESCO in 2005 to protect both the natural landscape and cultural heritage of the region, which includes a long tradition of sustainable landscape use and management.

4.3 Sustainable Development

The primary aim of the current Rural Development Plan (2007-2013) in Galicia is to achieve a sustainable, strong and viable rural environment. Whilst a major focus for achieving this aim is through economic development - improving the competitiveness of the agrarian and forestry sector and stimulating economy diversification in rural areas – the preservation and improvement of the natural environment through the sustainable use of farming and forest lands is also an identified priority.³⁹

Galicia is one of the leading autonomous communities in Spain in terms of renewal energy production, with 69.5% of the total energy demand met by renewables in 2006; behind only Castile and León on 70.8%. 54% of Galicia's renewable energy production in 2006 (14,091 GWh) came from hydroelectric power and 42% from wind power, with remainder from biomass and solid waste.⁴⁰ Galicia is benefiting economically by this focus on renewables, having become a key region in wind energy development while the company T-Solar—in partnership with Applied Materials (USA) and Ib Vogt (Germany)—opened a major solar

³⁸ Source: <http://www.viveonatural.xunta.es/ES/invernadoiro.htm>

³⁹ Source: DERREG Deliverable 4.1: *Overview of learning and innovation support strategies*

⁴⁰ Source: <http://www.ree.es/home.asp>

panel factory 12km outside of Ourense city in 2008 which uses cutting edge technology to produce some of the most efficient solar panels in the EU.

Sustainable agriculture has been less comprehensively addressed within Galicia, with financial subsidies for organic farming slow to arrive in Galicia (only in 2000) compared to other Spanish regions.⁴¹ Consequently, only 3,160 hectares or 0.004% of the utilised agricultural area in Galicia was certified as organic in 2005.⁴² Given the prominence of agriculture in the Comarca de Verin, organic farming is perhaps more established in regional development initiatives than in other parts of Galicia. For example, the cooperative Biocoop⁴³ is located in Riós and consists of farmers who produce organic beef (18 farmers and 4200 hectares). The cooperative started in 1998 and has been recently rewarded (2007) with an *Agader prize* (promoted by the Regional government and specifically by Galician Agency of Rural Development) because of its contribution to rural and local development by carrying out a profitable economic activity, which respects the environment and to promote a high degree of satisfaction and self-esteem among the farmers involved. Similarly, *O grelo verde* located in the town of Verin is an association formed by 25 partners, 5 of which are organic farmers with the goal to promote local products, as well as organic production and consumption (with a particular initiative targeted at school meals).

4.4 Environmental Issues

The environment of Galicia has remained largely unspoilt due to much of the population living in small, dispersed rural towns or else concentrated, along with industrial activities, in the region's few large cities. This is particularly the case in Ourense and the Comarca de Verin, where the lack of industrial activity is more pronounced. However, in 2006 severe forest fires swept across parts of Galicia, with forested upland areas surrounding Pontevedra on the west coast particularly badly affected while the cities of Santiago de Compostela and Ourense were engulfed by soot. The fires destroyed numerous wood-producing and agricultural grazing areas in the region.

5. Regional Development and Innovation

5.1 Regional Development Programmes

As the Comarca de Verin does not have administrative capabilities, it is subject to multiple levels of governance: municipality (*concello*), province (*Diputación provincial de Ourense*), Autonomous Community (Galician government or Xunta de Galicia), Central (Spanish) government, and European Union. The framework for social and economic development in the Comarca is established through regional development and rural development policy formulated at the level of the autonomous community (Galicia), in line with funding directives and priorities from the Spanish central administration or Europe.

As a Convergence Region, Galicia was eligible under Objective 1 for EU funding in the periods 1994 to 1999 and 2000 to 2006. During the latter funding cycle, a total of €5.1 billion was allocated to the Operational Programme Galicia of which €3.4 billion came from EU Structural Funds. Galicia has continued to benefit under the Convergence objective during the 2007-2013 round of structural funds, with the Operational Programme 'Galicia' receiving €2.2 billion from the European Union through the European Regional Development Fund (ERDF) in addition to €0.9 billion in match-funding from Spanish national and regional authorities. Six priority areas for the operational programme include: 1) supporting the development of the knowledge-based economy (R&D, information society and ICT); 2) stimulating entrepreneurial activity and particularly the growth of SME's; 3) the environment

⁴¹ Source: http://www.organic-europe.net/country_reports/spain/default.asp

⁴² Source: Eurostat Rural Development Report 2008

⁴³ Source: <http://www.verinbiocoop.com>

(protection of natural resources; management, distribution and treatment of water; risk prevention); 4) transport and energy; 5) urban and local regeneration; and 6) social infrastructure.

These priority areas and their associated funding drive rural and regional development policies within the Comarca de Verin, where specific projects financed by EU funds include:

- *VIARRAIA Project*: Connecting the border villages of Montealegre-Chaves-Oimbra-Cualedro. Budget: €2.5 million, with 75% financed by the ERDF.
- *Eurocity Chaves-Verin* (creating a common socio-economic space in the border region between Verin and the closest Portuguese town Chaves). Budget: €1.3 million with 75% financed by the ERDF.
- *ARRAIANO project*: Rural and Urban Development of the Raiano (border) municipalities in the province of Ourense (table 7).

Priority Area:	EU Funds
Promoting society of information and new technologies	€930,000
Improvement, rehabilitation or first installation of small local shops and artisan retailers	€120,000
Improvement of the natural environment and environmental quality	€2,473,700
Improvement of accessibility and mobility	€120,000
Protection and preservation of cultural landscape	€480,000
TOTAL	€4,123,700

Table 7: Main activity areas within the ARRAIANO project and budget⁴⁴

In addition, Galicia will also benefit during the 2007-2013 period from EU Structural funds delivered through several national, multiregional, and cross-border and interregional programmes, including the Operational Programme 'Spain - Portugal' in particular.

The EU's LEADER initiative has operated in Galicia since 1991 and is one of four strategic axis of the Galician Rural Development Plan (2007-2013). Alongside the LEADER initiative, other programmes of regional development have been carried out (PRODER, PRODER II and AGADER, with the latter totally financed by regional funds), especially in those areas that did not benefit from LEADER. This meant that for the 2000-2006 period Galicia was the only region within the EU with its whole territory under various programmes managed by local action groups (LAGs). LAGs operating in the Comarca de Verin specifically during the different phases of the LEADER initiative are detailed below:

LEADER II (1994-1999)

LEADER II Group:	Desarrollo Integral Comarca de Monterrei (DICOM) (Integral Development Comarca de Monterrei)
Date of formation:	1994
Legal structure:	non profit association
Organisational structure:	7 municipalities, Association Portas Abertas, University of Vigo, 4 cooperatives, 2 private enterprises, Caixa Vigo, 1 Hunting Association.
Region:	7 municipalities being part of the Comarca de Verín: Vilardevós, Cualedro, Oimbra, Monterrei. Laza. Verín e Castrelo do Val. (892.4 km ² , 27,242 inhabitants) (all except Riós that has 114.7 km ² and 2,208 inhabitants and was part).
Thematic priority:	Acquiring capacities and transnational cooperation
Budget:	Planned: PTA 1,099,797,783; Executed: PTA 1,227,525,942

⁴⁴ Source: <http://www.depourense.es/>

LEADER+ (2000-2006)

LEADER + Group:	Local Action Group (LAG) “ ADECOMOVE ” (Association of Development of Comarca Monterrei-Verín, Riós is excluded and formed part of the Conso-Frieiras Comarca, where an AGADER programme was implemented)
Date of formation:	June 6 th , 2001
Legal structure:	non profit association
Organisational structure:	executive committee formed by a president (Monterrei mayor); a secretary (Laza mayor); and 13 members (mayors of Casterlo do Val, Cualedro, Oímbra, Verín, Vilardevós, Fundación para o desenvolvemento da Comarca de Verín, Mesa asociacións sen ánimo de lucro, Mesa Comercio minorista, Consello Regulador Denominación de Orixen Monterrei, Mesa Outros Servicios, Mesa da industria)
Region:	7 municipalities being part of the Comarca de Verín (892.4 km ² , 27,242 inhabitants) (all except Riós that has 114.7 km ² and 2,208 inhabitants).
Thematic priority:	Fix population in the Comarca by a better life quality thanks to the improvement of economic and socio-cultural conditions
Budget:	6,120,341 (in total, private and public funding, 40% from European Funds)

LEADER (2007-2013)

LEADER Group	Group of Rural Development (GDR-13) Monteval
Date of formation:	June 25 th , 2008
Legal structure:	Nonprofit association
Region:	8 municipalities being part of the Comarca de Verín (1007.1 km ² and 28,541 inhabitants in 2008) and A Gudiña (171.4 km ² and 1586 inhabitants) and A Mezquita (104 km ² , 1,383 inhabitants).
Slogan:	“Building up a new rural”

The regional government in Galicia has been noted for pursuing a policy of dispersing economic development activities within the region, which has contrasted with the European Union’s favoured approach of concentrating Structural Fund investment, and which critics has claimed results from a culture of clientelism in Galician politics (Batterbury, 2002). The creation of an EU-funded science and technology park near to Ourense is cited as a prime example of this – critics contend that the economic impact of the park was reduced by its location in peripheral Ourense rather than in the more industrialised and populated coastal region, and argue that the location decision was determined by the strong *Partido Popular* vote in Ourense, and the fact that the responsible minister at the time was born in the district (Batterbury, 2002).

5.2 Regional skills-base and infrastructure

As noted above, regional development priorities for Galicia include the development of a knowledge-based economy through sectors such as research and development and information communication technologies, as well as encouraging entrepreneurial activity and a more competitive business environment. The Comarca de Verin is currently limited in terms of the infrastructure and skills base required to attract investment in these sectors. Industrial workers within the Comarca are predominantly employed in low-skilled, manual occupations (e.g. textile industry), while the lack of a higher educational institute

means young people are forced to migrate elsewhere in Galicia or beyond exacerbating the already problematic demographic trend of an ageing workforce. The three main public universities within Galicia are the University of A Coruña (established 1989; approx 35,000 students), The Royal University of Santiago de Compostela (1495; over 42,000 students) and the University of Vigo (1990; 22,000 students in 2006). The latter university has one of its campuses in Lagoas, in Ourense, where courses in computer science engineering, business and tourism and nursing are taught amongst others. Census data for 2001 suggests only 7.7% of the workforce in Ourense held a tertiary qualification, which is comparably low across the DERREG case study regions. However, figures for the larger region of Galicia record a comparatively high proportion of the adult population (11.3%) participating in education or training.⁴⁵

Investment in research and development activities in Galicia was at €405.2 in 2005, the third highest figure across comparative DERREG NUTS 2 regions. At the same time, 30,396 people were employed in hi-tech industries in 2007 which, at only 2.6% of the regional workforce, is the lowest proportion of hi-tech employment across those same regions and suggest the benefits of the emergent knowledge economy may be concentrated around the region's major urban economic centres. One such nucleus is *Tecnopole*, the Technology Park of Galicia, which is located 12km outside of Ourense city in San Cibrao das Viñas municipality and provides a communications infrastructure and business support services to around 80 enterprises in sectors including ICT, biotechnology and renewable energies. These include the aforementioned solar panel producer T-Solar Global. In addition, the Technology Wood Centre (CIS Madeira), the Meat Centre (Centro Tecnolóxico da Carne), the Metallurgy Centre (Aimen) and the Metrology Laboratory of Galicia (LOMG) manage their activities from the Technology Park.⁴⁶ Away from such technology parks and the major urban centres, the technological infrastructure across the large rural areas of Galicia can be limited, with only 40% of households having Internet access in 2008.⁴⁷

There are a number of public and private knowledge institutes located in or close to the Comarca (discussed in greater detail in DERREG project deliverable 4.1) which are particularly focused on developments in the agricultural sector. These include the *Centro de Desenvolvemento Agroforestal* (Center of Agroforestry Development) in Riós municipality, with the goal of promoting chestnut, mushrooms and olive grove research and production in the area, and *Centro para a recuperación de razas autóctonas* (Centre for recovering of autochtone breeds) located in Fotenfiz, Ourense, which supports initiatives involving the organic production in the area based on autochthonous breeds.

⁴⁵ Source: Eurostat Rural Development Report 2008

⁴⁶ Source: <http://www.tecnopole.es/?q=en>

⁴⁷ Source: Eurostat

6. Summative Analysis

The contemporary economic, social and environmental situation of the Comarca de Vérin is characterised by:

- A peripheral border location, with relatively poor transport connections regionally (to Vigo) and nationally (to cities such as Madrid), but with potential for developing cross-border co-operation with neighbouring districts in Portugal.
- A topography that contrasts mountainous landscapes with the fertile lowland of the Monterrei valley, with both agricultural activity and population concentrated in the valley floor.
- A multi-tier governance structure in which municipalities are the primary tier of local government, with significant functions, with further administrative responsibilities vested at increasing scale in the comarca (including for economic development), province and autonomous community (Galicia).
- A conservative political culture in Galicia with a history of clientelism, and tensions between progressive and traditional factions within the region.
- Considerable economic restructuring over the last quarter-century, with a sharp drop in agricultural employment and the relative importance of farming to regional GDP, and growth in industry and the service sector. Agriculture continues to be more significant in more rural municipalities, but environmental and topographical conditions mean that very small farms continue to dominate and are ill-suited to modern industrialised farming.
- An economy dominated by sole-traders and micro-enterprises, with comparatively few small and medium-sized enterprises and only a handful of larger factories, notably in textiles and mineral water bottling.
- The near-doubling of GDP per head since the mid-1990s, but with GDP still considerably below regional, national and European averages, and a high rate of unemployment that is around twice the Spanish average.
- Limited infrastructure for tourism, primarily catering for domestic visitors, despite the potential appeal of the natural environment, culture and recreational opportunities.
- A trend of steady population decline resulting from natural evolution, only partly off-set by the recent balance of in-migration over out-migration, and accompanied by a trend of urbanization within the comarca.
- An aging population, especially in villages and within the farm population, with the highest median age of the DERREG case study regions.
- A rich natural environment, including the characteristic but diminished *monte* landscape, with a number of sites of ecological importance subject to regional, national and international protected areas designations.
- Considerable resources for renewable energy production across Galicia as a whole, with over two-thirds of the region's energy demand met from renewable sources.

- Investment in regional development from the EU Structural Funds as an Objective 1/Convergence region from 1994 to 2006, including over €8 million in projects in Ourense covering the Comarca de Vérin.
- Limited infrastructure for knowledge-based economic development in the Comarca de Vérin, but some history of engagement with regional universities in rural development programmes, and the proximate development of a technology park near Ourense.

With its trajectory of rapid economic restructuring away from agriculture, but limited industrial development and resulting high levels of unemployment, the Comarca de Vérin may be categorised as a '(Sub-)Mediterranean Periphery'. Whilst none of the other DERREG case study regions fits this classification, the characteristics found in Comarca de Vérin are shared by numerous other regions in southern Europe, including many interior parts of Spain and Portugal, southern Italy, and more remote, rural districts of Greece away from tourist resorts.

The impact of globalisation in Comarca de Vérin has not been dramatic, but has been incremental, affecting multiple aspects of the district's socio-economic character. Notable expressions of globalisation evident in Comarca de Vérin and the wider region of southern Galicia from our initial analysis include:

- The development of new specialist niche export markets by the traditional textile industry, with a focus on high-end fashion apparel.
- The growing international reputation of Monterrei wines, increasing demand in export markets.
- The purchase of properties as holiday or permanent homes by foreign buyers, particularly from within the European Union.
- Increasing numbers of international migrant workers, notably from Latin America.
- The reversal of an historic trend of significant international out-migration by a recent pattern of return migration, especially from Latin America.
- The designation of significant areas of land as protected landscapes adhering to international models and structures, including Natura 2000.
- Significant investment of international capital in regional development in the comarca through the European Structural Funds.

The nature of these global or transnational relations, together with the distinctive socio-economic character of the region, creates both opportunities and vulnerabilities for future regional development. The opportunities are presented by:

- The potential to expand international niche export markets, particularly for wine and mineral water.
- The capacity to increase international tourism to the region, through the development of the tourism infrastructure and the international marketing of the region's distinctive environmental and cultural assets.

- The prospect of population revitalisation through international return migration, amenity migration and labour migration, introducing capital, skills and expertise to the local economy, and consolidating the support base for local services.
- The potential for enhanced cross-border co-operation and co-ordination with neighbouring districts in Portugal.
- The capacity to capitalise on the region's natural resources in providing ecosystem services, including habitat protection, water supply and renewable energy, to address international environmental concerns.

At the same time, however, our initial analysis suggests that regional development in the Comarca de Vérin is vulnerable to both global and endogenous pressures and challenges in a number of ways. These include:

- The reduction of support for small-scale traditional farming resulting from reforms to the Common Agricultural Policy in response to global demands for the liberalisation of the European agricultural regime and the fiscal consequences of EU enlargement.
- Risks of competition from newly emerging regions offering lower-cost conditions for textile manufacturing, including risks of production relocation, and susceptibility to global fashion trends.
- A loss of local embeddedness as products such as water and wine are reoriented towards international markets.
- Cultural tensions arising from transnational migration, international tourism and the implementation of global environmental management models.

7. Bibliography

The list below includes academic papers reporting on research relevant to the Comarca de Vérin region published since 2000, as well as other reports and articles containing information about the region. Not all items listed in the bibliography have been cited in the text of this paper.

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