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# **Regions Engaging Globalization: A Typology of Regional Responses in Rural Europe**

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## **Abstract**

Rural actors can play a critical role in reproducing globalization and in shaping the impact of globalization processes on regional economies, societies and environments. Accordingly, globalization is producing not a homogenized global rural space, but rather a reconfigured but spatially differentiated ‘global countryside’ in which rural regions are still distinct from each other, but they are also different to how they were before. Reporting on the EU-funded project ‘Developing Europe’s Rural Regions in the Era of Globalization’, this paper will draw together findings from empirical research across ten case study regions in rural Europe to develop a comparative conceptual understanding of the factors shaping the differential engagement of regions with globalization, both in terms of the impact of globalization processes and the response of regions to the challenges and opportunities presented by globalization. From this analysis a typology of regional responses to globalization is presented which aims to inform understanding of how models of regional development may operate differently in different regions.

Keywords: globalization, regional development, Europe, local agency, typology

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## **1.0 Introduction**

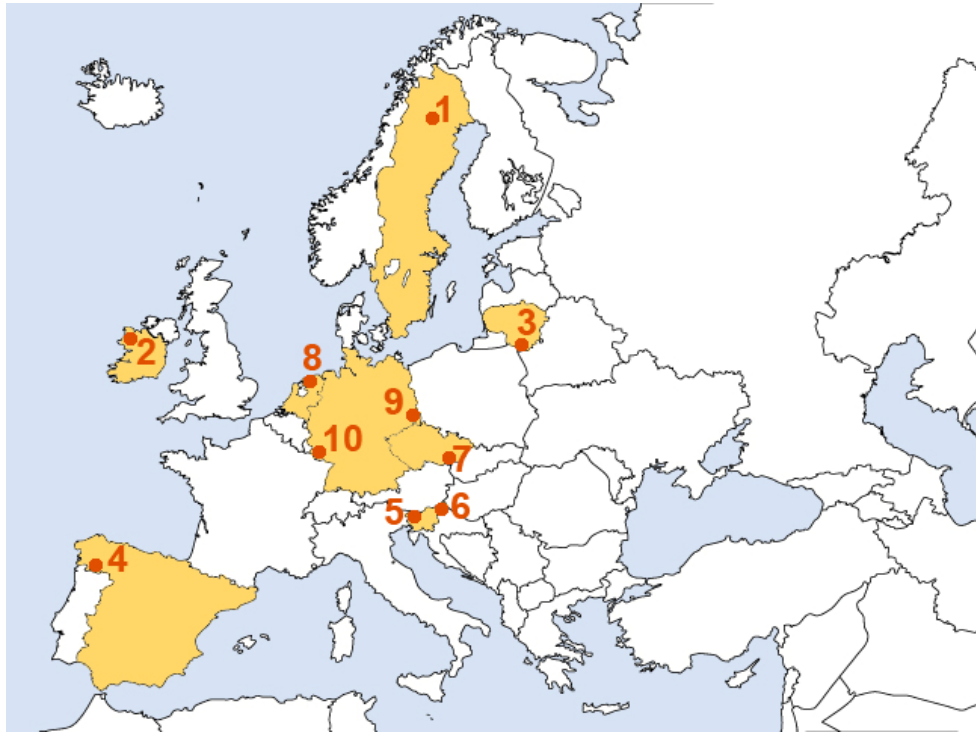
Globalization is arguably the most prevalent force reshaping rural localities around the world today, and the most significant factor framing the challenge for rural development in regions from the Canadian prairies to the rolling downlands of England, from the forests of Scandinavia to the Andean mountain communities of South America, from Australian mining towns to Indian fishing villages. Indeed, it is a characteristic of globalization that the ties and inter-dependencies between these diverse rural locales are becoming ever more entwined. Globalization, as defined by Steger (2003), can be understood as “a multidimensional set of social processes that create, multiply, stretch and intensify worldwide social [and economic] interdependencies and exchanges while at the same time fostering in people a growing awareness of deepening connections between the local and the distant” (p. 13). Globalization therefore involves the *multiplication* of social and economic networks that transcend traditional borders; the *stretching* of social and economic relations, activities and inter-dependencies over increasing distances; the *intensification* and *acceleration* of exchanges that are made across expanding distances in ever-less time and with increasing frequency; and the development of a *global consciousness*, in which people have a greater awareness of the world as a whole, and their place in it (Steger, 2003; see also Woods, 2011a).

Itemised in this way, the hallmarks of globalization are evident across the rural landscape, in spite of the persistently urban-centric nature of many scholarly and popular accounts of the phenomenon (Woods, 2007). Rural resources, industries and economic structures are fully integrated into a global economy marked by the multiplication and intensification of international transactions, the stretching of commodity chains, the growing power of multinational corporations, and the dismantling of trade barriers. Rural populations have become more fluid and fragmented with the increased ease of transnational mobility, accelerating flows of migrants – for both work and pleasure – and the capacity of new technologies to stretch community relations and structures over vast distances. At the same time, established rural cultural and husbandry traditions, ways of managing the environment and relating to nature, have been put under pressure by the rise of a global consciousness that packages and promotes an idealized and geographically hybrid rural as a global commodity, and by the accompanying assertion of ‘universal’ rights for nature, wildlife and livestock (see Woods, 2011a).

Through these encounters, globalization transforms rural places, but again contrary to a popular myth, it does not homogenize them. Different rural localities will be impacted by different combinations of globalization processes, will have a different experience of this interaction, with different outcomes. As such, globalization is producing a newly differentiated global countryside (Woods, 2007). Epp and Whitson (2001) recognize this when they write in the context of western Canada that, “the countryside ... is coming to serve two new and very different purposes – playground and dumping ground – as the traditional rural economy declines” (p. xv; cf Lawson et al., 2010), although as this article will propose, the range of potential outcomes from globalization is arguably much greater than Epp and Whitson’s polarized dichotomy. Yet, our understanding of how and why globalization leads to different outcomes in different rural regions is constrained by a relative dearth in the volume of place-based studies of globalization in a rural context (Woods, 2007).

This article develops an analysis of the differential engagement of rural regions with globalization, drawing on research conducted for a project funded by the European Commission’s Framework Programme 7, ‘Developing Europe’s Rural Regions in the Era of Globalization’ (DERREG). DERREG involves a consortium of nine partners, and the evidence presented here has been collected by research teams from all partners, each responsible for a separate region (see the end of the article for full acknowledgements). The research was conducted across 10 regions, selected to illustrate a cross-section of rural contexts from periurban to remote periphery (see Figure 1), and orientated around four key themes: rural businesses and engagement in transnational networks; international migrants and rural areas; environmental capital and sustainable rural development; and learning regions, capacity building and knowledge systems. The DERREG research has involved the collation and analysis of both qualitative and quantitative data, with collection methods including an e-survey of rural businesses; questionnaire survey of migrants; content analysis of press reports and policy documents; analysis of secondary statistics; interviews with business owners, migrant workers, amenity migrants, return migrants, government officials, civil society groups and rural development practitioners; and in-depth case studies (for more about DERREG see [www.derreg.eu](http://www.derreg.eu)).

Figure 1: Location of DERREG case study regions.



1. Övre Norrland, Sweden
2. County Roscommon / West Region, Ireland
3. Alytus County, Lithuania
4. Comarca de Verin, Spain
5. Goriška, Slovenia
6. Pomurska, Slovenia
7. Jihomoravský kraj, Czech Republic
8. Westerkwartier, the Netherlands
9. Direktionsbezirk Dresden, Germany
10. Saarland, Germany

## 2.0 Relational Rurals and Relational Globalization

The DERREG research has been based on the central principle that globalization is not a process of domination, but rather a process of negotiation, in which regional actors retain a share of agency. This perspective adopts what might more broadly be identified as a relational approach to both the ‘rural’ and globalization. A relational perspective holds that the distinctiveness of rural places is comprised by multiple relations between the land and the economy, nature and society, rural and urban, and so on, as well as the unique intersection of social, economic, cultural and political relations that are mapped over multiple localities, both rural and urban. As Murdoch (2003) observed:

The countryside is hybrid. To say this is to emphasize that it is defined by networks in which heterogeneous entities are aligned in a variety of ways. It is also to propose that these networks give rise to slightly different countrysides: there is no single vantage point from which the whole panoply of rural or countryside relations can be seen. (Murdoch, 2003, p. 274).

Rural localities therefore exhibit what Massey (2005) labels the ‘thrown-togetherness of place’, and as such they are intrinsically contingent. Popular discourses may imagine the rural as a timeless, isolated place, disconnected from the modern world, but the material forms that lie behind these cultural veneers are temporary spatial fixes of diverse and far-reaching relations. All rural restructuring involves the reconfiguration of the relations that constitute rural place, and globalization in particular involves the stretching of relations over longer distances, the insertion of new relations linked to far-away places, the capture and diversion of relations by global actors and forces, the cutting and blocking of relations by actions outside the locality, and so on (Woods, 2007). Globalization reconfigures the relations that constitute rural place in this way because globalization itself is a relational phenomenon. Viewed through a relational prism, globalization can be seen to proceed by global actors and forces engaging, enrolling, negotiating with, manipulating and being manipulated by local actors and forces. Globalization is therefore also contingent and contested, with experiences and outcomes of globalization varying between localities, such that the outcomes of globalization are never pre-determined. As Massey (2005) puts it:

In a relational understanding of neoliberal globalization ‘places’ are criss-crossings in the wider power-geometries that constitute both themselves and ‘the global’. On this view local places are not simply always the victims of the global; nor are they always politically defensible redoubts against the global. Understanding space as the constant open production of topologies of power points to the fact that different ‘places’ will stand in contrasting relations to the global. (Massey, 2005, p. 101)

Accordingly, globalization is reproduced through the rural, and the local politics of rural regions are brought to the fore in explaining the uneven geographies of the global countryside (Woods, 2007). As different rural regions stand in different relation to the global, so the capacity of rural regions to shape their own future in the context of globalization will also vary. Many rural regions will find that their opportunities are constrained to a greater or lesser degree by structural factors, from the presence of natural resources to geographical location. But opportunities commonly will exist for local agencies to make a difference, at least around the margins, and choices about how to engage with globalization can be drawn into local political debates. As Epp and Whitson (2001) again describe, the politics of the global economy “involves more than competition for investment *between* jurisdictions; it also exposes and sharpens divisions *within* communities between those who see opportunities (or, failing that, no other choices) and those who see threats or displacements” (p. xxi).

The remainder of this article outlines nine different models of engagement with the global economy that have been identified from rural regions in the DERREG project, and then proceeds to discuss the structural and local factors that influence the capacity of rural regions to shape the terms and nature of their engagement.

### **3.0 Models of Engagement with the Global Economy**

The nine different models of engagement with the global economy developed through the DERREG project do not, it should be stressed, represent a typology of regions, as more than one mode of engagement can be found within single regions – sometimes complementing each other, at other times in conflict with each other –

and the predominant model may vary depending on the geographical scale of analysis. Yet, all nine models of engagement involve some form of collective action, and some degree of territorial expression, such that they are each more than just the actions of individual firms, organizations or households. Moreover, regional identification with one or more modes of engaging the global economy is reinforced and reproduced through regional development plans and strategies that codify and formalize models of engagement and set priorities and targets.

The first four models of engagement outlined in this section are already fairly widely recognized and documented in the literature: ‘global resource providers’; ‘branch plant economies’; ‘super-productivist farmers’ and ‘global playgrounds’. Examples of all four models of engagement can be identified in the DERREG regions from published sources, although the first three models were not examined further in the detailed case study research, which focused on endogenous small and medium-sized enterprises (SMEs). The remaining five models – ‘niche innovators’, ‘trans-border networkers’, ‘global conservators’, ‘re-localizers’ and ‘structurally marginalized’ - follow more directly from the analysis of empirical data collected through the case study work, and concern less widely recognized aspects of the rural experience of globalization.

### ***3.1 Global Resource Providers***

Global resource providers are rural localities that are rich in mineral and energy resources that are required as raw materials by the global economy. Some have been sites of resource exploitation for centuries, often with a long history of engagement with global capital and markets (see for example, Walker, 2001); others are the newly developed frontiers of resource capitalism’s relentless push into more and more remote regions (Bone, 2003; Markey, 2010; Woods, 2011a). In some cases globalization has contributed to the decline of rural resource centres, as localized mining or forestry industries have been undercut by global competition, but resource-rich regions that have survived have generally prospered over the last decade as a global resources boom driven by industrialization in China and other parts of Asia has driven up global commodity prices and demand.

The most important dimension of globalization for such localities has therefore been the intensification, stretching and multiplication of commodity chains and trading relationships, as their products are traded on global commodity markets and exported to increasingly distant sites of consumption. However, global resource provision also involves other expressions of globalization: the companies involved tend to be global conglomerations, often foreign-owned and supported by global finance capital; the technology utilized sourced internationally; foreign migrant workers provide both specialised technical expertise and, in some cases, unskilled labour; and the flow of both people and income from commodity exports into what are often remote, sparsely populated regions, provides support and start-up capital for wider economic development.

Examples of global resource providers include Övre Norrland in northern Sweden, where mining for substantial iron ore, copper and gold resources have historically been the mainstay of the regional economy. Although mining now employs only a small proportion of the regional workforce, its contribution to gross value added (GVA) is higher and has risen with the growth in demand from the global resources boom. International trade is also important for the region’s forestry industry, with 90% of forest products exported, generating €470 million per year.

A number of transnational corporations are active in the region, especially in mining and forestry, including Anglo-American, Blackstone Nickel and Dragon Minerals. However, regional benefits from globalization are enhanced by the significant presence of Swedish-owned and locally-headquartered companies. The largest single employers are the state-owned mining company LKAB – 75% of whose sales are exports – and the Swedish-owned steel manufacturer, SSAB, whose plant ‘adds value’ to natural resources mined in the region, as do local paper and wood-processing plants that produce mainly for export.

In exchange for prosperity, global resource providers become dependent on distant decision-making, whether by commodity exchanges, corporate boards or the Chinese Communist Party. Their fortunes are also tied both to the finite nature of the reserves that they exploit, and public attitudes towards the industries that they support. Globalized environmental discourses that promote a low-carbon economy present challenges for rural resource regions based on coal, gas or oil; but they also potentially create opportunities for new global resource providers exploiting renewable resources such as wind, water and sunlight. Whilst the energy produced might initially at least be directed towards domestic markets, the development of renewable resources occurs in a globalized context, involving transnational companies, imported materials, and global discourses (Woods, 2003). The consequential negotiation of local and global interests can mean that such developments are contested, as observed in the Lausitz region of eastern Germany.

The Lausitz regional economy was traditionally based on brown coal mining to fuel electricity generation in the German Democratic Republic (GDR). Highly-polluting brown coal is a commodity without international value, and international environmental pressure helped to close down the industry after the collapse of the GDR. The regional development strategy in the 1990s and early 2000s hence focused on reorienting the economy from coal to other sectors, including renewable energy, with wind power in particular promoted as part of the concept of a trans-border ‘Energy Region Lausitz’ straddling Germany and Poland. However, the installation of wind turbines encountered local opposition, whilst local opinion rallied behind the survival of brown coal mines and power stations. In this way, local actors formed a coalition of interest with Vattenfall, the Swedish company operating the mines and power stations, against an anti-coal campaign led by the international environmental group Greenpeace.

### **3.2 *Branch Plant Economies***

Attracting inward investment by transnational firms has been an established strategy for rural regional development since the post-second world war period, forming part of an economic modernization strategy aimed at replacing agricultural employment with manufacturing. Indeed, as technology-driven globalization intensified in the 1980s and early 1990s, the apparent erosion of location effects that had shaped traditional industrial geography was heralded by some commentators as a new paradigm in which rural areas could compete on equal terms with cities for industrial employment, and, indeed, could exploit competitive advantages of space, low land and labour costs, and environmental amenities (North, 1998).

In Europe, Ireland in particular stands out as an example of this approach, with foreign investment and branch plants forming a key dimension of the ‘Celtic Tiger’ economic boom (Bartley & Kitchin, 2007; Inglis, 2008). Even at the end of the

‘Celtic Tiger’ period in 2009, Ireland still accounted for 7% of all foreign direct investment in the European Union (but less than 1% of the EU population). Although much of this investment was concentrated in urban centres, rural districts also benefited. County Roscommon, for example, attracted eight FDI projects, employing over 900 people, particularly in the medical technology and electronics sectors. As well as contributing to economic development, foreign investment in rural Ireland has stimulated international migration on several levels (see also Jones, 2003). Managers and specialists have been transferred by corporations to work in branch plants; the creation of a new tier of managerial and professional jobs has enabled return migrants to come back from Britain and the United States; and as branch plants have employed local workers they have left labour gaps in industries such as meat processing that have been filled by migrant workers from Brazil, Pakistan and Eastern Europe.

Branch plant economies depend on maintaining a competitive advantage in a footloose global economy. Rural regions that benefited from a domestic rural-urban shift of manufacturing the 1980s and 1990s have lost out in a new international shift of manufacturing in the 2000s. Current beneficiaries include rural regions in Central and Eastern Europe that are perceived as offering both a cheaper relocation option within the European Union and a low-cost entry to the EU for non-European firms. Rural districts in the South Moravia region of the Czech Republic, for example, received €2.7 billion of foreign direct investment between 2002 and 2006. However, even in these regions, traditional rural industries such as textiles and food processing are under pressure from global competition. Moreover, branch plants commonly bear the brunt of corporate cost-cutting in times of economic constraint, such as the downscaling of the Elan medical technologies factory in Monksland, County Roscommon, Ireland.

### ***3.3 Super-Productivist Farmers***

The third category combines elements of the first two, but is arguably distinctive in the centrality afforded to the traditional rural industry of agriculture. These are regions in which farming not only remains significant economically, but is characterized by large-scale, industrial and often export-oriented production (Halfacree, 2006). They are similar to ‘global resource providers’ in that they are based on the exploitation of a natural resource to supply global commodity markets, and hence are susceptible to fluctuations in commodity prices. In the same way that ‘global resource providers’ prospered in the resource boom of the 2000s, super-productivist farming regions have benefitted from recent spikes in food prices. Unlike ‘global resource providers’, however, much production is still in the hands of small-scale regional farmers, although there is an increasing presence from transnational agribusiness. Indeed, some aspects of super-productivist agriculture exhibit the same locational economics as branch plant economies, with global corporations such as meat producer Smithfield shifting production to regions with low labour and land costs, and relatively lax animal welfare and environmental regulations (Glenna & Mitev, 2009). Super-productivist farming did not feature strongly in any of the DERREG case study regions, but can be postulated to be a major strategy for engaging the global economy in some parts of Bulgaria, France, Germany, Spain and Poland, as well as outside Europe in regions such as the Central Valley of Chile, or large parts of rural Australia.



### **3.4 Global Playgrounds**

Rural regions across the global north have experienced a shift in balance from production-based economic activities to consumption-based activities, but certain rural localities with particularly high amenity values stand out as ‘global playgrounds’ for their capacity to attract international tourists and amenity migrants. In the most developed and high profile cases – resorts in the Rocky Mountains, Alps and in New Zealand, for example – international tourism has become the major income-generator for the local economy, accompanied by the arrival of international amenity migrants (both permanent and seasonal), foreign property investors and speculators, transnational service industry chains, and migrant workers providing labour for the construction and service sectors (Whitson, 2001; Woods, 2011b).

Previous research on global tourism and amenity migration has tended to focus on high-profile resorts, but as a model of engagement with the global economy, ‘global playgrounds’ can be found in more modest form in many parts of rural Europe, facilitated by low-cost air travel and the liberalization of property regimes. Pomurska, in eastern Slovenia, for example, experienced a flurry of foreign property purchases following accession to the European Union in 2004. Between 2004 and 2008 a total of 618 houses in Pomurska were bought by foreign citizens, mainly Britons, both as permanent residences and as holiday homes, attracted by low property prices but also by the lure of an apparent rural idyll (see also Lampič & Mrak, 2012). The amenity migrants have contributed to the local economy, investing in villages that were facing depopulation, using local traders and in some cases setting up their own home businesses, but their presence also changes the communities that they join. Moreover, ‘global playgrounds’ are sensitive to global economic trends, and there is some evidence from Pomurska that some amenity migrants have sold up and returned home in the current recession.

### **3.5 Niche Innovators**

Niche innovators engage with the global economy by producing and exporting goods to serve global niche markets, or attracting international visitors to niche events and attractions. As a strategy, niche innovation is driven by individual entrepreneurs and enterprises, but if the businesses operating in these fields become significant employers or if clusters develop of enterprises focused on the same niche interests, they can have an impact on the wider economy of the locality. Strategies for niche innovation can take different forms, utilizing different resources and starting from different points. In some cases, niche innovation stems from agricultural diversification, or from the re-orientation of businesses that originally served local agriculture to providing specialist products to international markets. Some niche innovators use endogenous resources, such as local food-products, spring-water or wood, whilst others are high-tech or service industries that could be located anywhere.

Several examples of niche innovation can be observed in Övre Norrland, including Polarica, which exports berries and game meat to central and Eastern Europe; Polarbageriet, a bakery specialising in exporting frozen Scandinavian bread; and specialist biotechnology ventures. These enterprises are small in scale compared with the region’s mining, steel and forestry industries, but they represent a second front of engagement with the global economy that is driven by small and medium-sized enterprises. Moreover, Övre Norrland also contains examples of niche

attractions and events that contribute to the economy by drawing in international visitors, in this case the 'Ice Hotel' near Kiruna, and the Kiruna Space Centre that has been identified as a base for space tourism.

### ***3.6 Trans-Border Networkers***

If globalization is understood as the intensification, multiplication and stretching of social and economic relations over space, engagement with the global economy need not necessarily involve networks that extend to the other side of the world. For many border regions, the most prominent expression of globalization is the intensification of networking with neighbouring regions across conventional national borders, what might be termed 'short-reach globalization'. Such developments can serve to subvert established core-periphery dynamics by placing regions that have historically been at the margins of national economies at the centre of new trans-national arrangements.

The region of Goriska in Slovenia is characteristic of this model of engaging the global economy. Historically tied to the neighbouring region in Italy, it was cut off by the formation of Yugoslavia and the later descent of the 'iron curtain'. Although the 'iron curtain' was more permeable here than elsewhere – foreign visitors could cross from Italy to play in casinos in the region – cross-border networks have intensified with the end of the Cold War and accession to the European Union. Goriska now has one of the highest degrees of business internationalization of the regions studied by DERREG, with 80% of firms surveyed reporting some international links or transactions. These were primarily cross-border networks with Italy, developed in some cases to replace domestic markets lost with the disintegration of Yugoslavia, but they also included foreign investment by companies attracted by the combination of low production costs and the ability to recruit employees from an international labour pool encompassing parts of Slovenia, Italy and Austria (see also Potočnik Slavič, 2011).

Trans-border networking is also articulated through migration. Over 20,000 people commute into Saarland to work from neighbouring districts in France, Belgium and Luxembourg – with 6,000 heading in the opposite direction (Wille, 2008) – and trans-border mobility in the 'Saar-Lor-Lux Euro-region' has been recently reinforced by residential migration. Nearly a quarter of the population of the rural community of Perl in northern Saarland are Luxembourgesse citizens, who have moved across the border attracted by a lower cost of living, availability of land for house-building, and the potential to create a Luxembourgesse enclave in contrast to the high non-national population in Luxembourg itself.

### ***3.7 Global Conservators***

'Global conservators' are localities that have been integrated – willingly or unwillingly - into international structures for nature conservation and environmental protection, informed by global environmental discourses. These include national parks established on the 'American' model, UNESCO biospheres and world heritage sites, and locations carrying international designations such as Natura 2000 sites. With these designations come certain internationally-determined regulations and restrictions concerning land use and environmental management, which may frequently conflict with established local traditions, such as hunting, or limit opportunities for economic development. Equally, however, international designations can be actively sought by regional actors, either to protect the local

environment from perceived threats (including from globalized economic forces), or as a catalyst for sustainable development, notably sustainable tourism.

International environmental designations are therefore themselves a form of engagement with the global economy, have a transformative impact just as other forms of engagement do, and can provoke divisive local conflicts as the terms of engagement are negotiated. The Bliesgau UNESCO Biosphere in Saarland, designated in 2009, was the focus of just such a conflict. Promoted by a multi-scalar network of actors including environmental groups, regional and national government, and some local businesses, the biosphere is presented by supporters as offering opportunities to develop sustainable economic activities, including organic farming, eco-tourism, sustainable forest management and renewable energy. However, the designation of the biosphere, its boundaries and the regulation of its core zone were all contested by local farmers and hunters who perceived threats to their capacity to act (see also Frys & Nienaber, 2011).

### **3.8 Re-Localizers**

Viewed from a relational perspective, globalization is not only about up-scaling. As globalization reconfigures the tangles of relations that constitute place, so local aspects of economic and social life can be reaffirmed and consolidated. The models of engaging the global economy discussed above have tended to focus on building networks that reach out from rural regions; but there are also many actors in rural regions who have responded to globalization with strategies of relocalization. These include radical movements to ‘opt-out’ that take localization to an extreme by constructing essentially self-sufficient communities (Halfacree, 2007); but more commonplace are strategies that aim to reconstruct or strengthen local value chains through initiatives such as farmers’ markets, farm shops, local branding schemes, and promoting local procurement by the public sector and large institutions. These actions can be positioned as responses to globalization because they are often aimed at stemming leakage of value from localities as global corporations and imported goods creep in, or at replacing income lost as a consequence of shifting transnational networks.

Several examples of relocalization can be observed in the Comarca de Verin, in north-west Spain. These include a cooperative formed to market products from regional heritage cattle breeds; an initiative aimed at reinvigorating the traditional chestnut economy of the region; and a company that has resurrected historical local carpentry techniques to produce distinctive furniture. These initiatives are all intended to add value to local resources by asserting local distinctiveness and local networks of production and consumption (see also Dominguez Garcia et al., 2012). Yet, none of them exist without any form of connection to the global economy. The furniture company imports wood from France, Scandinavia, Russia and North America because the local *monte* forests have been degraded so far that they cannot meet the firm’s needs; whilst the cattle cooperative has expanded to sell meat throughout Spain, and could conceivably follow many other ventures in moving from supplying local markets to exporting to a global niche market. In this way, there is much common ground between the ‘relocalization’ and ‘niche innovation’ strategies, as both tend to engage distinctive endogenous resources. The main difference is that ‘relocalizers’ look initially to revitalize local markets within the region, whereas ‘niche innovators’ aim at international niche markets. However, as this example shows, individual entrepreneurs may do both at the same

time, and initiatives that start as relocalization projects may morph into niche innovators over time.

Moreover, relocalizers are arguably themselves part of a global movement, with organizations, networks, books, websites and other literature that facilitate the global circulation and replication of ideas and approaches. The relocalization initiatives in one rural region accordingly tend not to be that dissimilar from those found in any other, randomly selected, rural region. The farmers' cooperative and chestnut valorization project in the Comarca de Verin are hence echoed by farmers' markets and sustainable tourism initiatives in the Westerkwartier district of the northern Netherlands.

### **3.9 Structurally Marginalized Regions**

The final model of engagement might perhaps more correctly be described as a model of non-engagement. It encompasses regions where there is limited international activity by local businesses and which are net exporters of labour to the global economy. Such regions have precarious economies, and are consequently particularly vulnerable to market and policy changes. Individual entrepreneurs and agencies may attempt to engage with global economic networks, but without particular success, frustrated by structural factors such as geographical location, the absence of valuable natural resources, and political-economic culture. These features are exhibited by Alytus county in Lithuania, which reported the lowest degree of international engagement by businesses of the regions studied by DERREG, little foreign investment, and significant out-migration of migrant workers. Business leaders and public officials in Alytus explained that they wanted to develop international connections, but were constrained by their location on the Belarus border, and the legacy of Soviet policies.

### **4.0 Factors Influencing Regional Capacities**

The potential for regions to adopt some of the models of engagement described above is to some degree controlled by structural factors. Global resource providers require reserves of valuable natural resources; global playgrounds depend on particular types of landscape or leisure opportunities; whilst preconditions for trans-border networking include not just a border location, but more specifically an open border with a region with sufficient economic prosperity to generate trading opportunities. Yet, around these structural constraints, the adoption of particular models – and the primacy of certain models over others – is the result of the politics of local negotiation, and hence of the choices of local agents. Five key factors, in particular, are suggested as significant by the DERREG research.

Firstly, government policies set the parameters for global engagement. Inward investment (and hence branch plant economies) can be attracted by tax incentives and subsidies, as in Ireland, whilst currency fluctuations can inform disinvestment decisions. Privatization of state assets have enabled transnational corporations to enter rural economies; whilst state ownership of the major mining company in Övre Norrland has helped to enhance the regional benefit from its role as a global resource provider. Spatial planning policies can also encourage business development by designating enterprise zones, as in Goriska in Slovenia, or control opportunities through restrictive industrial development regimes, as in the Netherlands.

Secondly, entrepreneurship and the actions of individuals are often critical as catalysts for global engagement, whether by establishing niche companies or acting as brokers for international property-buyers. Global engagement can be driven by ambition that exceeds the capacity of a region, producing the counter-intuitive result that remote, sparsely populated rural regions may have a higher degree of global engagement than regions close to large urban markets, as one Swedish interviewee illustrated:

The Swedish market is limited and considering all the raw material in the form of the large forests with exceptionally good quality that we have here, exporting has sort of been incorporated into the concept for a long time now. (Business interviewee, Övre Norrland).

Thirdly, endogenous businesses require support if they are to benefit from global opportunities through models of niche innovation or trans-border networking. Even firms with strong international activities still tend to rely on national and regional support networks, including 'network brokering' activities that can assist companies in linking with international partners. The availability of financial capital is also important and is a major limiting factor in less prosperous regions such as Alytus; whilst endogenous growth is strengthened if earnings from international transactions are retained and reinvested within the region.

Fourthly, global engagement is helped by international know-how: familiarity with international markets, experience of travelling and working abroad, and language skills. This, to a large degree, is the Lithuanian problem. Economic actors in Alytus want to engage internationally, but they are constrained by limited knowledge of international markets, a lack of familiarity with different legal and fiscal systems, limited experience of travel, and limited English language skills. Migrants can have an important contribution to make as conduits of international know-how, creating opportunities and building bridges, and return migrants in particular can bring back valuable skills and experiences (see also Stockdale, 2006). Yet, a certain level of economic development is required in order for migrant know-how to be effectively utilized. Return migrants could enable Alytus to overcome its international knowledge gap, but at present appropriate employment opportunities are lacking, such that the dominant trend is of repeated emigration.

Finally, effective global engagement requires regional reflexivity. A key role for regional development agents is to facilitate 'regional learning', working with local populations to identify regional strengths, resources and challenges, and to plot and manage responses that might include learning new skills and capabilities (or re-learning old skills) (see also Wellbrock et al., 2012).

## **5.0 Conclusions**

A differentiated geography of the global countryside is being produced through the diversity of models of engagement with the global economy that can be observed in rural regions. The extent to which different regions follow or exhibit these models may be controlled by structural factors, such as the presence of valuable natural resources, high-quality amenity landscapes, or geographical location, but equally important are the local politics of negotiation between local and non-local agents. In this way, regional development agents in rural regions are not impotent in the face of globalization, but have the capacity to intervene in ways that can

influence the outcomes of globalization for the region. As such, the remaking of rural places under globalization is always contingent and contested, and the outcomes of globalization are never pre-determined.

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