

NATIONAL AGRICULTURAL POLICY

Cristina BURGHELEA¹, Mariana BALAN²

¹Hyperion University, 169 Calea Calarasi, District 3, Bucharest, E-mail: crystachy@yahoo.com

²Institute of Agricultural Economics, INCE, the Romanian Academy, 13 Calea 13 Septembrie, District 5, Bucharest, Phone/Fax:021/3182411; E-mail: dr.mariana.balan@gmail.com

Corresponding author: crystachy@yahoo.com

Abstract

This article aims to point out that Romania believes that the CAP is essential for achieving all the objectives of the 2020 Strategy, acting in an integrated manner with other Community policies, the contribution which they make through employment in agriculture and related sectors, contributing to the social inclusion objectives and planning, through the role it can play alongside other policies (environment, cohesion, research and development, social) in an effort to achieve the target of reducing emissions of greenhouse gases such as and the substantial role of knowledge and innovation in agriculture and food industry, to achieve the goals of competitiveness in the local and global market and addressing environmental issues. For CAP objectives to be achieved is still needed in view of the EU 2020 strategy to ensure adequate funding of the CAP.

Key words: competitive agriculture, social inclusion, Common Agricultural Policy

INTRODUCTION

Romania is a country of farmers. Its long history is a rich agricultural country deeply tied to land people. The peasants of Romania went through many crises and changes over the centuries, but their relationship with the land remained strong. Now, Romanian farmers are again at a crossroads. The last twenty years have meant for Romania restructuring of agriculture to the former communist system, with a new focus on the market. With the fall of communism in the early 1990s, the Romanians were returned to rural areas finding comfort and stability in small-scale agriculture [7].

Today, many of the old challenges remain, and new challenges have emerged. In twenty years, Romania has turned into an open country, a part of the global market. Since joining the EU in 2007, Romania began to face new problems, and began to work in a new framework to solve these problems. Moving, Romania must find its place in Europe and must learn to thrive in a new set of circumstances.

Romanian agricultural population size is overwhelming, with an unprecedented percentage of the population in Western

Europe since industrial revolution. Romania's EU accession changed the image and character of European agriculture, and now the EU is in the process of changing the image and character of Romanian agriculture. Romania has an agricultural population five times higher than the EU average and double compared to the next country in line. The fall of communism in 1989, 28.5% of the population was engaged in agriculture. This percentage increased to 43.5% in 2001, as the population brought the communist system in urban areas moved back to the relative stability of rural and subsistence agriculture. By 2008, the population involved in agriculture decreased to approximately 30%, as the population began to die old and new opportunities appears in urban areas. This percentage is staggering compared to Western Europe, where the population involved in agriculture in France was 3.4%, 2.2% in Germany and the UK is only 1.4% of employment. The importance of agriculture in Romania simply can not be ignored.

Romania is a relatively large country in the EU, with particularly good farmland. Romania is a predominantly rural country, with 60% of the country is classified as rural. Much of the population lives in rural areas,

with 47% of the population living in rural areas since 2008, much higher than the EU average of 15%. Rural areas in Romania occupy about 14.7 million hectares of farmland and comprise more than four million farms.

Within the EU, Romania appears to be the country most dependent on agriculture and the country with the largest number of farmers from Union as a whole. Not only has the highest percentage of farmers in the EU, farmers in Romania represent 20% of the entire workforce in the EU mobilized in agriculture. Agriculture represents 6.6% of Romania's GDP [9].

MATERIALS AND METHODS

In order to set up this paper a large documentation was needed based on the EU Regulations regarding CAP and also using the main articles published on this topic during the last years. A critical approach of the collected information was carried out by authors and the core of the results belongs exclusively to their opinions.

The main idea was to emphasize the fact that CAP is essential for achieving all the objectives and priorities included in the EU 2020 strategy.

Social inclusion objectives and planning play an important role in the EU policy besides the other objectives regarding the other environment, cohesion, research and development, social policies.

As the EU strategy for the prospect 2020 to be achieved, it needs a corresponding funding, a reason to analyze this aspect in the present paper too.

RESULTS AND DISCUSSIONS

A new CAP for the period 2014-2020

CAP was created by the Treaty of Rome in 1957. He began operation in 1962 and had the following objectives: to increase productivity, ensure fair living standards for the agricultural community, to stabilize markets [5], ensure the availability of food and provide reasonably priced food. Today the CAP is

acting as an umbrella under which agriculture works in the European Union. Policy is extremely complex, consists of several different sections and often contradictory.

In February 2014, the European Commission published a report summarizing the main directions of development of this common policy in 2014-2020 and policy implications at national level, but also on agricultural production in the Member States. According to the analysis CAP is a bridge between the expectations of EU citizens' regarding agriculture and farmers expectations in countries facing economic and environmental challenges, is also an investment in the Community budget in a strategic sector in terms of food security, environment and growth economic rural areas [4]. To meet these expectations in the new context of financing, funds allocated under the Common Agricultural Policy and rural development programs of the Member States will be mainly directed towards the following objectives: increasing the competitiveness of European agriculture on global and national level; diversity conservation farming systems in EU countries; thus adapting agricultural production to new environmental challenges of climate change and protection of natural resources [2].

In this context, it should be noted that in June 2013, the Community institutions have adopted a regulatory framework that draws new lines of development and reform of the CAP. New CAP reform was shaped by a full public debate with citizens and the national community, with the objective of enabling adaptation CAP to new challenges in terms of EU rural development sector in the medium and long term. According to the new directions of development and reform of the CAP the period 2014-2020, it will focus on three pillars: ecology and efficiency in agriculture, ensuring a healthy diet at affordable prices and revitalization of rural communities.

The impact of the new EU CAP on the Romanian agriculture development

Romania strongly supports the idea of a fair distribution of direct payments between

Member States. Also claimed and asserted that the future CAP should not be kept current discrepancies, so that the CAP should not be a policy with two speeds.

Romania does not consider appropriate the Commission proposal for introducing an upper limit (cap) the level of direct payments to large farms. In this regard, on 21 February 2011 at Brussels, Czech Republic, Germany, Italy, Romania, Slovakia and the UK have signed a joint declaration on opposition to the introduction of any maximum threshold of direct payments received by large farms, suggested in Commission Communication on the CAP after 2013.

Romania considers the opening shown by the Commission to support small-scale agriculture by introducing a support system dedicated to small farms contributing to strengthening competitiveness and maintaining the vitality of rural areas. In this respect it will support the definition of new eligibility criteria simpler to manage and easier to implement.

It also will support measures to create opportunity for young farmers to get a decent income, giving them the opportunity to become more involved in agriculture and its rejuvenation, given the current context of active aging in agriculture [6].

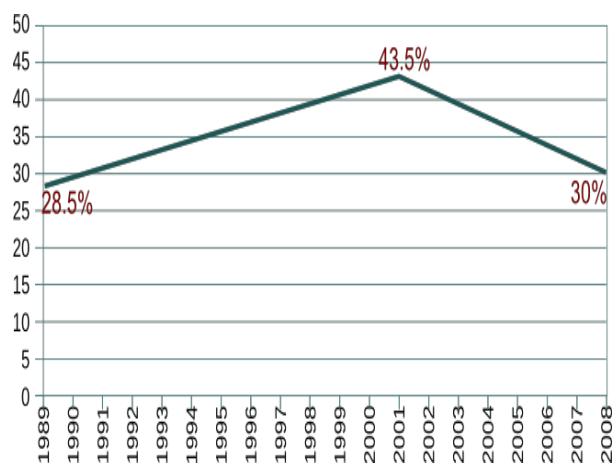
Romania supports maintaining current market intervention instruments to act as a safety net in times of crisis [3] and looking for new tools in order to maintain a competitive EU agriculture in relation to third countries; continuation after 2013 of sectorial programs (wine, beekeeping, disadvantaged, etc.) having a significant impact on Romania, as well as specific support currently provided under art. 68 of Regulation no. 73/2009.

Thanks to the new socio-economic context created by the onset of the financial crisis, the agriculture sector should be recognized as an integral strategic and active community, impacting not only the provision / supply of foodstuffs, but also on society by creating jobs and enhance the non agricultural activities in rural areas.

EU enlargement and the specific rural areas require a new vision to address the common

agricultural policy in order to comply with its basic principles: maintaining a single market; financial solidarity [11].

The social dimension of agriculture is important as this sector contributes significantly to employment in rural areas and ensuring a fair standard of living for farmers (see fig. No. 1).



Source: www.eurostat.ro

Fig. 1. Romanian population employed in agriculture between 1989 and 2008

Agriculture and in particular Pillar II contributes to economic and social development through rural development, maintaining cultural heritage, proper use of natural resources, especially through job creation in rural areas [13].

Regarding actions to revise the CAP, Romania supports the importance of maintaining a consistent level of budget allocated to Pillar II.

To Romania is important increasing competitiveness, sustainable management of natural resources and balanced territorial development. Their funding must meet the specific needs of Member States, including providing greater flexibility [14].

Romania appreciates the Commission's initiative to create a new period for the new scheduling for measures by interconnecting existing ones in response to the needs of specific groups or areas. In this respect, Romania supports the inclusion of a package to support small farmers in order to avoid phenomena present in Romania, as depopulation, abandonment of agricultural

land and increase their economic capacity to provide public goods [10].

The actions that should focus the new package to the small farmers must cover aspects: increasing their financial support; simplify the conditions for accessing funds; establish specific measures to promote products; specific measures aimed at advising, consulting, training and credit to this category of farmers; development of local distribution channels in order to facilitate direct access of consumers to the products of small farmers (organic farming, traditional or local products) and support local markets; establishment of conditions and requirements on minimum standards for achieving production and marketing, tailored financial capacity of small farmers [12].

With regard to risk management package, it supports the continuation and development of financial engineering measures, the assurance tools, access to credit, guarantees, equity etc., which are essential for increasing the competitiveness of the agricultural sector, with the particularities of this sector [1].

Regarding the development of a Community Strategic Framework ERDF, ESF, Cohesion Fund, EAFRD and EFF, replacing the sectorial approach in the current scheduling period, which establishes separate guidelines for Cohesion Policy, the Common Agricultural Policy and Politics Fisheries and Maritime Affairs, Romania supports in principle the proposal, provided that the new approach does not lead to decrease allocations for these policies.

We recognize the importance of strengthening coordination mechanisms and systems of European policies and instruments for their implementation, but we believe that the current political line of Pillar II in the future CAP should be maintained and their implementation in Romania, to achieve nationally [8].

The new CAP 2014-2020 budget

CAP Budget allotted period 2014-2020 amounts to 373 billion for the 28 Member States and Romania has allocated funds 17.5 billion, up from the previous budget year 2007-2013 (EUR 13.8 billion). These

additional funds will be fully exploited if the Romanian farmers will capitalize, particularly through direct payments system, the opportunities offered by each of the three directions of development outlined above. Note that although the total funds for Romania increased to Pillar II - Rural Development which fell by 13.5%. Now, under the new Common Agricultural Policy (CAP), the future financial period 2014-2020, Romania will receive 7.1 billion Euros for the National Rural Development Programme, with over one billion Euros less than in the previous financial cycle.

So will be less money for modernization of agricultural holdings, establishment of processing units and other investments, much needed rural areas. On the other hand, although the new CAP provides maintenance support system Scheme (SAPS), received subsidies for Romanian farmers in 2014-2020 will still be much lower than those granted to other European countries.

The grant awarded to farmers in Romania this year is only 147 Euros/ha, compared to 250 Euros/ha, as is the European average. According to Minister of Agriculture, Daniel Constantin, next year subsidy on the surface will be up 177 Euros/ha for areas up to 30 hectares and 147 Euros/ha for areas larger than 30 hectares.

And for Romanian farmers to receive subsidies at the EU average have to wait until 2020, whereas the European Council decided that the convergence period should be extended for six years.

This will be a huge disadvantage in competition with farmers in other EU countries where subsidies are 700-800 Euros/ha and even higher. It further supports the idea that rural development policy remains under the CAP (allocations and implementation at national level will continue to be the responsibility of the Ministry of Agriculture and Rural Development) [15].

It should be noted that we must take into account the particularities of the new Member States, the agricultural sector plays an important role in the national economy and ensure maintenance in real terms of support to

agriculture so as to overcome, by this, structural problems and achieving the convergence.

For the EU-15, the proposed measures lead to budget savings of 337 million Euros for the year 2006 and approximately 186 million in

2010. For the Central and Eastern European countries seeking EU membership, the EU budget will bear additional expenses of 88 million Euros in 2007, expenditure increased annually to 241 million in 2013 (Table 1).

Table 1. Projected expenditure EU-25 and effects of CAP reform (Euro million)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU-25	42979	44474	45306	45759	46217	46679	47146	47617	48093	48574
EU-25 expenditure	41681	43642	44395	45156	46123	47568	48159	48805	49451	50099
<i>of which EU-15</i>	<i>41320</i>	<i>41339</i>	<i>41746</i>	<i>42183</i>	<i>42802</i>	<i>43569</i>	<i>43513</i>	<i>43513</i>	<i>43513</i>	<i>43513</i>
<i>candidates -10</i>	<i>361</i>	<i>2303</i>	<i>2649</i>	<i>2973</i>	<i>3321</i>	<i>3999</i>	<i>4646</i>	<i>5292</i>	<i>5938</i>	<i>6586</i>
Differences	1298	832	911	603	94	-889	-1013	-1188	-1358	-1525
Savings by CAP reform, for rural development				228	751	2030	2420	2810	3200	3343
				228	475	741	988	1234	1481	1481

Source: www.eurostat.ro

Romania will receive in total in 2014-2020 multiannual financial years, 39.88 billion Euros - structural and cohesion funds and agricultural funds – compared to 33.5 billion Euros as was allocated in 2007-2013. That is an increase of 18%. Romania has the largest budget percentage increase of all EU countries. In other words, Romania has achieved the maximum that could be obtained in terms of cohesion funds because it was hard to get 2 bn. Euros more cohesive (21.8 bn. Euros compared to 19.8 bn. Euros the current multiannual financial year), while the rate of absorption of funds between 2007-2020 is down.

Between 2014 and 2020 the CAP funds allocated to Romania are + 27% (in total). The Common Agricultural Policy (CAP) will receive 17.5 billion Euros, up 27% compared to current year appropriations in the multiannual financial framework of the Union (13.8 bn. Euros).

Within the CAP, the two pillars - "direct payments" and "rural development" - sums compared looks like direct payments to farmers: + 47.5%. The direct payments to farmers will receive 10.3 billion Euros in Romania compared to 5.6 billion Euros in 2007-2013. The Rural Development: 13.5%, Romania was allocated 7.1 billion Euros, compared to 8.2 bn. Euro between 2007 and 2013 (minus 1.1 billion Euros). Within the CAP will be a "flexibility", meaning that 25% of the total amount can be transferred from

one pillar to another - from direct payments to rural development and vice versa.

In the next financial year, the money can be spent within N + 3 (three years after the date agreed that a project will be completed), compared to N + 2 now - that the whole allocation should be absorbed within 10 years of the onset of the financial year. VAT on projects with EU money will be eligible for funding (VAT may be paid from non-refundable amounts). National co-financing rate for the Structural Funds remain 15% (85% European funds, 15% own money). On rural development financing rate will remain at 25% (75% EU money, 25% own money). If an EU country has a financial assistance agreement with either the IMF or the EU, national co-financing that period decreases to 5% for structural funds (5% national co-financing, 95% EU money), and the development rural to 15% (15% national co-financing, 85% EU money). Pre-financing (money given before EU) will be 3% of a project. For countries which in 2010 had an agreement with the IMF and EU funded, pre-financing percentage will be 4% - so for Romania pre-financing percentage is 4%, for cohesion funds, as well as those relating to rural development.

CONCLUSIONS

In Romania, 55% of CAP funds now go to the second pillar. Romania has struggled throughout against modulation, wishing that

most of the money be directed to Pillar I, money that would more easily distributed and absorbed. This is a mistake. Although it will be difficult, Romania must send even more money into rural development and hard work to overhaul rural education and so they can better absorb these funds. Without an effective rural development Romania can truly benefit from the common European market place and it is Romanian authorities to ensure that this happens.

In general terms, it would be good to have a vision in which Romania should move forward with its agricultural policies. Romania needs of agricultural policies adapted to national specificities, taking into account the fact that Romania is part of the European Union. They need while representing the interests of Romania and its citizens and to blend also with European policy, respecting European standards. It is a difficult task, but far from impossible. The underlying key is to ensure that policies are written and implemented in accordance with Romanian history and current situation. Rather than trying to turn the country overnight or even worse, hopefully foreigners to develop policies and invest in Romania, politicians must develop unique policy to deal with the situation existing in Romania. A country with a rich agricultural tradition like Romania should be able to create its own agricultural vision and to implement it.

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