

ASSESSING THE IMPACT OF THE ALLOCATION OF BUDGET FUNDS ON THE MAIN MACROECONOMIC INDICATORS IN ROMANIA

Maria SPONTE (PIȘTALU)

Bucharest Academy of Economics Studies, 6 Romana Square, District 1, Bucharest, Romania,
Email: maria.sponte@yahoo.com

Corresponding author: maria.sponte@yahoo.com

Abstract

This paper represents an analysis of the impact of the budget funds for agriculture have influenced the main macroeconomic indicators like: gross added value, gross domestic product. From the paper we can conclude that since 2007, the indicators reveal an increasing of efficiency in the agricultural sector: value of the agricultural production, share of the GDP from agriculture in total GDP and others. Agricultural sector has received different funds from European Union, as well from the national budget for investments in technology as well as for the direct payments.

Key words: European funds, GDP, agricultural production

INTRODUCTION

The NRDP is the instrument by which the European Union allocates non-reimbursable investment funds for rural development for all member states.[2]

Under the National Rural Development Programme for the period 2014 - 2020, a series of measures are under way to pursue rural development in our country, taking into account the socio-economic realities and the Common Agricultural Policy (CAP 2020). Such a program is very important as it contributes to development of medium and long-term agricultural sector as well as to the rural environment.

At the EU level, the CAP for the period 2014-2020 will further contribute to sustainable growth. In this respect, Romania has also developed for this period a program that allows the development of rural development capable of meeting the European demands through comprehensive and sustainable measures. Moreover, rural development policy had to be linked to other policies at EU level such as rural development, the environment, human resources, etc. [1]

Improving agro-food performance, in line with modernization of rural infrastructure and living standards, are fundamental for Romania [3]. To this end, the NRPP 2014-2020

promotes a set of measures to increase the competitiveness of the agricultural sector. However, rural areas also mean other areas and activities than the agricultural sector, all but related to environmental protection.

The NRPP 2014-2020 promotes objectives aimed at increasing competitiveness; managing natural resources under climate change; a balanced development of the rural environment, diminishing the gaps between the country's regions.

MATERIALS AND METHODS

In this paper, have been used data from National Institute of Statistics regarding revenues and expenditures from the state budget, as well as those from agricultural activities. Also, data on GDP, VAB was collected both at the national economy level and at the level of agricultural activities. The EUROSTAT database was used for data on the value of agricultural production.

RESULTS AND DISCUSSIONS

The value of agricultural production decreased by 11% in 2015 compared to 2014. The main cause is the dependence of agriculture on the climate factor, the year 2014 being considered a very good

agricultural year. This is also evident from the structure of agricultural production, thus the vegetal production is decreasing by 17%, as compared to the animal production of only 1%.

Table 1. Structure of agricultural production according to the main markets (Euro mil.)

Indicator	2015	2014
Value of crop production	14,815	16,770
Gross added value	6,097	7,098
Vegetal production	9,104	11,039
Cereals	2,965	3,852
Wheat	1,275	1,252
Barley	325	341
Maize	1,248	2,124
Others	115	133
<i>Industrial plants</i>	990	1,143
Oil plants	903	1,011
Others	87	131
<i>Fodder plants</i>	1,157	1,465
<i>Vegetable</i>	2,223	2,020
<i>Potato</i>	591	1,161
<i>Frut</i>	938	1,137
Wine	213	240
Others	13	18
Animal production	3,902	3,967
<i>Animal</i>	1,762	1,890
<i>Animal products</i>	2,140	2,076
Services	248	221
Others	1,560	1,542

Source: EUROSTAT, 2017

However, the share of livestock production in agricultural production in Romania is increasing from 23% in 2014 to 26% in 2015. There is also an increase in the share of services in total agricultural production, from 1.3% in 2014 to 1.6% in 2015.

If we compare with other countries, the situation is somewhat different. Thus, for example, local financial productivity is lower

by over 30% compared to the level of the same indicator in Poland or Hungary. If we compare to France and Germany, Romania also achieves less than three times in the agri-food sector.

Depending on grain, sunflower or rape yields, our country is ranked 1st in the EU, in line with the declining agricultural output in 2015, alongside Luxembourg or Slovakia, which are marginal producers in the EU. Similar decreases were registered in Germany and Bulgaria, with - 11% and 9.3%, respectively. Starting with the pre-accession period, the agri-food sector benefited from European funds and from the state budget to make investments to increase competitiveness. Analysing the degree of access to SAPARD, we find that it was 88.6%, and the most attractive measures were for product processing, infrastructure development, as well as investments in agricultural holdings. At the opposite, there were measures to set up producer groups and methods to protect the environment. Through this program, the EU has allocated 1.1 billion Euro, and the state budget is about 361 mil. Euro.

Between 2007 and 2013, through the NRDP program, the EU allocated 8,022 billion Euro and the state budget 1,1 billion Euro. The measures that have been of the highest interest to Romanian farmers are those that encourage young people to set up farms, modernize agricultural holdings by purchasing agricultural machinery, developing village infrastructure, or related to the development of agriculture, encouraging other rural activities to diversify the rural economy etc. Both in the pre and post accession period, rural area has benefited from the largest funds and their efficient use led to a slight diminishing of the competitiveness gap with the EU. In order to make the most efficient use of funds for the period 2014-2020, an impact assessment on the main macroeconomic indicators is required.

From the analysis of the data presented in Fig. 1, it is noted that in the period 2008 - 2014, the total agricultural revenues registered an increase of 54% compared to the total expenditures that registered a 42% increase, which is a positive aspect for our country.

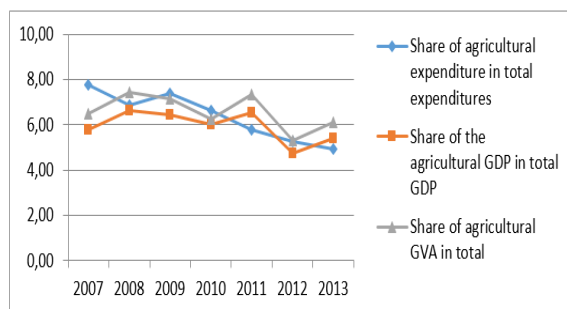


Fig. 1. Share of agricultural in GDP, GVA and expenditures

Source: processed data from National Institute of Statistics

Analyzing the national expenditures allocated for agriculture over the same period, we find that they have decreased by 10%, except for those provided by the local budgets, which have registered significant increases, namely from 18.3 billion lei (as it was in 2008) to 141.1 billion lei (as it reached in 2014), which means an increase of 6.7 times.

Compared to year 2007, the date of Romania's accession to the European Union, there is an increase of all macroeconomic indicators. GDP has grown by 53%, and GDP in agriculture is growing by 43% due to investments made from European non-reimbursable funds and those from the state budget, which have contributed to the performance of the sector.

Also, gross value added, representing the new value created in the production process, recorded 43.5% in agriculture growth in agriculture and 52.4% growth for total economy. Production has grown to 38% in the national economy and gross fixed capital formation, representing the value of purchased goods less fixed asset disposals in economic units, is up 20%.

Thus, starting with 2007, we see positive effects on the main macroeconomic indicators in Romania, with all significant increases. This is due to the European funds for the period 2007 - 2013, amounting to about 20 billion Euros, out of which about 8 billion were destined exclusively for investments in rural areas. [4]

According to the data presented in Fig. 1, we see a decrease in the expenditure in the agricultural sector, as well as the share of

these expenditures in the total expenditures at national level. We also see an oscillating evolution in the share of the agricultural sector in the GDP and VAB of our country.

CONCLUSIONS

In the first semester of 2013, Romania had a positive evolution of the sustained economy, both in agriculture and industry production, as well as by increased demand for exports. It is worth highlighting some of the features that refer to the economic evolution of our country, namely:

- external demand for products has been the main driver of economic growth;
- expenditure on private consumption increased in the second quarter of 2013, following the reduction in the first quarter of the same year compared to the corresponding period of 2012;
- the fixed capital formation mode recorded negative evolutions, but in similar conditions, with the second quarter higher than in the first quarter of 2013, which highlights the recovery trend;
- government consumption, (individual and collective government), declined almost constantly each quarter;
- industrial production, agricultural production and services have contributed positively to GDP growth in the first half of 2013;
- a negative dynamics (-1.5%). was also recorded in the evolution of net taxes on the product.

The growth trend of the world's population will increase the consumption of agri-food products and the long-term increase in food prices. It is worth mentioning that Romania has the fifth arable land in the EU but has an average yield per hectare for cereals of only 50% of the European average and does not use the entire agricultural area. The EU allocated 39% of its budget for the 2014-2020 budget to agriculture, and Romania received a consistent financial allocation.

REFERENCES

- [1]Hera, C., (editor), Istudor, N., 2013, Agricultura domeniul strategic pentru securitatea și siguranța

alimentară, Chapter, Politica Agricolă Comună din perspectiva interesului național. Romanian Academy Publishing, Bucharest, pp.115

[2] Hera, C., Istudor, N., Petrescu, I., 2016, Capitolul 19 "Agricultura românească în contextul integrării în Uniunea Europeană", seria Cunoaște România. Retrospective 2007 – 2013, coord. Gen. Iulian Văcărel, Romanian Academy Publishing, Bucharest, pp.363

[3] Istudor, N., 2006, Dezvoltarea rurală și regională a României în condițiile integrării în Uniunea Europeană, ASE Publishing, Bucharest, pp.236

[4] Sponte, M., 2017, Evaluarea efectelor măsurilor de susținere a agriculturii din România finanțate din fondurile bugetare, PhD thesis, pp.173