Luca, Lucian

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CHANGING OF AGRICULTURAL POLICIES IN ROMANIA DURING PREPARATION OF EU ACCESSION AND THEREAFTER

LUCIAN LUCA[1]

Abstract: *This article Provide a comprehensive perspective in the analysis and evaluation of Agricultural Policies, highlighting the arguments That lay at the basis of Common Agricultural Policy reform in the context of Pressures for Reforming the Agricultural Policies in OECD member countries the, on one hand, and of the radical transformations of the Agricultural Policies in Romania Accession DURING preparation and afterwards. Main Contribution is represented by interpretation of the significance of Romania's Agricultural Policies Adequate changes through the identification of data sources Referring to the Budgetary expenditures of agriculture and Their grouping by Intervention destinations. The analysis Revealed the right direction of agricultural policy changes, as well as the quasi-discretionary subsidies from national funds. Furthermore, the most targeted allocation of funds for agricultural policy Measures Funded from the national and European budget is Necessary.*

Keywords**:** *Romania, Agricultural Policies, national budget, European funds*

INTRODUCTION

By the place they occupy in the Romanian economy agriculture can not be the main source of economic growth, but can contribute to poverty reduction and food security. Food security has always been an implicit objective of agricultural policy, a country's ability to provide food for its population being primarily provided by domestic production. In Romania the transition to market economy, food security was of ten explicit objective of agricultural policies, especially in a traditionalist approach, aimed at achieving a high degree of coverage of domestic food requirements through relative protection high.

Preparation for accession to the European Union (EU) led to a gradual reduction in the level of protection, while the modification of the subsidy to agriculture, according to the European one. After accession agricultural policies applied in Romania are the result of interaction between EU agricultural policy and national agricultural policy measures which complement the actions and programs. Under the umbrella of the CAP food security has become a common concern for the EU, but this does not exclude national responsibilities relating to the supply of food consumption of the population. Changes in the volume and structure of support to farmers, regardless of national origin or European funds capture the transformation of agricultural policies applied in Romania in the last decade.

MATERIAL AND METHOD

Transforming agricultural policies in Romania during 2002 -2011 is tracked using three major indicators:

1) grants to support agricultural production financed by the state budget, analyzed compared to the pre-accession and post-accession

2) subsidies to farmers in the EU and national funds after accession period analyzed in the evolution of their structure;

3) The total subsidies, those actually benefiting farmers and default as a result of EU border protection, benchmarking with some EU member states.

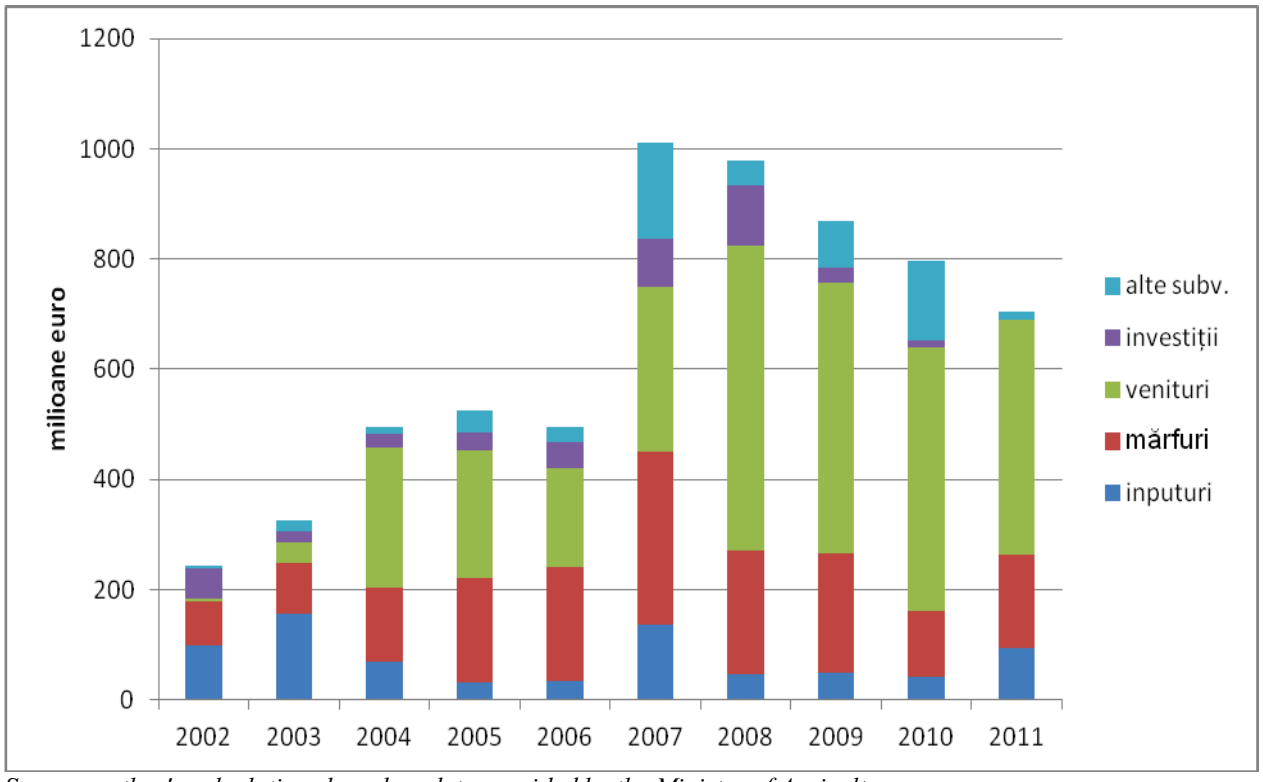
RESULTS AND DISCUSSION

Volume and structure of national subsidies for agriculture

[1]Institute of Agricultural Economics, Romanian Academy, Calea 13 Septembrie no. 13, sector 5, Bucharest, phone / fax: 021/3182411 e-mail: luca@eadr.ro

Preparation for accession to the European Union involved in agricultural policies introducing measures specific grant developed countries. Analysis of grants in the last decade reveals stabilization funds from the national budget allocation model compatible with the Common Agricultural Policy (CAP) since 2004. At the same time, there is an increase in national subsidies granted after accession in 2007. If in 2007 the subsidy was increased by the decision of the authorities to compensate farmers for losses caused by drought and subsequent maintenance of a high level of subsidies can not be explained only by the temptation of governments to act exaggerated claims of farmers in electoral context of the period (elections in 2008, 2009 and 2012). Normal would have been like since 2007 the level of subsidies paid from the national budget to remain the same (or possibly decrease) in view of the fact that farmers began to receive and subsidies paid by European funds.

Figure 1. Volume and structure of national agricultural subsidies in the pre-and post-accession interventions by destination



Source: author's calculations based on data provided by the Ministry of Agriculture

Grants represented in Figure 1 refers only to national budget expenditure by the Ministry of Agriculture in their performance (even if they were rights due to previous years), given the various beneficiaries of the agro-food sector. Not included operating expenses of the ministry. Grants are grouped into five major categories:

-Subsidies for inputs, which reduced the volume continue to be allocated to producers of selected seeds, irrigation service providers (whether granted state agency SNIF / LRA or water user associations) or the diesel (the reduction of excise duty or actual subsidy) or fertilizer (2002-2003);

-Subsidies for goods that have been granted under the support programs of crop production (vegetables in greenhouses, vegetable and fruit processing) and the animals (pigs, poultry, milk) in the form of payments for products sold (to producers raw agricultural products), and welfare payments after 2010;

-Subsidies revenues, which meant both providing agricultural coupons and cash remittances, both the small and large farms, and amounts received as annuity and after joining here included

direct payments to national funding (additional payments of European vegetable sector and the animal), just as de minimis aid granted in the autumn of 2008;

-Investment subsidies, ie subsidies agricultural and irrigation, livestock Fit allowances for the modernization of dairy farms, or Romanian SAPARD program funding;

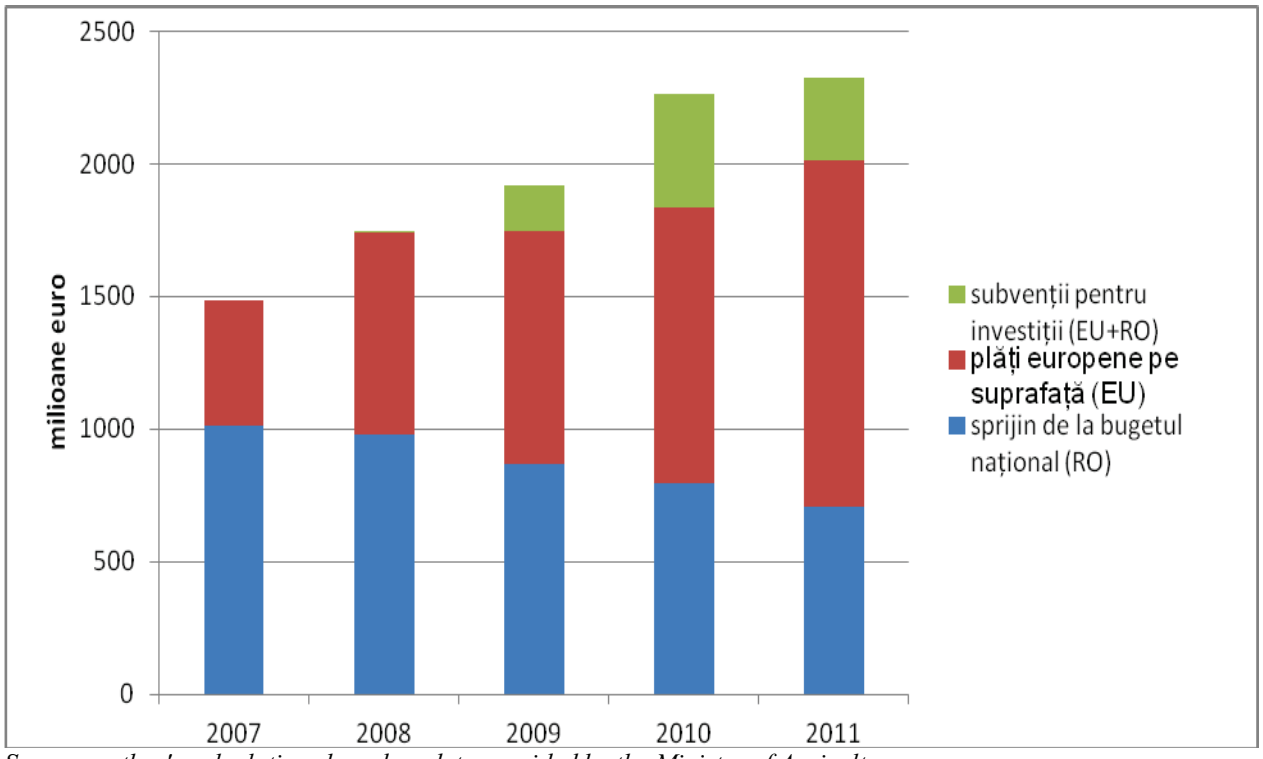
-Other grants, including loans are found production bonuses, compensation for disasters (especially drought in 2007 and floods in 2008), crop insurance premiums and costs of waste neutralization after accession, and co-distribution program fruit in schools.

Not included funds allocated by the EU SAPARD program or national contribution to this program, as it included no funds allocated to the National Rural Development Programme since 2008. In addition, national public expenditure of the Ministry of Agriculture from 2007 on wards were included only complementary national direct payments and direct payments not part financed by the EU budget.

Volume and structure of agricultural subsidies after EU accession

A global overview of the support they received agricultural producers in Romania after the EU accession is shown in Figure 2.

Figure 2. Total volume and structure of annual subsidies to farmers in Romania after the EU accession, the European and national funds



Source: author's calculations based on data provided by the Ministry of Agriculture

Grants awarded total country each year, cumulative:

-Support from the national budget presented in detail above, whose main component is the complementary national direct payments;

-European payments area, who are paid from EU funds, meaning payments to the single area payment scheme (SAPS - Single Area Payments Scheme) and payments under Axis 2 of the Rural Development National Programme (RDP) and payments agricultural land in the mountains, those for land in disadvantaged areas natural and agri-environmental measures;

-Investment subsidies, representing the amounts awarded by the selection of projects in the form of public financing for the beneficiaries of the measures of Axis 1 of the RDP (mainly

investment in farms and processing units of agricultural production), EU funds and national rates agreed previous Commission.

The situation in Figure 2 highlights the public effort of European and national funds for the agricultural sector in Romania over two billion annually from 2010. As is normal (according to the Common Agricultural Policy and the Accession Treaty of Romania) increase the share of payments from EU funds and national funds that decreases each year. The figure highlights the limited volume of subsidies for investment, compared to production payments and income support, which partially explains the low performance of Romanian agriculture.

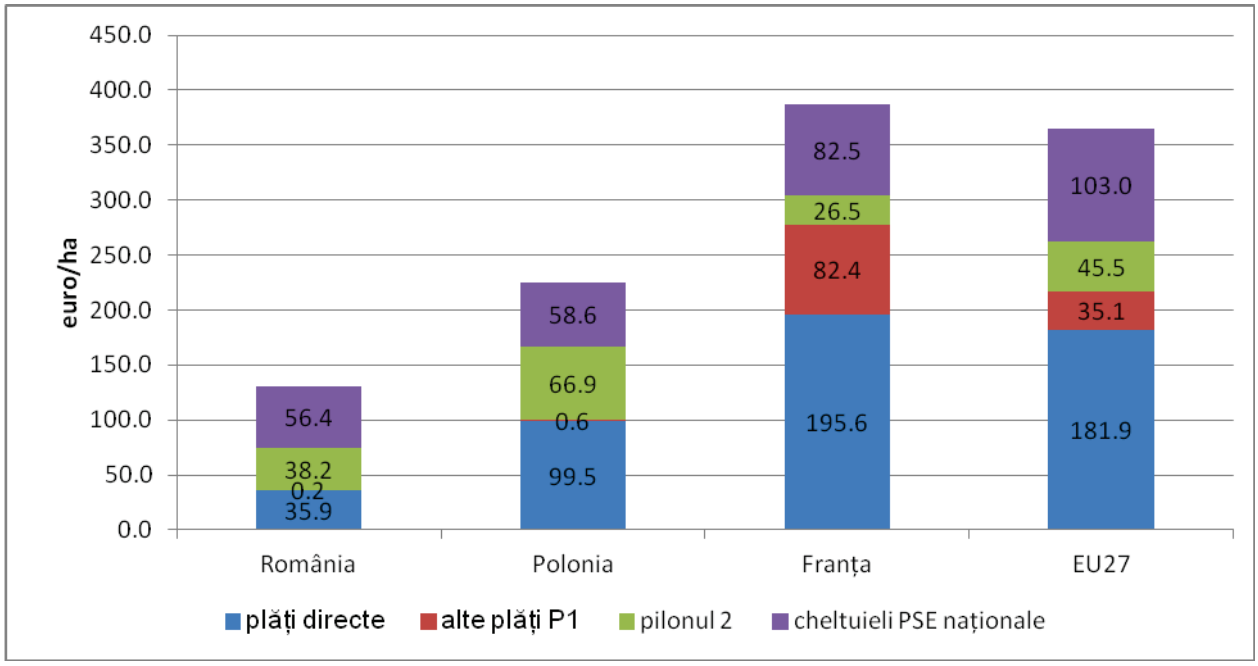
Effort indicators of support for agriculture in Romania and in some EU countries

The producer support estimate (PSE) is the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, based on the holding of the measures to support agriculture, regardless of their nature, their goals or effects on agricultural production or farmers' incomes. Analytical potential of this indicator, which is the main indicator for monitoring and evaluation of agricultural policies in OECD countries has been substantially improved twice since its introduction. Between PSE categories and subcategories, the most important has been to many countries support the market price (Market Price Support - MPS), which is the total transfers from consumers to producers resulting from measures such as tariffs, import quotas, prices administered and licensing measures that "charge" consumers. MPS is calculated by multiplying the volume of production with the support unit, ie the difference between the domestic price of a product and the reference prices at the border.

The producer support estimate (PSE) of Romania accession period, expressed as a percentage of the value had levels comparable with those of the European Union, which still belonged, indicating a convergence of agricultural policy measures, judged not only through the instruments used, but also the intensity of support for farmers. Thus, the PES in the European Union declined gradually in 2002-2006 from 36% to 31% of the production, development comparable to that of Romania, where the PSE decreased from 37% to 28%, recording and some fluctuations.

How the European Union is considered as a single country, the calculation effort indicators of agricultural support, the producer support estimate (PSE) its corresponding include support received by farmers in Romania, after its accession, and when interpreting data on the support and Romania apply the same EU average. However, the European Union, despite its agricultural markets unique convergence level of support between countries is an ongoing process, evolving relatively slowly, hampered by the difficulty of political acceptability redistribution of direct payments between Member States, as evidenced by the situation shown in Figure 3.

Figure 3. Payments from EU funds and national equivalents per hectare in 2009, in some EU countries



Source: taking OECD database

Comparison of the European support and national and received by Romania, Poland and France shows that farmers in the new Member States are deprived not only of the different level of allocations from European funds, but also the level of support through national programs (which, however, must also obtain the approval of the European Commission, considered state aid).

The complexity of the convergence of the economies of the EU results before equalization rates support the adoption of the same model of subsidizing agriculture in all Member States. However, rigidiatea current Common Agricultural Policy can lead to a rapid reduction of the differences between countries which have historical reasons. The gap between the economic development of the old and new Member States are evident (Table 1 illustrates the situation for Romania versus France and Poland).

Table 1. Key indicators of the development of the agricultural sector in some EU member states

		France	*Poland*	*Romania*
Population	million inhabitants, 2009	64.3	38.13	21.49
GDP per capita	euro estimate in 2012	31093	9949	6380
GDP per capita	PPS estimate 2012	27554	17091	12726
Share of agriculture in GVA	%, 2010	1.8	3.5	6.5
Employment in agriculture	%, 2011	2.8	12.7	32.6
The average area of farm	ha, 2010	53.9	9.6	3.4
Share holdings under 2 hectares	%, 2010	14.7	24.1	74.3
Exports of agricultural products	billion, 2011	58.1	14.3	4.1
Imports of agricultural products	billion, 2011	42.4	12.0	4.5
Intra EU agricultural trade balance	million, 2011	4492.3	976.3	626.6
Extra EU agricultural trade balance	million, 2011	11189.6	1276.4	204.0

Source: *Agricultural Policy Perspectives. Member States factsheets*2012, EC DG Agri

Comparison of the three selected countries shows that if differences in nominal GDP per capita (in EUR) attenuates when expressed in purchasing power standards (PPS), the share of agriculture in gross value added and employment remain high in Romania and agrifood trade

balance remains negative. It shows that despite growing agriculture spending over the past decade, costs have reached a critical mass, the performance of the agricultural sector in Romania remain modest. Improving this situation can result in a more results-oriented allocation of financial resources for agriculture.

CONCLUSIONS

National public expenditure for agriculture showed a continuous upward trend in the period of preparation for accession, reaching a peak in 2007 and then decreased slowly, remaining at a high level. After accession, agricultural expenditure financed from European funds have come to represent the most important agricultural subsidies, direct payments are decisive contribution. However, the absolute level of subsidies keep farmers Pritam significant differences between EU member states, the contrast between old and new Member States is evident. Convergence supported by measures financed from the EU budget is a lengthy process, even in agricultural sectors falling under the Common Agricultural Policy.

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