

Considerations on the Common Agricultural Policy in Romanian Agriculture

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Abstract

In Romania, aspects related to the implementation of the Common Agricultural Policy are paramount in achieving all the objectives of the 2020 Strategy. It acts in an integrated manner with other Community policies, making an important contribution to the growth of people in the agricultural sector and the related activities to achieve the social and territorial inclusion, to the role it can play alongside other environmental, cohesion, research and development policies as well as knowledge and innovation in agriculture in order to promote an expected level of competitiveness in the internal and external market. Through this paper, we wanted to carry out a synthesis analysis of some aspects related to the common agricultural policy during the two programming periods, which is why in Romania this will have to be coordinated with the new international commitments, sustainable development, climate change and support for the migration phenomenon.

Key words: Common Agricultural Policy, agriculture, rural development, objectives, pillars.

J.E.L. classification: D00, O13, Q18, R10.

1. Introduction

In the Romanian agriculture, after the accession to the European policies in the field, these have been adapting to the community requirements, taking into account the national specifics. At the heart of the Common Agricultural Policy (CAP) there are some fundamental principles through which the objectives related to the production and consumption of agricultural products are to be achieved, among which (Măcriș, 2009; Mănescu et al., 2016):

- *The uniqueness of the market, which involves the elimination of trade and customs barriers among Member States, creating a unique framework for confronting demand and supply;*
- *Community preference refers to the orientation of consumption towards Community products, avoiding imports while creating the necessary framework for benefiting the community domestic producers;*
- *Financial solidarity, namely joint fund management and protection.*

There are two important mechanisms at EU and Member State level to finance measures and forms of financial support, these being: EAFRD (The European Agricultural Fund for Rural Development) and the EAGF (European Agricultural Guarantee Fund). The EAGF finances a series of expenditure to support the evolution of European communities, namely: direct payments to farmers in accordance with legal provisions; measures to inform and promote agricultural products on the Community's internal market or through various international organizations; the Community contribution to control programs and veterinary and phyto-sanitary measures; intervention measures to regulate agricultural markets; computer accounting systems in the field of

agriculture; expenditure on fishery products; collection, preservation and the effective use the full genetic potential (Anghel, et. al., 2017; Dima and Man, 2013).

The EAFRD is the financing instrument created by the EU to support Member States in implementing the CAP, through which a series of rural development programs are funded.

So Common Agricultural Policy can therefore be described as having the following dimensions: market support, financial support schemes and rural development, which are interconnected, their sustainability being given by the ability to act collectively. The first two dimensions are funded exclusively from the EU budget, while the rural development dimension is co-financed by the Member States (European Commission, 2013). The budget allocated to the CAP is significant, accounting for about 40% of the EU budget. However, it is important to highlight that the CAP budget represents, in 2014, only 1% of total EU public spending. The CAP has two major objectives: to increase agricultural productivity and ensuring optimal living conditions for all Community members. Achieving these objectives in rural areas is facilitated by providing adequate and specific financial support to each EU country.

From the analysis of the literature, it is clear that the CAP represents a set of mechanisms and rules that concern two fundamental aspects for rural areas, namely: regulates the production and marketing resources at EU level; sets out the mechanisms and levels of rural development (Man and Măcriș, 2014, 2015; Burja and Burja, 2015). The CAP is based on two pillars: *the pillar 1* on market measures to ensure food security, the regulation of supply-demand relations, the increase of farmers's incomes and the *second pillar* includes measures related to the development of the entire agricultural and agri-food sector, as well as the economic and social development of rural areas. The European funds for agriculture are accessed on the basis of the NRDP (National Rural Development Program), which details the modalities and conditions for investment financing for rural areas (Ciurea and Ioanăș, 2017). Although the CAP has generated a number of benefits and benefits, there are still some controversies and criticisms concerning the inefficiency of using EU funds in relation to budgetary efforts, the distortion of the international market due to the protectionism of EU products, and the redeployment of funds among member countries (European Commission, 2014; Răscolean and Rakoș, 2015).

In the future, agriculture must be geared towards knowledge and introduction of the latest technologies, so that rural areas are a priority in rural development. We believe that vocational training, knowledge transfer, innovation are important tools that can help improve the implementation of other measures and priorities in this area.

2. Data and Methodology

In order to accomplish this work, data from the official statistics of the European Union, the National Institute of Statistics and EC Regulations were used and processed for the period 2007-2013 and 2014-2020. The methodology of this study was based on the qualitative and quantitative analysis of some budget items that were processed and interpreted statistically. Regarding the introduction of the paper, a series of scientific papers of this field have been consulted, from where was obtained the most relevant information.

3. Analysis of the Common Agricultural Policy in the first programmed period

The Common Agricultural Policy in the period 2007-2013 focused its attention on the important economic, social, environmental and territorial objectives. Its evolution in the analyzed period was based on the four thematic axes that represented the major dimensions of rural development policy. The CAP budget for 2007-2013 provided for different allocations for Member States, with a structure appropriate to the specific conditions and objectives agreed at Commission level. Of the total CAP budget, over the period 2007-2013, Romania accounted for 3.6%. Of the total 40.7%, represent Pillar 1 and 59.3% Pillar 2. Thus, it is clear from the total budget of the CAP that France received the largest allocation, namely 17.3% followed by Italy with 15, 6%, Germany 12.9% and Spain 10.7%. In the CAP budget, our country ranks eight in the EU Member States, which means it has benefited from a fairly large financial allocation. The above mentioned issues can be found in table no.1.

The agricultural policy measures implemented in Romania since 2007 have been numerous, including: single land payments; national complementary payments per hectare and livestock, as well as other forms of support from the state budget for sensitive activities in relation to the market and with a view to eliminating the gap with the EU (Rusali, 2013).

Table no. 1 The level of CAP budget allocations in the first programmed period

Countries	Pillar 1 and Pillar 2 (mil. euro)	Percent of budget UE27 (%)	Budget unique payments (mil. euro)	The share of the total amounts for the states	Budget allocations Pillar 2 (mil. euro)	The share of the total amounts for the states
France	64,386	173	58,423	90.1	6,442	9.9
Italy	58,265	15.6	26,973	76.5	8,292	23.5
Germany	48,420	12.9	40,307	83.2	8,113	16.8
Spain	39,894	10.7	32,680	81.9	7,214	18.1
United Kingdom	29,737	7.9	27,827	93.6	1,910	6.4
Poland	28,269	7.5	15,039	53.2	13,230	46.8
Greece	18,188	4.9	14,480	79.6	3,708	20.4
Romania	13,524	3.6	5,502	40.7	8,022	59.3
Ireland	11,723	3.1	9,384	80.0	2,339	20.0
Hungary	10,298	2.7	6,494	63.1	3,804	36.9
Austria	9,117	2.4	5,205	57.1	3,912	42.9
Portugal	7,936	2.1	4,007	50.5	3,929	49.5
Denmark	7,646	2.0	7,201	94.2	445	5.8
Check Republic	7,316	2.0	4,500	61.5	2,816	38.5
Sweden	7,156	1.9	5,331	74.5	1,835	25.5
Holland	6,432	1.7	5,946	92.4	486	7.6
Finland	6,038	1.6	3,958	65.6	2,080	34.4
Bulgaria	5,098	1.4	2,489	48.8	2,609	51.2
Belgium	4,680	1.2	4,262	91.1	418	8.9
Slovakia	3,892	1.0	1,923	49.4	1,969	50.6
Lithuania	3,611	1.0	1,868	51.7	1,743	48.3
Leetonia	1,767	0.5	725	41.0	1,042	59.0
Slovenia	1,612	0.4	712	44.2	900	55.8
Estonia	1,209	0.3	494	40.9	715	59.1
Cyprus	379	0.1	217	57.3	162	42.7
Luxemburg	349	0.1	259	74.2	90	25.8
Malta	97	0	20	20.6	77	79.4
UE 27	374, 518	100.0	286,223	76.4	88,295	23.6

Source: date adapted to according to European statistics.

4. Analysis of the Common Agricultural Policy in the second programmed period

In this programming period, the European agricultural programs are oriented towards *sustainable rural development*, which aims at developing a strong rural economy, modernizing the infrastructure, improving equipment and techniques specific to the countryside, as well as the efficient use of existing resources. The evolution of agriculture in the rural economy must be based on the economic and social functions of the agri-food system: ensuring a balanced supply of the population, achieving a profitable export of products and protecting the environment. Due to some aspects of the evolution of the economy at Member State level, EU agriculture faces a number of issues, such as food security, with significant differences in production and distribution; productivity decline and deterioration in trade activity; the impact of price changes on costs for buyers of agricultural products as well as for agricultural producers; increased production due to rising costs; climate change, natural resource conservation issues, resource efficiency as well as sustainable development (Man et al., 2011).

Therefore, the strategic objectives of Romanian agriculture for this programming period are: competitiveness, sustainable development and efficiency. In this respect, the main aspect that will lead to the proper use of the amounts available under the CAP is to simplify the procedures and mechanisms for attracting funds and implementing them, with the European Commission organizing a series of seminars, consultations and then implementing a set of concrete measures addressing the above-mentioned issues.

For the period 2014-2020, the main trends in EU rural development are as follows: increasing the competitiveness of agricultural holdings and promoting innovative technologies in order to ensure sustainable development; support for food chain; encouraging innovation and the transfer of knowledge in agriculture, forestry and rural areas; conservation of ecosystems related to agriculture and forestry; efficient use of resources, reduction of carbon emissions and climate change in the agriculture, agri-food and forestry sectors.

Of the total CAP budget, Romania is 5.3% in 2014-2020, with an important budget for rural development as well as for direct payments. In terms of the budget allocated to the CAP, Romania is ranked as one of the 28 EU member states, which means it has benefited from an important financial allocation. We also found that out of the total CAP budget, France received the highest allocation of 15.8%, followed by Germany with 11.2%, Spain with 10.8%, Italy with 9.6% and Poland with 8.4% (See Table 2).

Table no. 2. The level of CAP budget allocations in the second programmed period

Countries	Budget pillar 1 (in mil. euro)	Budget pillar 2 (in mil.euro)	Budget Pillar 1 + Pillar 2 (in mil.euro)	Percent of the total of sums for the member states
France	45,050	9,910	54,960	15.8
Germany	30,575	8,218	38,793	11.2
Spain	29,168	8,291	37,459	10.8
Italy	22,962	10,430	33,392	9.6
Poland	18,086	10,941	29,027	8.4
United Kingdom	21,411	2,580	23,991	6.9
Romania	10,491	8,016	18,507	5.3
Greece	12,009	4,196	16,205	4.7
Hungary	7,622	3,455	11,077	3.2
Ireland	7,279	2,190	9,469	2.6
Austria	4,154	3,938	8,092	2.3
Portugal	3,470	4,058	7,528	2.2
Check Republic	5,242	2,170	7,412	2.1
Bulgaria	4,540	2,339	6,879	2.0
Denmark	5,417	629	6,046	1.8
Sweden	4,187	1,745	5,932	1.7
Finland	3,142	2,380	5,522	1.6
Holland	4,575	607	5,182	1.5
Lithuania	2,730	1,613	4,343	1.3
Slovakia	2,314	1,890	4,204	1.2
Belgium	3,146	552	3,698	1.1
Croatia	1,065	2,325	3,390	1.0
Leetonia	1,415	969	2,384	0.6
Slovenia	819	838	1,657	0.5
Estonia	838	726	1,564	0.4
Cyprus	300	132	432	0.2
Luxemburg	201	101	302	0.1
Malta	30	99	129	0.0
UE 28	252,239	95,338	347,577	100

Source: Author's projection according to the official statistics of the European Commission

The direct payments represented by Pillar 1 represent the most important form of support for farmers, being a financial incentive that influences the quantity and quality of agricultural production. As a general principle of granting direct payments, the European Commission (EC) through EU Regulation no. 1307/2013 proposed targeting direct support to farmers who are actively engaged in agricultural activities. It can be appreciated that this measure is just and beneficial for farmers, so only those who practice agriculture effectively will receive direct financial support. In the period 2007-2013, this support was also given to inactive farmers, a measure that can be regarded as unproductive because the sums allocated to inactive farmers could be directed to active farmers, with the possibility to increase their activity (IER, 2012).

The objectives of the CAP are to increase competitiveness so that farms become efficient and sustainable. Therefore, farms in Romania and beyond have to cope with the economic, technological, social and environmental challenges and act in accordance with the principles of sustainable development. In this context, farms have to fulfil multiple functions, being the main actor of sustainable development.

5. Conclusions

This paper wanted to be an analysis of influence of the Common Agricultural Policy on Romanian agriculture during the first programming period and the beginning of the next period. The analysis revealed that Romania was one of the countries that benefited from the CAP tools, receiving significant sums that were used in the agricultural sector and rural areas. Among the achievements of this policy in Romania can be mentioned: direct payments that supported a million beneficiaries, rural development funds promoted sustainable agricultural practices and improved the potential of different agro-industrial sectors and industries, and the public resources used which stimulated economic growth and created jobs in rural areas, encouraging even young farmers.

Based on the findings made on this scientific approach, it is necessary that the state institutions, through decision-makers, pay more attention to the evolution of the rural environment in the current period (2014-2020) and alignment with the EU Member States' rural development directions, should target:

- simplifying the mechanisms and procedures for attracting and implementing various programs and projects;
- development of a competitive agriculture with the efficient capitalization of resources;
- facilitating the setting up of young farmers and their involvement in agricultural and non-agricultural activities in rural areas;
- strengthen the position of farmers on the market by developing short circuits between producers and consumers;
- supporting agri-environment measures according to the territorial specificity;
- supporting the LEADER approach by providing legal and institutional support as well as by providing an increased area of action as this type of partnership structure has had a significant impact on the modernization of the rural environment during the 2007-2013 period;
- giving more attention to natural disadvantaged areas through additional financial support.

In our opinion, the CAP is a key component of the agricultural sector in the development of Romanian economy and society.

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