

AGRICULTURAL EXPLOITATION FROM THE PERSPECTIVE OF ROMANIA'S INTEGRATION INTO THE EUROPEAN UNION

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Abstract: Rural development and, implicitly, raising the standard of living of the village inhabitants are not possible without modernizing the agricultural production which can be achieved by putting into practice the results of scientific research as well as providing a feedback to common agricultural policies. Enhanced crops of high quality and low costs are the markers of the activity in agricultural exploitations showing the profitability and competitiveness of those in the market economy. Under such circumstances, the agricultural producer also needs, beside the material means, the financial ones; therefore, combining the knowledge adequate to the technological and economic management is necessary.

Key words: agriculture, agricultural policy, price liberalization, rural economy, agriculture reform, agricultural sector, rural environment

Introduction

The agricultural products fulfil one of the primary human necessities – food, at a global scale. The level of knowledge achieved by science and technique has not discovered, yet, the alternative to agricultural products for human consumption. From this perspective, agriculture cannot be considered as a competitor neither can it be replaced by other industrial branch.

Agriculture and forestry, as major users of land, play the key-role in determining the health of rural economies as well as the health of landscapes. Agriculture brings a valuable contribution to economic growth and environment sustainability.

The agriculture of the European Union is not unidimensional as the growers can fulfill various functions starting from the production of food and fibers, the management of rural areas, preservation of nature and tourism. Therefore, we could say that agriculture has multiple functions, and Europe is both one of the main exporters as well as the greatest world importer of food products especially from the developing countries (Dima et al., 2012).

In market competition, the European agricultural sector produces by using safe methods of production, which are clean and ecological thus satisfying the requirements of the consumers (Stefanic, 1999).

Furthermore, the agricultural sector of the European Union is serving the rural community; its role being not only that of producing food but also ensuring the survival of the rural environment as a place to live in, work in and visit.

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Characteristics of the European Agriculture and Common Agricultural Policy

Europe's agricultural policy is decided at the EU level by the governments of the Member States and it is put into practice by those governments. It aims at supporting the incomes of farmers at the same time encouraging them to produce high quality merchandise required on the market and to find new ways of improving their activity, like the exploitation of renewable ecological sources (Alecú, 2001).

Since 1962, when it was founded, until today, the first policy drawn up by the European Economic Community – the Common Agricultural Policy – in fact, the “thruster” of the European unification, had as its main goal the viability of a sector considered as vital for society in general, and for the community of those who are the basis of it – the farmers (Radu et al., 2010).

During the almost 50 years of life, the Common Agricultural Policy has been through a continuous process of adaptation, subject to important reforms and practically thrust forward by the social economic changes.

After the initial goal was that of ensuring self-sufficiency and stability of the markets for agro-alimentary products, having eliminated the danger of food shortage and offering a proper living standard to the farmers and food processors in the founding states of the CAP, the achievements in the agro-alimentary sector became remarkable thus being created a myth around the CAP: “the miracle of CAP”, considered by specialists “the promoter of modern agriculture” (Popescu, 2013).

During 1970-1980, the community needs of cereals, beef, dairy products, chicken meat and vegetables were 100% ensured from its own production. Due to technological process, cereal outputs doubled (in France and Netherlands), and those in milk and sugar have grown by 50%. In spite of these remarkable performances, at the end of the '80s, CAP became “the victim of its own success”, having stimulated intensive production over the market power of absorption, having created considerable stocks of products and having strongly affected the environment, wellbeing of animals and even quality of food, all of those added on the bill of the European tax payer (Siminica, 2013).

The beneficiaries of the massive budgetary support were, in general, the largest and most efficient agricultural farms, the small farms failing to benefit from the new technologies or intensive methods of production or, consequently, from support, their only solution remaining that of abandoning the land which no longer provided their means of existence. Under these circumstances, the necessity of a radical reform of CAP was more and more evident, first of all because of the internal constraints (price policy was not sufficient to resolve the growth of stocks and cut down of budgetary expenses), and, secondly, because of external constraints – probably decisive – expressed at the negotiations of GATT – Uruguay Round.

The first huge reform submitted by Marc Sharry in 1992, only targets the cereals sector and, although it had important positive effects (it allowed the absorption of agricultural surpluses, improvement of farmers' incomes – due to direct payments

– and diminishing the consumer prices – supported by the FEOGA guarantee fund); shortly, it proved not to be sufficient. Putting into practice the common agriculture policy in the Member States induced big differences at regional level and among the producers, because of the disproportion of the support granted. At the same time, the problem of some exceeding products (beef, cheeses, and powder milk) had not been solved yet.

The start of the new negotiations of the World Trade Organization highlighted again the fact that the common agricultural policy had to adjust itself to the requirements of the grand “actors” on the world agricultural markets (USA). Moreover, there was the new European political framework meaning the perspective of the EU enlargement to the Central and Eastern Europe.

In 1997, the European Commission proposed within the Agenda 2000 (completed in 1998) that the reforms started in 1992 should be intensified and to continue adapting the community prices to the world ones replacing the price support by direct support of the farmers’ incomes. The Agenda 2000 substantially reorganized the orientation of the instruments of development policies in order to strengthen the agricultural and forestry sector, to improve competition in rural areas and to preserve the environment and rural legacy (Ayram et al., 2014).

As the enlargement of the EU to the East was already a certitude, and the date of the first accessions closer and closer, in the summer of 2002 the Commission decided to revise the CAP by a more radical reform; the aim: to substantially support rural development, revise and modify the common organization on the market (for cereals, durum wheat and beef); to detach the production direct payments and gradually increase them as well as their simplified implementation, to make possible the adjustment of national agricultural policies, production quotas based on recent periods of reference, intensify the policy of rural development in order to stimulate changes. Legislative materialization of the above took place in 2003.

For the future Member States whose agro-alimentary sectors needed massive restructuring, special regulations were provided, one of those referring to the level of direct support (gradually applicable over a period of ten years) and the option regarding its granting. The exercise of pre-accession and that of post-accession, especially, of the countries newly integrated in to the EU in 2004 and 2007 has highlighted, in a different manner for each country, the difficulty of applying the CAP and “devolvement” of the mechanisms in a union made of 27 members. Under these circumstances, the matter of reform was once again stated, in fact the matter of simplifying the CAP. In October 2006, the Direction for Agriculture and Rural Development of the European Commission drew up a working paper for a plan of action dedicated to the simplification of the CAP (Dima, 2013).

In March 2009, the Communication from the Commission for Agriculture and Rural Development, titled “A Simplified CAP for Europe- a success for everybody” shows that “simplifying the CAP is essential for enhancing the competitiveness of our agricultural economy in order to create and keep the places

of work and to contribute to a healthy development of our rural areas.” It is foreseen that this simplification will make possible the fulfillment of the objective to reduce the administrative burden by 25% by 2012, as proposed in the health balance of the CAP in 2003. Therefore, within the process of preparing the CAP reform in 2013, the simplification of the CAP should constitute the core of the proposals for the reform of the CAP before and after 2013.

The norms of cross-compliance represent one of the key-concepts of direct payments stipulated by the CAP and constitute a justification for the payment of subsidies to the farmers. Also, these norms play an essential part in providing the fact that the European agricultural products are at the highest possible standard. At the same time, the Report of the Commission for Agriculture and Rural Development recommends to simplify at a great extent the existent norms and evenly apply the norms of cross-compliance on the entire territory of the Union. However, there will be a certain variation in applying these norms in the 27 Member States where there are huge differences regarding climate conditions.

The actions undertaken as a consequence of infringing the cross-compliance norms have to be proportional with the crime committed. The Member States should have the possibility to resort to specific sector controls, taken over from a different sector of which the norms of cross-compliance result, in order to eliminate the specific norms of the European Commission when a certain sector already covers all the relevant requirements (Tofan, 2006).

Regarding animal identification, for example, in principle that should take place by using the number of the producer and the number of the farm as a certain much easier method of traceability. The aim is to make the legislation on animal identification more flexible and less bureaucratic. The present legislative provisions in the domain are too rigid to allow the achievement of the aimed objective, and, therefore, they not only generate useless costs for the agricultural sector but can also be counter-productive if infectious disease outbreaks occur. Regarding the existence of separate registrars for cattle, they propose to eliminate its mandatory aspect. As reference material, an abstract from the central database should be enough. Similarly, the annual sheep counting in December should be eliminated.

“Simplification” of the CAP is not easy to achieve. The experience of previous reform has fully proven it, any change within the policy having to follow a quite long strenuous decisional process. Probably the new economic conditions created by external pressure and the fact that the European Union has 27 Member States will stir up the decisional process. However, it will be strongly influenced by the parties implied and their interests, which, under the circumstances of simplifying the CAP, will not be satisfied evenly (Voicu, 2000).

Positions of the Member States regarding the Cap. While the institutional rules, preferences of the Commission and the global context have changed, the positions of the States have proved more stable in time. For example, the Northern countries prefer the radical reform of the CAP; France is for keeping the status quo.

The recent positions of Romania are plainly against radical reforms. Certain empirical research (Institutul National de Statistica, 2010) have measured the intensity of the Member States' preferences on various dimensions of the CAP, in order to identify the possibility to obtain qualified majorities for different objectives. For example, an analysis of the positions of the EU-25 States' positions on two key dimensions of the CAP, the support for farms and multi-functionality show that, once the enlargement in 2004 took place, the qualified majority has been moving towards higher levels of the support for farms, and towards a diminished stress on multi-functionality. Thus, the United Kingdom, Hungary and Holland, for example, prefer to decrease subsidies while France, Slovakia, Poland, Romania prefer to keep or increase subsidies.

These changes are due to the positions of the new member States: in the case of subsidies, Poland and Slovenia want a level over the current on in the EU; Hungary, Estonia, Slovakia and the Czech Republic prefer the productivity approach of the CAP to the prejudice of multi-functionality. Therefore, the continuation of reform is difficult to foresee out of the external shocks (the negotiation of the Doha Round, for example) and can be only achieved by the strong support of the Commission.

The future reforms of the CAP will therefore include the Parliament of Europe as a co-decision maker, which didn't happen with the previous reforms when it was only consulted (Radulescu, 2003).

In "Political Orientations for the next Commission", José Manuel Barroso said: "Agriculture will continue to have an important place in the future development of Europe, not only in ensuring alimentary security, environment preservation and valuing of rural environment but also in confronting new challenges like climate changes, offering at the same time an equitable standard of living for farmers. Agriculture has to adapt itself. As the common agricultural policy has proved to be transforming during the recent years, there is the need to make decisions regarding the future needs and role of agriculture and rural development within the EU 2020 vision and to impel public investment and innovating efforts in order to offer a flourishing rural economy."

The Commission Barroso II, although it is for keeping the level of subsidies will highlight the objectives of environment, animal welfare, organic agricultural system and other aspects regarding rural development. If there will be a critical mass amongst the member States, the new Commission will probably resume the ideas of limiting the payments for big companies, which are especially criticized in Western Europe, as they appropriate the lion's share from the agricultural subsidies (Dima, 2013).

At the CAP debate from Romania's perspective, it resulted that national matters do not have to be transferred to European level (Giurca, 2011). First of all, it has to be taken into account if there are other European countries having the same problems as Romania (for example, with matters of real estate register or matters of chopped farms) in order to find, amongst the Member States, partners interested in

supporting such a measure together with Romania. Regarding the proposal of a payment separate from the surface should be analysed depending on the aimed objective. Some reformed elements of the CAP, such as the direct payments separated from the production, adopted by Romania once having accessed to the EU may occur and may be inadequate for a Romanian farmer who wants to touch the competitiveness degree of an European farmer; on the one hand, due to the level of subvention that is much less than that in other Member States, and on the other hand due the separated way of support, given in accordance with a period of reference. Amongst the reasons for which the EU decided the separate payment from production, was to offer the farmer the liberty to adjust himself to the requirements of the market and avoid stocks accumulation. The measure has proved beneficial to the EU whose farmers had reached a degree of development that allowed them to adjust to the market requirements. Unfortunately for Romania, which at the date of accession had a much lower degree of development and a totally different managerial culture, these direct separate payments became restrictive for a big part of the farmers, on the way of development, and for others they proved to be “opportune” as the latter received a safe income by little work. In Romania, (quoting from the same speaker, Daniela Giurca, director at the Ministry of Agriculture and Rural Development) animals that no longer exist are still subsidized and the farmers who have developed over the last four years only receive the money for the animals they had in the period of reference. For example, 2% of the eligible farms for direct payments according to the period of reference negotiated in 2008 no longer have any animals (over 35,000 cattle) but according to the CAP they can receive support as national complementary payments, and 64% of the farms have extended the livestock activity (around 700,000 heads) but they are not eligible for support. These rules are still difficult to understand for the Romanian farmers. That is why it is necessary to analyse the consequences of putting into practice the measure “separation from the surface” also through previous expertise.

Supporting the development and putting into practice the agricultural strategies and policies at regional level accelerates the integration and strengthens the political dialogue with the regional organizations in the domain of agriculture, food safety and nutrition.

Romanian agricultural farm

Following privatization (Law 18/1991), transformations have occurred regarding the exploitation of the land and organization of production, and the Romanian rural space is now characterized by a diversity of forms and types of farms (exploitations) in the domain of agricultural production as well as in the agro-industrial domain (services, trade and small industry).

In the almost 4 million households, over three quarters of the land in private property is worked, and the medium size of an individual household is of 2.34 hectares (in 2007). The situation of the latter is at the limit of subsistence.

Improving the capacity of adaptation of the small farmers and the rural means of subsistence can be achieved by focusing on the support granted to the small farmers, especially to women, in order to intensify the agricultural practices which are efficient from the ecological point of view by supporting certain policies, strategies and national juridical effective sustainable frameworks, as well as to achieve a fair sustainable access to resources, including land, water, (micro) credits and other factors of agricultural production.

In the opposite of the individual farms, there are the commercial companies, producers groups, associations and consortia. They function according to the European legislation, on scientific bases and in accordance with market policy. For example, production in wheat crops starting with 2010 (MAPDR, 2013) is supported by: single area payment scheme; reducing the diesel excise; subsidizing the payment of insurance premiums; subsidizing the interest rate for production loans; specific aid in ecological agriculture. At the same time, in Romania's agriculture there are other strategic elements by activity sectors as well as incentives, such as: streamlining of associative structures along the entire product chain).

Summary

The necessity of growing competitiveness within the agricultural sector is justified by Romania's membership to the EU, which enhances the exposure to competition from the producers in Western Europe who have lower costs and are better positioned on the market. The individual peasants' farms (of subsistence) are of low dimensions (1 – 5 hectares), without means of production and without money resources, thereof, under the market economy circumstances, their chances of survival are reduced if they are not supported by the State. If the support measures stipulated by the National Programme of Rural Development were combined, it would prove efficient in supporting the small agricultural communities. The Romanian farmers of subsistence and semi-subsistence have to rely on consulting services in order to produce traditional products, for example, which they can put into the market. Implementing agricultural policies means supporting the agricultural producers of all categories so that the cultivated areas can be maintained by supporting certain costs of production for the material resources necessary to current production activities, lending the producers in order to bring into being and maintain the grown species.

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WYKORZYTANIE ZIEMI ROLNEJ Z PERSPEKTYWY INTEGRACJI RUMUNII Z UNIĄ EUROPEJSKĄ

Streszczenie: Rozwój obszarów wiejskich i, pośrednio, podniesienie poziomu życia mieszkańców wsi nie są możliwe bez modernizacji produkcji rolnej, która może być osiągnięta przez wprowadzenie do praktyki wyników badań naukowych, jak również dostarczenie informacji zwrotnej do wspólnej polityki rolnej. Zwiększone wysokiej jakości uprawy i niskie koszty są markerami aktywności w eksploatacji ziemi rolnej wykazującymi na rentowność i konkurencyjność tych, którzy działają w gospodarce rynkowej. W takich okolicznościach, producent rolny potrzebuje również, obok środków materialnych, te finansowe, dlatego też, niezbędne jest łączenie odpowiedniej wiedzy związanej z zarządzaniem technologicznym i gospodarczym.

Słowa kluczowe: rolnictwo, polityka rolna, liberalizacja cen, gospodarka rolna, reforma rolnictwa, sektor rolnictwa, środowisko wiejskie

从罗马尼亚的融入欧洲联盟的角度看农业开发

摘要: 农村发展和隐式地提高村庄居民的生活水平并不是可能没有现代化的农业生产可以实现这一目标付诸实践的科学研究结果, 以及提供一个共同的农业政策的反馈。增强的作物的高质量和低成本是活动的的标记显示的盈利能力和竞争力, 那些在市场经济中的农业开发中。在这种情况下, 农业生产者还需要, 旁边的物质手段, 金融部分; 因此, 结合适当的技术和经济管理知识是必要的。

关键字: 农业、 农业政策、 价格自由化、 农村经济、 农业改革、 农业部门、 农村环

