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Romania's agriculture before the accession

Abstract: Romania cannot join the European Union with agricultural plots with sizes less than 1 hectare. The change of mentality is still difficult. In the rural areas there is already a tendency among people of not willing to get associated any more, people do not want production co-operatives any more, no more co-operative farms, everybody wants to farm his own piece of land! This mentality will be difficult to change; only the positive developments that may appear will change this situation. At more than 15 years after the communist period, agriculture is affected by chronic inefficiency, and most peasants farm their land with horse-drawn ploughs. The high costs, caused by the lack of technology and agricultural land fragmentation, led to domestic prices that exceed the world prices by about 40 euro/ton of product, which significantly influence the export activity.

Keywords: Romania's agriculture, EU agriculture, rural development, Organic farming, organic label

Introduction

At the beginning of the new millennium, we have subsistence farming in Romania.

Romania's agriculture contributed by 14% to GDP formation in the period 1996–2004; it includes 40% of Romania's population, which totals about 22 million people and produces less than 10 million tons of cereals each year. In the same period, i.e. 1996–2004, it had only 6.7% cumulated growth, which means 0.7% on the average every year. It seems incredible, but this is the situation! At less than two years before the accession, Romania's agriculture situation continued to be precarious and, with the exception of peasants (because we can speak about agricultural producers in the proper sense of the word only in very few cases), nobody seemed to worry about. Romania was competitive on the EU market only with few agricultural products, among which goat meat and milk.

Romania cannot join the European Union with agricultural plots with sizes less than 1 hectare. The change of mentality is still difficult. In the rural areas there

is already a tendency among people of not willing to get associated any more, people do not want production co-operatives any more, no more co-operative farms, everybody wants to farm his own piece of land! This mentality will be difficult to change; only the positive developments that may appear will change this situation. At more than 15 years after the communist period, agriculture is affected by chronic inefficiency, and most peasants farm their land with horse-drawn ploughs. The high costs, caused by the lack of technology and agricultural land fragmentation, led to domestic prices that exceed the world prices by about 40 euro/ton of product, which significantly influence the export activity.

The authorities must organize a consistent campaign in order to consolidate the fragmented agricultural land areas and to support the millions of farmers to get eligible for the financial support from Brussels. If the land owners continue to farm 2 hectares of land on the average, they will get no profit, they will not be able to acquire the Western know-how and they will not be able to survive as farmers in the EU. The officials from Brussels do not encourage subsistence farming, as they rather focus upon the support to medium-sized farms – a pattern that made the Union to be competitive on the international markets. According to the data from the Ministry of Agriculture, about 120,000 hectares of land under hybrid vine is going to be cleared and replaced by noble vineyards, i.e. about half of the area under vineyards in Romania.

The irrigations are made only on 150,000 hectares. The Romanian government decided in the year 2004 to privatize the national irrigation system in successive stages. According to the Global Reorganization Plan of the National Company of Land Reclamation (SNIF), part of the SNIF assets were taken over by the National Administration of Land Reclamation (ANIF), as structure that operates under the Ministry of Agriculture, Forests and Rural Development. The privatization of certain components in the SNIF patrimony began on May 1, 2006. The sold assets were included in the category of those that had to be taken out of use, as a result of exceeding the normal use period. The last stage of the privatization consists of selling the assets that remained unsold. The aim of these measures is represented by the rehabilitation and reform of the irrigation sector, by obtaining incomes to cover the operation, maintenance and repair costs of irrigation facilities. “The rural communities should participate to the land reclamation activities through the development and strengthening of the irrigation water users’ associations”, as it was shown in the substantiation note of the Government’s decision. On the other hand, the water pumping units will continue to be operated by SNIF, until they are transferred into the ownership of the irrigation water users’ associations.

Romania’s agriculture in the World Bank’s vision

“Romania is affected by the generally low agricultural yields, both in the crop production and livestock production sectors, which add to labour productivity in agriculture that is by far the lowest in the region”, as it is stated in the study

"The Romanian Agri-Food Sector in an European Perspective", published at the middle of the year 2005, by the World Bank (WB). Thus, the land production capacity, expressed by the gross agricultural output per hectare is 500–700 euro, which represents less than 30% of the productivity level in EU (2,200 euro/ha). This low productivity is combined with the extremely low labour productivity, which is 1,600 euro per agricultural labourer, i.e. only 7% of the labour productivity level in EU (22,600 euro per labourer). According to the WB specialists, in 2007, the EU subsidies will not result immediately in the general increase of the farmers' incomes, and the eligibility level for the direct payments will decide which farmers are to receive more support. By establishing a minimum limit of one-hectare agricultural land per eligible farm, half of the 4.5 million agricultural holdings in Romania will be excluded from the financial support. In the period 2007–2009, about 4 billion euro will be allocated to our country from the EU budget. The Romanian state has the possibility to top up the European support with payments from the state budget. It is recommended that the complementary national direct payments (CNDP) represent 20% of the EU average (which represents other 500 million euro); in this case, the income increase at the level of the sector is 1.9% even in the first year after accession. The very large farmers will gain in any situation, while the medium-sized farmers, with land areas from 5 to 20 hectares, will be slightly disadvantaged. The important thing is that the peasants with small land areas, which represent most of Romanian farmers (60% of the agricultural holdings have less than 5 hectares), will get more money compared to the present moment. Due to its impact upon the agricultural prices and hence upon the food prices, the accession to the EU will also affect the Romanian consumers. Yet the impact will be much smaller than the impact upon the producers, as it is mentioned in the study. Except for the prices of eggs and alcoholic drinks, which will decrease, the prices of the other agri-food products will grow. Yet the average increase will not be very high, i.e. below 2%, the WB specialists consider. The immediate real income loss will be higher for two family types: the poorest families and the urban families, which do not produce foodstuffs for self-consumption. Romanian agriculture is attractive for the foreign investors due to the development potential that exists on the medium term. Romania is among the countries where the business environment significantly improved and has one of the most dynamic economies, and this is due to the changes that have been produced in the perspective of Romania's accession. Romania has great opportunities to become one of the greatest producers and exporters of agricultural products from Europe in the years to come due to the advantages that this sector has compared to other countries.

The main objectives of the WB rural development finance project are the following: acceleration of rural economy transformation, through the increase of investment capital inflows in this sector; increase of the private sector role in rural economy, by an increased access of rural households with entrepreneurial activities and of private enterprises to financial services; support to private financial intermediaries to increase their presence in the rural localities; facilita-

tion of integration into the EU structures, both through the increase of the rural economy capacity to absorb the financial support allocated by the EU under the Special Pre-Accession Program for Agriculture and Rural Development (SAPARD), and through the insurance of necessary funds for co-financing the private investments achieved through this program. The project also targeted the alleviation of rural poverty, through support to agricultural and non-agricultural investments for the poorer population segments that do not have access to credits. At the same time, the improvement of the legal and institutional environment for the transactions and financial intermediaries in the rural areas was also targeted, under the main points where the reform was necessary. The first stage of this agreement, operated through Raiffeisen Bank Romania presupposed a World Bank funding in the amount of 80 million USD and was operated until January 31, 2006.

Another Loan Agreement in the amount of 80 million USD, between Romania and the International Bank for Reconstruction and Development for funding the Project on the rural financial market development had in view: the increase of capital flows to the rural economy strengthening the private sector role in the rural economy; strengthening the capacity of the rural sector to absorb the funds allocated under the SAPARD Program and poverty alleviation in the villages (through financial support to agricultural and non-agricultural investments for the poor rural people). Through this loan, rural credits and leasing facilities were funded, for the eligible beneficiaries, for production activities and procurement of machinery and equipment under leasing form.

What the communist regime failed to do in relation to Romanian rural area modernization seems to be produced once our country joined the European Union. The idea is to create new jobs in the rural areas, alternative jobs to the agricultural jobs already existing. Important amounts are invested in the qualification and training of specialists from different fields. Under SAPARD significant funds were allocated for infrastructure, like those for road rehabilitation or for water supply systems. Each program enables the creation of a few jobs in the respective locality. Yet, the largest part of the SAPARD funds was allocated to the support to producers and farmers who, by equipment modernization, contribute to the creation of new jobs, better qualified and well paid.

Following the negotiations under the Chapter "Agriculture", the authorities envisaged to protect, as far as possible, the traditional way of living and production modality. People may continue to produce their own plum brandy ("*tzuica*") at home, to slaughter the pig as they used to, for their own consumption exclusively, not to trade them. It is known that almost half of the present EU budget is spent on the support to agriculture, under different forms of payments and subsidies. The main challenge is the respect of the quality conditions for the obtained agricultural products. In the absence of complying with the European quality standards, the access to the market is practically forbidden. In other words, the farmer who wants to sell meat, for example, should produce

meat according to the European quality norms, the animals should be slaughtered according to the conditions accepted by the EU, meat cutting and all the other meat processing operations should respect the EU standards.

The EU agriculture we are heading to

At the end of the year 2005, the representatives of the 149 Member States of the World Trade Organization (WTO) reached an agreement on the agricultural subsidies issue. According to a revised variant of the resolution from the Hong Kong Summit, the aids to farmers will be removed by 2013. The European Union proposed this term, while Brazil pleaded for the year 2010. At the same time, the representatives of the industrialized countries expressed their willingness to remove all barriers for almost all the products supplied by the poor developing countries. The European Trade Commissioner, Peter Mandelson, stated that this final variant of the Organization Conference was acceptable for the European Union, even though the resolution was not a success.

In the year 2005, the EU spent 43 billion euro for subsidies to EU agriculture. This amount represents 44% of the EU budget. The European farmer support policy is achieved through guarantees to minimum selling prices on the domestic market and through harvest subsidies. The Europeans buy basic foodstuffs at prices by 25% higher compared to the situation when the EU would not allocate almost half of its budget to agricultural subsidies, and the allocated subsidies are indirectly reflected in the prices of certain commodities that are based on the respective agricultural products. Their incomes are also eroded by the value added tax related to the basic products. The lower these incomes, the higher the budget allocated to the basic foodstuffs, as the food expenses are higher in the people with modest incomes; it is eventually these people who pay a too high price so that the European farmer should not be stressed by global competition.

Romania's agriculture is a mix of traditional and modern issues. We have about 4.5 million subsistence household farms and the average size of the agricultural holding is about 2.5 hectares. The largest part of agricultural land is in private hands. The Life Annuity Scheme was launched in January 2006, in order to consolidate the small land plots and parcels scattered all over Romania. About 40% of the budget for this year allocated to agriculture is directed to the Program Farmer, under the form of credits provided by the state for those who want to initiate or develop an agricultural business. The Payment and Intervention Agency was created, that will make direct payments to farmers beginning with the year 2007. At the same time, the Agricultural Register was completed, where 1.5 million eligible farms for direct payments are registered. The red flags that we received impose the initiation of accrediting procedures, so that these should be completed by December 2006; at the same time, the measures for the operationalization of the Integrated Administration and Control System should be completed. By December 2006, all the stages will be completed for the creation of an adequate animal waste collection, treatment and neutralization sys-

tem. In order to establish the tax collection interoperability system, in July the conformity tests with Brussels must be carried out, and in October the tests with the EU Member States. At the same time, a plan of actions was designed in order to eliminate the yellow flags, on the basis of which reports of actions are necessary every two weeks. In connection to food safety, two issues were discussed that Romania has to solve, namely the genetically modified organisms and the dead animal carcass disposal system. The Parliament voted in late May 2006 the Emergency Ordinance regulating the genetically modified crops. In September 2006 the identification of farms cultivating genetically modified soybean was completed, including the cultivated areas under GM soybean and the quantity of seeds necessary for planting.

It is a well-known fact that EU decided to apply a policy of phasing out the agricultural subsidies. In a first stage, a country like Romania needs this, but on the medium and long run, the focus will rather be on rural development, providing efficient support to the less-favoured population in the rural areas, to the detriment of direct payments. This support must be directed to most of the rural people, to the poorest areas in Europe. Another kind of Common Agricultural Policy is necessary, in order to maintain a fair competition environment for all the European farmers. The common objectives of this agricultural policy are sustainable rural development and environment protection.

Romania can be successful on the European market if it makes serious investments in agriculture and rural areas, not only as regards the technical capital, but also mainly as regards human capital (farmers training). At the same time, the improvement of the central and local administrative capacity, also in relation to the agencies of payments, is a necessary and profitable action, the results of which will be seen in time. The communication along the administration-producers-consumers chain should be also improved, highlighting the extremely important role of the market in shaping the supply of agricultural products. In the next years, it is necessary for the Romanian agriculture to have significantly higher budgets compared to the budget from 2006, as our country has first to make some expenses, before receiving the EU money. An increase by 50% or even more of the budget of the Ministry of Agriculture might be necessary in the first year after the accession, in order to stimulate the investments in agriculture, as well as to stimulate the consumption of domestic products, both through the efforts of the administration and through the efforts of the business environment in agriculture.

On June 4, 2004, Romania concluded two negotiation chapters: 7 – Agriculture and 29 – Financial and budgetary provisions. The amounts obtained in the negotiations for Agriculture total about 4.7 billion euro for the period 2007–2009, out of which 3.9 billion euro will be allocated for the Common Agricultural Policy mechanisms and rural development (chapter Agriculture), and about 0.8 billion euro will be allocated for projects funded from the structural funds (EAGGF Guidance). Phasing in direct payments is envisaged, for a 10-year period, simi-

larly to the other 10 New member States, starting from 25% of the level of direct payments allocated to the 15 Old member States in 2007. The amount proposed to our country in the three mentioned years is 881 million euro and covers the financial allocations for the products or sectors for which quotas, reference areas or national ceilings are established. These amounts do not need co-financing from the national budget. At the same time, the amount of 732 million euro, proposed for the market measures, comprising the market intervention and export restitutions for the exported products, do not need co-financing either. These amounts will be granted beginning with the year 2007, on a proportional basis each year. Market intervention is the price stabilization instrument through procurements and public or private stockage of products, in the situation when the prices for sensitive products (cereals, dairy products, etc.) decrease, impacting the market and the farmers' incomes. The restitutions for the exported products mean receiving for certain exported products (milk and dairy products, beef, cereals, fruit and vegetables, sugar-based products, processed products) the difference between the export price and the world price, having in view the fact that the European Union offers, in general, agricultural products at higher prices than the world prices.

The funds allocated to rural development amount to 2,308 million euro, distributed by the three years. The co-financing from the state budget accounts for 20%. According to the methodology by which these funds are provided, the amounts received in the year N must be spent until the year N+2. The new Common Agricultural Policy, that begins to be applied in 2007, provides for the orientation to rural development, gradual removal of production quotas (until 2013), gradual diminution of direct payments and the transfer to rural development, diminution of subsidies and their conditioning upon the respect of food safety, environmental and animal welfare norms, etc. The importance attached by the EU to rural development in the future member states is based upon the following elements:

- The need to direct the EU funds to support the development of rural areas from the New Member States and the diminution of gaps compared to the Old Member States. In this respect, it is estimated that, for the New Member States, the diversification of economic activities in the rural area is more important and useful than the priority focus on agricultural production;
- The large number of (semi) subsistence farms that have to be financially supported in order to consolidate the farm and become competitive;
- Decoupling and upper limits for production aids, according to the new CAP, will leave a larger margin for farmers and will make it possible for them to play a larger role in the rural areas, in the following fields: environment protection, different services, etc;

Romania asked for and obtained a 3-year transition period, up to 31.12.2009, for:

- Modernization and revamping of slaughtering units and getting in line with the EU meat processing standards (26 units);

- Modernization and revamping of poultry meat processing units (2 units);
- Modernization and revamping the milk processing units (28 units), as well as for the organization of milk collection and standardization centers;
- Complying with the EU standards of the dairy farms and for raw milk quality;
- Utilization of crop protection products certified in Romania at present.

The classification into categories of the areas under vineyards was asked for and obtained, as well as a transition period of 8 years, until 31.12.2014 for clearing an area of 30,000 ha under hybrid vines and their replanting with varieties from the species *Vitis vinifera*, with the recognition of the replanting right. Additional rights were obtained for planting vines for quality wines, with controlled appellation of origin and table grapes for 1.5 % of the total area under vineyards. At the same time, the right to add saccharose to enrich the grapes must in sugar was asked for and obtained, in order to increase the contents of wines in alcohol. We were recognized the protection of origin and geographic denominations for: 13 spirits from plums, among which “*țuică*”, “*horincă*” and “*turț*”; 5 spirits from distilled wine, e.g. “*vinars*”; 7 types of milk; 3 types of yoghurt; 1 type of sour milk; 4 types of curd cheese; 21 types of cheese; 26 types of caciocavallo; 8 types of Telemea cheese (traditional Romanian cheese, from goat or ewe milk cheese); 1 type of salami (*Sibiu*); 1 type of sausages (*Pleşcoi*); 2 types of bread; 2 types of cracknels; one type of pie and one type of jam. The generic appellation “*palinca*” was recognized and protected. Romania asked for and obtained derogation from the sanitary-veterinary norms for the production by traditional means of 58 types of cheese and dairy products from cow, ewe, and goat and buffalo milk, produced on the basis of traditional technologies. About 20% of the funds allocated to rural development will be used for supplementing the direct payments.

The reform of the Common Agricultural Policy, to which our country will also participate, targets the following: introduction of the single farm payment scheme and decoupling most of direct payments from production; conditioning the allocation of financial support on the compliance with certain environmental, food safety and animal welfare norms; promoting rural development measures; diminution of direct payments; revising the market policy: (the tendency is to reduce the financial aids to farmers, to decrease the EU prices for agricultural products so as to reach a level closer to the world prices, removal of quotas, competitiveness encouragement, etc.). With regard to the sugar quota obtained by Romania during the negotiations, this consists of the sugar obtained from the sugar beet, processing quota (sugar obtained from sugar cane and isoglucose – sweetener).

Organic farming development

The area under organic crops in the world totaled 23 million hectares in the year 2004, the largest areas being cultivated in Australia (10.5 million hectares),

Argentina (3.2 million hectares) and Italy (1.2 million hectares). In the European Union (EU), Romania, Bulgaria and the EFTA countries included (Island, Liechtenstein, Norway, Switzerland), Turkey, Bosnia-Herzegovina, Croatia and Yugoslavia, there are more than five million hectares under organic farming, corresponding to 2% of total agricultural land. As regards the areas cultivated under the organic farming system in total agricultural land, in EU, the following countries are on a top position: Austria, with 11.30%; Switzerland, with 9.70%; Italy, with 7.94%; Denmark – 6.51%; Sweden, with 6.30%, Czech Republic, with 5.06%, France, with 1.40%. Areas under organic farming accounting for less than 1% of total agricultural area are found in Ireland, Slovenia, Greece, Poland and Yugoslavia. The specialty literature reveals that organic farming is a developing sector in Africa, mainly in the countries from the southern part of the continent. An important factor in the development of organic farming in Africa is the demand of organic foodstuffs from the industrialized countries. More than 200,000 hectares are currently cultivated under this system. The world sales of organic products from 23 European countries, to which USA, Canada, Japan and Oceania are added totaled 25 billion USD in the year 2003 and 31 billion USD in the year 2005.

As regards the European organic food market, Germany has the largest market, with annual sales of about 2.5 billion euro as regards the average consumption of organic products per capita; Denmark and Switzerland are by far on top of the list. On the organic food market, there are both countries that depend on the organic food exports (Italy) and countries that depend on the organic food imports (Great Britain). In Great Britain, it is estimated that the domestic production will cover the organic food demand, while in Italy the demand will increase. At present, more and more organic products are imported from Eastern Europe.

The areas under the organic farming system increased more than six times in the last years, from 17,438 ha in the year 2000 to 110,400 ha in 2005, the estimates for the year 2006 being up to 170,000 ha. At the same time, an increase of the area under organic farming is estimated up to 250,000 ha in 2007 and 400,000 ha in 2010, i.e. 2.72% of Romania's arable area.

A joint study by the International Trade Center and the World Trade Organization underlines that the market share of organic products on the overall food market of the most developed countries reached 5 – 10% in the year 2005, following an annual increase of organic food market by at least 20%. In the countries where the market share of organic products is under 1%, this increase will be even greater. In the European Union, the area under organic farming increased by about 1 million hectares each year. In Great Britain, the annual increase was 400%, while in Sweden the organic area increased by 111%. From the quality point of view, the increase is even more significant: Greece (plus 163%), Portugal (plus 62%), France (plus 35%), Spain (plus 31%) and Italy (plus 22%), as countries where the organic farming is represented mainly

by fruit and vegetables. The organic farming also developed in Hungary (plus 15%), Ireland (plus 13%) and Poland (plus 10%).

Germany is by far the main outlet for the organic products and the third European organic producer; in Germany the demand of organic products mainly consists of bakery cereals and brewery barley, eggs, dairy products, and pork, in which the demand increased in the last years due to the mad cow disease (BSE). France, which in the 1980s was the organic production leader, is making significant efforts for reconversion, being obliged to make imports in order to meet the consumers' needs. At present, the organic milk accounts for 25% of the consumption on the Danish market, 20% of the consumption on the Swiss market and 10 of the consumption on the Austrian market. As a consequence of this increase, the dairy factories had to increase and adept their processing facilities so as to cover the demand, which for the moment is 30%, covered by imports. The European Commission experts calculated that in the year 2005 the organic food market reached 23 billion euro at the European Union level. This market covers all the primary and processed agricultural production (bread, wine, meat, oil, fish, etc.). The organic food prices are generally 25–30% higher than the prices of conventional products, and depending on the supply and demand, they can reach 400% of the price of a conventional product.

The East-European countries will have to reorient their organic production to products in which the EU has a deficit, namely: vegetal protein and tomatoes; the Eastern countries can develop mainly those sectors in which there is no strong technical and economic competition. The large areas from Eastern Europe on which no high amounts of chemical inputs were applied in recent years, due to the lack of financial means, might turn from "Cinderella" to "Snow White", in the context of a European organic market with deficit of products. Thus, these countries may "run" on one of the few lanes where no other EU competitors exist, from the technical and economic point of view. In this way, the non-polluted agricultural potential of these countries could be most efficiently used, in almost the only market field where the European Union does not compete against the East-European countries. In late 2006, the institutions from Brussels debated the new Council Regulation proposal regarding the organic farming and the organic products labeling. This regulation envisages the creation of a transparent and flexible implementation system, offering the large public the possibility to understand the organic farming contribution to rural development, while for the consumers it permits an easier identification of organic foodstuffs. Romania expresses its position in the drafting or modification of EU regulations by participating to the Management Committees of the Commission and to the Special Committees on Agriculture of the EU Council.

The organic label is a EU brand introduced with the purpose to promote the products that throughout their life cycle have a low impact upon the environment. All the products and services bearing the organic label have a series of additional advantages, among which the low energy consump-

tion, absence of allergic reactions when using the respective product, use of recyclable materials in manufacturing the products. Promoting these products contributes to an efficient use of resources and to the increase in the environment protection level, providing the consumers with correct, accurate and science-based information on the respective products.

The provisions regarding the organic labeling are included in Government's Decision no. 189/28 February 2002, published in the Official Gazette no. 166/ 08 March 2002, which transposes Regulation no. 1980/2000/EEC on the establishment of procedure for conferring the organic label, Decision no.729/2000/EEC on the framework contract referring to the conditions of organic label use and Decision no.728/2000/EEC on the establishment of application fees and annual fees for organic labeling.

In order to implement the labeling regulations, the National Commission for Conferring the Organic Label was established, as consultative body in decision-making with regard to organic label conferring. In Romania, the competent authority conferring the organic label is the Ministry of the Environment.

In the world and in Europe in particular, organic farming experienced a significant development after 1990 and it continues to grow. The market of organic products grows at a rate of about 20% every year; while in 1995 organic products in the amount of 380 million euro were sold to the European consumers, in the year 2000, the value of these reached 910 million euro, out of which 40% were sold through the networks of the great European distributors. The experts estimate that in 2005, the value of products supplied on the organic market will reach 23 billion euro.

The organic products are by 20-30% more expensive than those obtained by conventional farming methods. The largest buyers are the Americans, the Japanese and the Germans. One of the European organic producers, France, imports half of the organic products demanded on the market each year from Germany, Italy, Israel, Spain, Hungary, Argentina and even from the far- away Australia; the number of authorizations for the organic imports increased by 330% in the period 1996–2000. According to the French Foundation, out of 100 French people involved in a voluntary activity, 5 get involved in environment-related activities; the percentage of French people who joined a non-governmental organization increased from 37 to 43% in the last 15 years. Three researchers out of four consider that in the present century completely new environmental problems will appear.

Although the land areas under organic farming increased in France in recent years, by about 40%, these represent only 1% of total cultivated areas. According to the French journal, *National Organic Farming Observatory*, in the year 2000 about 370 thousand ha under organic farming existed in France, on 9,200

agricultural holdings; in Great Britain and Germany each, about 2.5% of the agricultural land areas are under the organic farming system, 5.5 % in Denmark, 7% in Italy and 8% in Austria. In France, which has in view to become, according to the National Plan for Organic Farming Development, the first European supplier of organic products until 2005, the areas under organic farming will increase ten times in the next 10 years and they will increase three times by the year 2005.

There are about 130 thousand organic farms in the EU. The Germans, Austrians and Dutch have been producing organic foodstuffs since the 1920s; however, the organic foodstuffs fashion began in the 1960s, as a reaction to intensive agriculture and to environment degradation. In the 1980s, France was the first European producer of organic products, and in the 1990s its place was taken by Italy, which has about 1 million ha under organic farming, on about 50 thousand farms and had practiced such a farming type since 2002. Germany is the second European producer with 550 thousand ha cultivated under organic farming system, on about 130 thousand farms.

In Denmark, a farmer produces food for 245 inhabitants every year. In the year 1988, the organic products were cultivated only on several hundreds hectares. In 1995, the organic farming grew to 40,000 hectares, the value of production reaching about 40 million Danish crowns. In the year 2000, the area under organic farming had already reached 200,000 hectares, and in the year 2003 this agricultural production system was accepted and used by over 7,000 farmers who thus cultivated an area of about 300,000 hectares. The value of the obtained organic production reached about 340 million Danish crowns (about 60 million USD).

The Danish farmers export their organic products to the USA, Canada, England, Germany, France and other countries. Yet, the organic products are also demanded on the domestic market. The Danish government subsidizes the organic farming by 5,000 crowns for each cultivate hectare (in certain cases, more than half of this amount is provided by the European Union). The farmers who cultivate the land under the organic farming system also benefit from banking facilities. The special labels confirmed by different control instances (ecologic, sanitary, etc.) confirm the ecologic qualities of the respective product. There is a very strict control with regard to the organic products from the part of the governmental bodies. Certain farmers also practice the ecologic tourism.

In the main component region of the United Kingdom of Great Britain – England – the pure organic system (or the organic product system) is practiced. This system presents an integral, complex set of interconnected principles and elements. The organic farming is a production system that practically excludes the use of pesticides, chemical fertilizers, growth regulators and additives both in crop and livestock production. The system is based upon crop rotation, use of crop residues and organic fertilizers, rigorous control of soil fertility and the biologic control of pests.

The main concern of the entities involved in organic farming is the soil health. A healthy soil has a good structure, with a rich microorganism and earth worm population, with an adequate balance of the most important nutrients and an adequate organic matter level. The rational soil processing includes agro-technical works effected in due time with adequate agricultural equipment, application of rigorous crop rotation as well as the cultivation of varieties resistant to the specific natural conditions and to pests. Soil is treated as a living system, where the beneficial and harmful organisms coexist under a natural equilibrium. In the organic farming system, the land is also divided into parcels; each parcel is surrounded by a hedge made of flowers or shrubs, where a beneficial micro flora develops, contributing to the natural control of pests. Different grasses are used as organic fertilizers, which improve soil structure in nutrients, provide organic matter and feed for different beneficial worms, diminish the elimination of hydroxides from the fertile soil layer. For example, the red clover is cut and left on the soil surface before the land is ploughed. Deep loosening of soil is avoided, in order to maintain the organic matter on the soil surface; soil loosening is performed at maximum 15 cm depth. For the land areas under field crops, the vegetal compost is also used as organic fertilizer (resulting from straw and grass waste). Crop rotation is very important in the organic farming practice: the fields in crop rotation are alternated in a 7-year cycle: one-two years red clover is cultivated, as green fertilizer, then potatoes, the next year cabbage or Brussels sprouts, cauliflower; onions, leek come next; in the sixth year carrots, parsnip are cultivated and the cycle is completed by marrows and sweet corn.

Paths to sustainable rural development

The European Council from Gothenburg adopted the EU sustainable development strategy, in June 2001. This focuses upon four key-priorities:

1. Limitation of climate changes and increase of clean energy use;
2. Threats to population's health;
3. Use of resources with greater responsibility;
4. Improvement of the transport system and land use.

The debate on sustainable development, at European level, is divided into two interacting categories. The first focuses upon the way in which the environment issues should be integrated into other EU policy areas (Cardiff Process) and how to make EU policy more sustainable (the Declaration from Gothenburg). The second category refers to the EU role in the global sustainable development issues.

The key-elements of the EU sustainable development strategy are the following:

- Commitment to implement the objectives and targets established at the Earth Summit from Johannesburg. Conservation and development of rural areas.

- The Member States had to establish until 2005 national sustainable development strategies according to the Implementation Plan from Johannesburg. The national strategies should be subject to a process of stakeholder's consultation from the respective country. The Member States are obliged to reduce the subsidies that lead to unfavourable effects for the environment.
- The Kyoto Protocol must be approved by all the countries and implemented as fast as possible. Until 2005, EU implemented the emissions commercialization scheme.
- Transport in agreement with sustainable development should become a priority. The Gothenburg Summit invited the European Parliament and the Council to adopt the necessary procedures for the establishment of the transport network.
- Biodiversity destruction at EU level must be stopped. For an improved monitoring, the Environmental Council highlighted the implementation of Natura 2000 network as a top priority.

The Romanian villages are waiting for the 8.022 billion euro, for funding rural development in the period 2007–2013. Putting aside 20% of this amount – a percentage that will still reach the peasants under the form of direct payments, there are still about 6.6 billion euro, which, theoretically, can benefit the farmers. Beginning with the year 2007, the Romanian villages will be able to obtain significant funds from the European Union, through the European Agricultural Fund for Rural Development (EAFRD). In the period 2007-2013, Romania will receive this money from the EU, through EAFRD. This means that our country will have to spend about 1 billion euro per year for rural development, i.e. the same amount it had to spend from SAPARD funds in six years! EAFRD contains several programs, which in their turn contain several measures. According to the specification sheets design, for example, under the measure “Basic services for rural economy and population”, the funds can be used for the establishment of nurseries, kindergartens, baby-sitting services, as well as for the organization of fairs, exhibitions, cultural and sports activities; establishment and equipment with facilities of the sports fields and play fields for children. The development of telecommunication services, of videoconference projects and the acquisition of minibuses in the rural areas are other projects that can receive financial support. Through EAFRD a series of projects can be also funded that continue the SAPARD measures; thus, the milk or grain processing companies will be able to continue to receive EU funds, as a continuation of the SAPARD Program.

Starting from January 1, 2007, 15 representatives of the local public authority – presidents of the County Councils from 6 counties of Romania and mayors from 9 towns, Bucharest municipality included, are actively participating to the works of the EU Committee of the Regions. They will promote Romania's national and local community interest at this European body. Since the autumn of 2005, the nominated people participated as observers to the meetings of the Committee of the Regions. In this period, Romania's representatives to the Committee of the

Regions got familiar with the working procedures and with the decision adoption system under the EU structures.

As a EU Member State, Romania has the right to designate its representatives in the EU bodies, at the Committee of the Regions inclusively, as a consultative body consisting of representatives of the regional authorities and local authorities of the Member States. According to Article 263 of the Treaty of the European Communities, these representatives should have an electoral mandate within the regional or local authorities and respond politically in face of an elected meeting of the Member States. For the designation of the 15 titular members and 15 acting members, the Ministry of the Administration and the Interior designed, even since 2005, the Designation Procedure. The document was established in collaboration with the associative structures of the local public authorities: the National Union of the County Councils from Romania (UNCJR), Association of Municipalities from Romania (AMR), Association of Towns from Romania (AOR) and the Association of Communes from Romania (ACR) and it was approved by Romania's Government. According to the procedure, each associative structure of the local public authorities designates its candidates in conformity with its own operation statute. The Ministry of the Administration and the Interior presented in July 2005 the nominal list of our country's representatives in the Committee of the regions, i.e. the presidents of the County Councils from Timiș (TM), Prahova (PH), Olt (OT), Ilfov (IF), Covasna (CV), Teleorman (TR), as well as the mayors of the towns Bucharest, Baia Mare (MM), Ploiești (PH), Lehliu-Gară (CL), Mizil (PH), Întorsura Buzăului (CV), Vulcana-Băi (DB), Boldur (TM), Gorgota (PH).

In December 2000, the EU Council decided that the Union would continue to provide financial support for the projects promoting agricultural and food products on the domestic market. These should highlight the advantages of the EU products in terms of quality, hygiene, food safety, nutritive qualities, labeling, animal welfare or environment protection. The measures also provide financial support for the participation to fairs and exhibitions, information campaigns for the protected denominations of origin (PDO), protected geographical indications, (PGI) and the traditional specialities guaranteed (TSG), information on the European quality and labeling systems, as well as on the organic farming. EU support covers 50% of the project costs, the remaining being covered by the professional or inter-professional organizations, which propose the respective project or by the respective Member State.

Until November 30 each year, the interested professional organizations can submit their proposals to the member state, which subsequently transmits the list with the selected projects to the European Commission. The projects selected in 2006 had in view obtaining the following products: organic products (proposals from organizations from Italy, Latvia, Poland and Slovenia); high quality agricultural products by using PDO, PGI, TSG (proposals coming from Italy and Portugal); dairy products (Germany, Greece, Portugal and Finland); meat (Great

Britain, Finland, Austria, Poland); wine (Spain, Italy, Hungary); fruit and vegetables (Denmark, Latvia); honey (Czech Republic); potatoes (Belgium, France, Netherlands).

However, due to the non-conformity of the controls practiced at national level, as well as to non-respecting the EU dispositions on the agricultural payments, several EU Member States had to reimburse more than 125 million euro to the Community budget, at mid 2006. Under the Common Agricultural Policy (CAP), effecting payments and audit of expenses are the obligation of the member states, the role of the Commission being to control whether the funds put at the disposal of the member states have been correctly used. The above-mentioned decision was preceded by other 20 reimbursement applications, beginning with the year 1995, when the fund recoupment system was established for the funds that had been incorrectly spent under CAP. The incorrectly spent amounts had to be reimbursed by the following EU Member States (in alphabetic order): Belgium, Finland, France, Germany, Italy, Great Britain, Netherlands, Portugal, Spain and Sweden. Among these, the most penalized member states are the following: France, which has to reimburse 32.07 million euro from the compensations provided to the banana farming sector, for non-respecting the criteria for the producers' organization recognition, for the inadequate character of the quantitative and qualitative controls, support over evaluation and for non-applying sanctions; Italy has to reimburse 30.02 million euro, for non-applying sanctions, inadequate control of products withdrawn from market in the fruit and vegetables sector, and 30.94 million euro for the delay of payments in several sectors.

In order to receive EU subsidies, the farmers have to use a land area of at least 1 hectare. In order to benefit from direct payments, it is necessary to farm areas consisting of parcels of at least 0.3 hectares each. If the farmer complies with this condition and is registered in the Farm Register of the Agency of Payments and Intervention in Agriculture, he can submit an application in this respect. If the farmer appears in this register, he will receive at home a pre-printed subsidy application with the data declared at the registration and a graphical material on which he must identify his parcels. Thus, the farmers will indicate only the changes compared to the situation at the registration moment.

The Romanian government also made the commitment to provide financial support to the projects initiated with EU funds through SAPARD. The Ministry of Agriculture promoted the "Romanian SAPARD" through an emergency ordinance; this program will ensure the co-financing of the projects that are declared conform projects by the regional offices of the Agency of Payments for Rural Development and Fisheries, which did not receive money from the European Union. About 1,700 projects, which were submitted until 31 July 2006, were co-financed from the state budget, as well as through the SAPARD project, with an amount of about 500 million euro. The ordinance promoted by the Ministry

of Agriculture, which we have mentioned above, enables a much lower financial support: 150 million RON (about 42.4 million euro) from the state budget.

Conclusions

This is the general framework of Romania's agriculture as Romania joined the EU. There is a huge difference between the EU farmer, beneficiary of several decades of protectionist agricultural policy and the Romanian peasant farmer, for whom the personal plot is not a business, but rather a means of subsistence. Yet the latter is waiting to catch up with the Spanish farmer at least, because he cannot even dream of the French farmer's privileges and status. And the agricultural subsidies are considered as the most accessible modality to achieve this by millions of rural people from Romania.

References

"Periodice economice", period 1990–2007