THE ECONOMIC CONDITIONS OF AGRICULTURE IN THE NEW MEMBER STATES

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SUMMARY

The common agricultural policy (CAP) is one of the most developed policy areas in the EU and the preparations for its implementation represent a considerable challenge for the NMS. The CAP was criticised for supporting agricultural specialization and intensification which has negative impacts on the environment. On the other hand, it is also a key policy tool because the farmers provide the delivery of public goods, e.g. via agro-environment schemes. The implementation of the CAP will generally improve the situation of agriculture in the NMS as compared to the situation of the countries without membership and under domestic policies. The CAP in combination with the size of the Single Market provides more stable and slightly higher prices as compared to what the domestic policies of the individual Accession Countries can secure for the years to come. The EU-27 will exhibit a higher degree of competitiveness across production regions and will thus lead to different patterns of production. The new Member States will find growing markets, e.g. for poultry products and feed grains, in the old Member States, and expand production. By contrast, old Member States will benefit from the expansion of the markets for fresh dairy products, cheese and pork in the NMS.

The economic comparative method was used to compare macroeconomic indices of EU-15 countries and of new Member Countries. On this base, some conclusions were drawn, conclusions regarding their position in the agricultural sector of European Union. There were used data published by European Commission and reports on development of the new Member States. The structure of the paper points out some key policy questions that provide an insight into the relationship between agriculture and development in the NMS: What are the characteristics of agriculture in NMS-12 in terms of farm structure, management, production and associated biodiversity and how do these compare to agriculture in the EU-15? What are the recent agricultural trends and their underlying drivers? How do these agricultural changes affect the environment and what are the main concerns? Our analysis suggests that: improving the functioning of capital asset, insurance, and credit markets; investing in human capital, relevant to managing farm business; and taking steps to help improve the asset endowments and food security of the poorer segments of the rural population, would enable rural households to set aside resources in various activities according to their comparative advantage.