

THE DYNAMICS FOR THE FOUNDATION AND FOR THE STRUCTURAL REFORMS IN ROMANIA'S AGRICULTURE FOLLOWING THE INTEGRATION TO THE COMMON AGRICULTURAL MARKET

Antohei V.

“Dunarea de Jos” University, Str. Domnească nr. 47, 800008, Galați,
fax 0236/319440,
valentin_antohi@yahoo.com

Key words: agriculture, structural reforms, common agricultural market, competition

Abstract: Starting with 2007, the unification process of the West – Europe with the East Europe is a new challenge because it offers to all the members of European Union the economical development and macrostability, it supports the new members to become competitive in the global market and to develop a high-quality expertise in the business segment. By the extension of EU through the acceptance of the two mentioned countries in 2007 the European population increased with 28% from 454,9 mil citizens in 2004¹ to about 490 mil. in 2007. This integration also means more development and agricultural land. Thus, through Romania and Bulgaria's adhesion, EU's functional agricultural area increased to 200 mil. hectares², attributing around 0,44 hectares to each EU citizen. This leads to a substantial growth of the European agriculture, in which Romania holds 7,4 % of the agricultural land used in EU.

INTRODUCTION

The dynamic and the progress achieved by the European Union, together with USA and Japan, becomes progressively one of the great economical powers in the world. The development and transformation process of the European continent, marked by the consecutive values of the newly integrated countries as the ones from the Middle and the South-East Europe, realized in general traits in 2004 and finished in 2007, points out for the unification of the European continent.

After The Copenhagen Summit in 1993 and the one in Madrid in 1995, for the countries that adhered to the European Union after 1990, there were established a series of conditions, such as³:

- the establishment of the institutions guaranteeing democracy, law and human rights compliance, protection of minorities;
- the continuity of a functional economical market and the capacity to be able to develop together with the competition and with the European market nations;
- the ability to respect the obligations as a member of the European Union and implement the European Unions' objectives and rules specific per each country.

During the Madrid Conference in 1995 it has been established that in the pre-adhesion phase, the countries in line for the integration, such as Romania, should achieve

¹ Eurostat, EU-25, Population in 2004

² Personal research.

³ OECD, *Economic Outlook* nr. 77, Preliminary Edition, Paris, 2005

the adjustment of the administrative systems, the implementation of the European Union's legislation in the specific country and the Aquis of the community regarding the administrative structures. Romania and Bulgaria have finalized the integration negotiations and based on the agreement signed in April 2005 and on their accomplishments regarding the accession conditions, they became members of the European Union starting with January 2007.

Starting with 2007, the unification process of the West – Europe with the East Europe is a new challenge because it offers to all the members of European Union the economical development and macrostability, it supports the new members to become competitive in the global market and to develop a high-quality expertise in the business segment⁴.

By the extension of EU through the acceptance of the two mentioned countries in 2007 the European population increased with 28% from 454,9 mil citizens in 2004⁵ to about 490 mil. in 2007. This integration also means more development and agricultural land. Thus, through Romania and Bulgaria's adhesion, EU's functional agricultural area increased to 200 mil. hectares⁶, attributing around 0,44 hectares to each EU citizen. This leads to a substantial growth of the European agriculture, in which Romania holds 7,4 % of the agricultural land used in EU.

The extension of EU, through the acceptance of the 12 countries in the last 3 years, is characterized by the differences regarding the boundaries, the weather conditions, the wealth and the economic performance, the cultural customs and the historical evolution. Despite all these differences, there are common interests related to the hope that integration's benefits will be bigger than integration's costs. Integration's benefits are, mainly, of political and economic nature and consist of:

- stability and prosperity in Europe;
- the increasing of EU market's boundaries by supplementing the number of consumers with 30 mil. after 2007;
- the improvement of life's quality;
- the expansion and the consolidation of EU's position in the world (increase of the European Union influence in the world).

STRUCTURAL REFORMS IN ROMANIA'S AGRICULTURE

The European Agreement between Romania and EU had as principal objective the promotion of new ideas in the following areas: modernization, reorganization, and development of the agricultural fields; development of the food industry; improvement of the phytosanitary and animal nutrition conditions; marketing maturity and revitalization of the competition process similar to the European one. In accordance with the Union Agricultural Market integration requirements, Romania tried to achieve a highly favorable impact by giving priorities to the reorganization of the agricultural production issues, and by trying to solve the actual market regulations problems, such as efficient management etc., by using the following rules:

- technical progress and efficiently agricultural organization through the formation of small associations (family oriented).
- organization of the output channels using vertical and horizontal integration regulations;

⁴ Zahiu Letiția, *Politici și Piețe Agricole, Reformă și Integrare Europeană*, Ed. Ceres, București, 2005, p. 20

⁵ Eurostat, EU-25, Population in 2004

⁶ Personal research.

- giving priorities to produce quality;
- ensure supplies are reaching the customers at reasonable prices
- improving the standard of living for the agricultural community, in particular by increasing the individual earnings per person working in the agricultural field ;
- structural and institutional regulations
- legislative coordination and adjoining to the european agricultural policies:
 - reorganization and production increase of the agricultural branches;
 - increase in agricultural performance;
 - plann the institutional frame and the corresponding laws by maximizing the opportunities and by measuring the results of the colaboration with European Union;
 - organize the partnership with European Union based on the Integration Agreement, in advantageous conditions for Romania;
 - accurate evaluation of integration costs;
 - correlation between the adjusted and the accomplished agriculture strategies in agreement with the Union Agricultural Market evolution;
 - the use of the commercial facilities gave by European Union, taking into account the favorable market levels in Romania.

Romania's integration to European Union rose a lot of problems, that still need to be addressed, regarding the productivity of agriculture. The depression and regression of agriculture for a long time was followed by the destruction of the agricultural markets generated by the movement of the production and property structures, all opposite to the concentration and specialization of the agricultural production; decapitalization and lack of services for agriculture, the need for processing products in the country, energy base destruction, the lack of investment money etc., all these have determined the decline of the vegetal and animal agricultural production with corresponding effects on food safety, to cover all these problems it was started a masive produce import process.

The non-observance of the content of the Law no. 18/91, regarding the appropriation of land and the introduction of new laws to modify it (in order to create new lands), and the Law no. 10/2000, the non-understanding meaning of the application of the agricultural cooperation law, the confusion between property and exploitation concepts, the delay in the application of terrains and rental's circulation etc., all these let the agriculture to be at the economic and social level as in 1945' reform structure. Also, all these were due to the practice of a perverse policy on Romanian agriculture's development and future, existing the possibility of being turned away from the European Union integration stringent conditions.

Therefore it wasn't taken into account the fact that the agricultural structures which could have been used to strenghten the private property were still far away from the european structures because the usable structures did not progresse towards the creation of a commercial sector, capable to ensure the performance of the agricultural market. In Romania's agriculture it is still maintained a double character of functional structures⁷, one determined by the existence of numerous poor rural farms and the other by the large growing fields of the government, a fact that does not ensure the alignment with Common Agricultural Market structures, which include more family oriented farms. Even though laws bills were passed, such as those refering to the agricultural co-operation, i.e., Law no. 166/2002, and those refering to subsidies, i.e. Law no. 734/2002, no progresses have been reached in order to create a diversified and commercial agricultural sector.

⁷ Zahiu Letiția , *Politici și Piețe Agricole, Reforme și Integrare Europeană*, Ed. Ceres, București, 2005, p.537

In Romania there is missing a sector formed by middle development, whose progress depends on the cooperation bonds and on the multiple associations with the rural small farms. So many small and middle farms (which totals more than 2 mil. with more than a half totaling 0,3 hectares surfaces - representing the poor families) will lead to a great intensive impact in Romania after the integration, in the material and financial support in order to bring these associations to at least at the minimum of Union's Agricultural Market requirements. The agricultural structures in Romania have to adjust to the requirements of the European model, characterized by the competition growth and by obtaining good quality products with low costs. For this, Romania should define earlier its position toward the subsistence exploitation, depending on the area, animals number, development rank, in a way in which these exploitations should take advantage of the finances from European Agricultural Development Fund, in order to achieve their economic growth and modernization.

In the agriculture of Romania it is functional the sector of big enterprises, deriving from the reorganization and entrepreneurship of the old state agricultural units, and, in some cases, great agricultural commercial societies have been created by the association of the little producers, who give the largest production for the market and the export.

We think that maintaining such units is in accordance with the ones from countries such as Germany, France, England. Even more, for the last years, these units from our country became competitive in producing cereals, pork and chicken meat products, quality wine products etc., their future goal remaining the development of the infrastructure and adaptation to the common market requirements.

The small and depreciated country farms can not become competitive in the market unless they merge their agricultural lands in order to make possible the mechanized agricultural labour with optimal exploitation components. The integration's conditions impose remarkable changes regarding development of competition because of the management's dimensional structures, the production structures, the technological structure (which must be brought up-to-date and expanded), the marketing structures, the rural financing and the information technology structure⁸.

Adopting Common Agricultural Market's regulations is not deprived of stress situations, related mainly to the separation that is still maintained between the agriculture and it's top (apex) in services and infrastructure area, and in the non-agricultural rural activities area. One of the measures meant to elude this separation has as a goal the minimization in unemployment by using methods to develop alternate activities in the rural field. The key to solve all these situations consists in the application of direct payments per hectare offered to subsistence farms, which speed up the formation and the development of a commercial sector and a growth in labour productivity from rural area. The consensus regarding the direct payments in our agriculture is that these payments should apply to 1 hectare surface or more and that the rural financing should include exploitation of more than 5 hectares.

The opportunity to diversify the rural economy is determined by the existence of a cheap workforce, local resources, commercial spaces, and lower life costs, and can be realized by:

- investments in the development of collecting, processing, and selling produce; the development of services and of rural infrastructure;
- conversion of the available rural workforce and profesional training of the young workforce;
- improvement in the rural life standards;

⁸ idem, p. 539

Also, the agriculture of Romania is missing product channels and product groups channels, which slows down the market's performance and the approach of the agricultural producers to the market. This is transposed in the fact that the producers do not have the proper conditions for product surplus utilization, especially the perishable goods, such as milk, dairy-produce, fruits, vegetables etc.

The growth of the agricultural production in the absence of proper marketing structures slows down the productivity of the market, the economical performance and the application of quality products regulations. All these issues ask for urgent measures in order to reorganize the agrarian sector along with the processing of products and of marketing conditions.

CONCLUSIONS

The process of unification of West- with East-Europe is a new challenge that started in 2007, because it provides economic growth and macro stability for all the EU members, assists new members in becoming more competitive on the global market, as well as in developing a proper behavior in the business environment.

The benefits of joining the EU are mainly political and economical:

- stability and prosperity in Europe;
- growth of the EU market by adding another 30 million consumers starting with 2007;
- improvement of the standard of living;
- the expansion and consolidation of the EU in the world map.

When talking about Romania we must take into account that joining the EU is seen as an economical, social and political necessity accepted by the majority of the population. During its transition period, Romania's agriculture suffered essential restructuring and transformations by dividing the processes of centralization and by adjusting them through adequate measures to resemble European Unions agricultural structures⁹. Romania's entire strategy was based on progressive transition and convergence, emphasizing on major objectives that would permit fulfilling the criteria's for joining the Common Agricultural Market. The coordination between the agricultural structures was achieved by assigning priorities regarding the agricultural market through liberating prices and by regularizing the agricultural and food market.

The European Agreement between Romania and the EU had as principal objective the promotion of modernizing, restructuring and expanding of the agricultural sector, food industry, hygienic and animal nutrition sectors, as well as marketing conditions, improvement of the competition levels as close as possible to the ones in the EU. In accordance with the request to adhere to the Common Agricultural Market, Romania tried to achieve a favorable impact by prioritizing the reorganization of the agricultural production and of market discipline, efficiency of administration etc., following the below measures:

- technical modernization and efficient organization of agriculture by forming a system of family and associative agricultural units;
- product organization by the criterions of horizontal and vertical integration;
- assigning priorities regarding the quality of agricultural products;
- supplying the population with reasonably priced produces;
- improving life conditions for agricultural producers and rural population;
- structural and institutional measures.

⁹ Zahiu Letiția, *Management Agricol*, Ed.Economică, București 1999, pp. 64-65

BIBLIOGRAPHY

- Zahiu Letiția, 2005, *Politici și Piețe Agricole, Reformă și Integrare Europeană*, Ed. Ceres, București, p. 20
Zahiu Letiția, 1999, *Management Agricol*, Ed.Economică, Bcurești, pp. 64-65
Eurostat, EU-25, Population in 2000