

# AGRICULTURE IN ROMANIA AFTER E.U. ACCESSION

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***Abstract:** Once acceding, agriculture will bring profit to Romanian farmers in 2007 only if they make investments in the sectors supported by European Union. Many European products will be brought in our country, the situation not being a new one because, anyway, the Romanian alimentary industry depends very much on the imports. However, Romanian agriculture has great chances to impose on the European market if it centers on recess products. Those who will invest in this area will certainly succeed because Europeans are mostly interested in such kind of products.*

Agriculture will bring profit to the Romanian farmers in 2007 only if they will invest in sectors supported by the European Union, competitive and with capitalization potential. Agricultural producers have to get oriented in 2007 on competitive crop structures, adapted to the European system and to the national payment system, and who can provide the cotes negotiated with E.U. After accession, essential changes will occur regarding the crops structure, taking into account the common market organization specific to the main crops as well as the financial support mechanisms applied in E.U.

In order to be sure that they will cope with the competition from the common market, Romanian farmers have to orient more on the recess segments on the European market than on the traditional sectors, because it offers great opportunities. This year E.U. subventions will come on each cultivated hectare, no matter what the crop is, although the technical plants, oil-bearing plants, ecological products have a high capitalization potential on E.U. market.

Those who will integrate the production chain – vegetal crops, zoo technical farms, production and capitalization – will be those who will resist after 2007, although it is not excluded that also the small producers, who have the possibility to get together and to receive SAPARD funds or credits within farmer program, may succeed in 2007. Cereals, especially wheat and corn, will no longer be so profitable for Romanian farmers, because the production is small as compared to the European one, and the costs are high. For wheat and corn, it is estimated that the surfaces cultivated in 2007 will be reduced, from 2,2 millions hectares to 1,8 millions hectares for wheat and only 2,5 million hectares for corn. On the sugar market Romania could also cope after acceding if it invested in this sector, which has a great enough efficiency, subventions are offered and, the most important, it exists on the market. However, after accession, Romanian sugar beet producers will have to fulfill some conditions in order to cope with the competition.

First of all, the obtain productions should be similar to those from the western countries, and a reasonable quantity would be around eight tons of sugar per hectare, that is at least 50 tons of sugar/ha. The Romanian cultivators will also have to cultivate sugar beet in the areas with favorable climatic conditions in order to produce with minimum costs, that is in Moldova, the West and the center of the country and as close as possible to a processing factory, because of the too high transport costs. The net profit, which is obtained from the sugar crop, is of 30 %, while the insemination of a sugar beet hectare costs between 42-45 Rol.

It must also be mentioned the ecological products, which maybe have the greatest chances on the European market, first of all because a big terrain surface can be used for bio crop and, secondly because Europeans want healthy products more and more.

In Romania, the surface cultivated with bio products is of more than 70.000 hectares, that is 1% from the agricultural potential of the country. According to the surveys, Romania could produce ecologically around 10-15% from the agricultural surface, especially that the Romanian state offers subventions for these products, and the SAPARD program offers financial support for setting-up the ecological crops.

Another profitable crop will be, after accession, the rape crop. The surface cultivated with rape will increase more than 500.000 hectares, from 100.000 hectares at present, for providing the internal necessary as well as raw material used in order to produce 60.000 tons of bio/year, taking into account that once acceding E.U., Romania will have to use 5% of bio-fuels.

Regarding the zoo technical farms, the farms raising fowls have the greatest chances because in this sector it was mostly invested, in spite of the fact that the chicken flu brought damages to this industry in 2005 and 2006.

On the conditions that the cows from the European farm offer twice the quantity of milk than the aboriginal ones, almost 7.000 – 8.000 liters per year, the costs for producing Romanian milk will be much higher than those from E.U. Neither the pigs will be profitable, because of the investments lack, in spite of the fact that considerable subventions were allocate to this sector.

More than 90% from the activity carried out in the rural environment is for surviving. Farmers use the obtained production almost exclusively to provide food for their families. But this situation can reflect the status of the entire Romanian society, taking into account that almost half of the occupied population of the country works in agriculture, and 20% of PIB comes from this sector.

We depend on imports

Once acceding, many European products will be brought in our country, the situation not being a new one, because anyway, Romanian alimentary industry depends very much on imports. If they didn't make appeal to them, Romanians would have to fight for meat, salami and sausages, fish, sugar, fruit, vegetables, rice or even beer. For example, fish would not even exist on the market, because only 15% from the internal necessary is provided by the internal production. Covering the sugar necessary represents a real problem because the surface cultivated with sugar beet decreased dramatically from 200.000 hectares in 1991 to 20.000 hectares at present.

In Romania 500.000 tons of sugar are annually consumed, and the internal production is only of 80.000 tons, the rest being imported. The fruit and vegetable are, most of them, imported, their costs getting to 120 millions Euros in 2005.

The situation is not good also for the zootechny, the pigs from the farms providing only third from the internal necessary. The specialists say that Romania would need 3-4 millions of pigs which should be used for salami and sausages production, and in the farms only 800.000 of animals can be found. The imported quantities increase each year. Thus, in 2005 around 200.000 tons were imported, as compared to 123.000 tons in 2004. "We import 65% of the meat needed for the salami and sausages, and the Romanian pork meat is sold fresh directly in the shops", said Sorin Minea, the president of the Romanian Meat Association. The Romanian pigs are not only obsolescent, but they are also renegades. The processors sustain that these are not good breeds, that they have too much fat and that the salami need meat of superior quality. The aboriginal fowls are not sufficient, too so that they can provide the internal consumption, less than half of the necessary quantity being produced in our country. This way, Romanian people have on their table European

chickens, but especially American and Canadian drumsticks. In our country, 375.000 tons of chickens are eaten annually, from which 160.000 tons are imported.

Recess products will be successful

However, Romanian agriculture has chances to impose on European market if it centers on recess products. Sugar beet, soy, sunflower, vine, vegetables, ecological products, mushrooms are future profitable businesses on the accession perspective. Cultivating wheat and corn, but also raising cows must be avoided, having a reduced productivity. Who want to have profits from agriculture and wants to cope with the competition is good to take care in what he invests, because only a few sectors will be profitable. Thus, it is most indicated to make investments in sugar beet, sunflower, vegetables, but especially in ecological products. Honey, eggs, lactate products, medicinal vegetables or plants on which "bio" is written will have a brilliant future.

Those who will invest in this area will be successful for sure because Europeans are especially looking for this kind of products. There are several hundreds of Romanian farmers who produce bio, but without knowing this. Beside the businesses in animal raising sector or in the area of cultivating vegetables or sugar beet, investments in rural development will be successful. First of all, this will happen because more than half of the European funds allocated to Romania will be directed towards this sector after acceding.

Accession will not bring prosperity immediately

Romania will enter a new transition period, and the agricultural domain will suffer major changes, or this is what authorities want. Its role in Romanian economy it is much important than in Western Europe, as no other country member of E.U. faces such a situation, where more than 5 millions inhabitants are farmers. In Western European states only 43% of the population works in this area.

In spite of the fact that great amounts of money from European Union will go towards agriculture and rural development – almost 40% of funds allocated to Romania – these sectors will have few development chances in the first years after accession. This happens first of all because the costs necessary for realizing a productivity as those from the West of the continent will be very high. Then, absorption capacity of funds is not, generally, too great in our country.

Aboriginal farmers will have to cope with a severe competition, on the conditions when the European farmers are much more rich, more organized, having all the necessary equipments provided and a good market.

Therefore, on the moment of the accession of our country, the allocation of subventions from Bruxelles will not lead immediately to a general increase of the incomings of agricultural producers. The eligibility degree for the direct payments from Bruxelles will decide who will receive more money. In other words, the farmers with greater surfaces will receive public assistance, even if the agricultural technique is objectionable.

Between 2007 – 2009, 4 billions will be allocated to our country from the European union budget. The accession treaty previews that the state has the possibility to supplement the European funds with money from the national budget. Our farmers will receive at the beginning 25% from the European subvention, following that in 10 years the European aid to reach the value from E.U. This condition was also in case of accession of the other countries from East and was meant to reconcile the Western farmers with the idea of the enlargement of the European Union. The very big agricultural producers will take benefits in any situation, as the middle ones, with terrain surfaces between 5 and 20 hectares, will be easily disadvantaged. It is interesting that just the farmers privileged by the authorities will have difficulties with the accession. The peasants with small exploitations, who represent the majority of Romanian farmers, will receive more money than at present.

In rural environment, only who does not want will not receive money from E.U. From wheat cultivators to lambs raisers, all the farmers will take benefit from founds. Only in 2007, 1 billion Euros will be allocated to agriculture and rural development. Some minimum conditions will be imposed for accessing the money. Founds will also come for those who afforest terrains or who work the land in mountain areas. The condition will be that the peasants to work at least one hectare in order to request the European money.

A quarter of the money will go to environment protection, the projects related to the ecological agriculture and support of the farms from mountain areas being financed. Thus, if those who work the land in a field or hill area can receive a subvention of almost 50 Euros for each hectare, those from the mountains will take benefit of a much more consistent support. The Minister of Agriculture announced that the compensatory payments given to the peasants from the mountain areas by E.U. after 2007 will be between 100 and 250 Euros per hectare, according to the altitude where the farms is located. "E.U. gives founds so that the mountain village should not be depopulated and to compensate the natural handicap of these areas. This is a short season of vegetation, decreased fertility of the land and of difficult access" says the Minister of Agriculture.

Other founds will go to create small and medium enterprises in the villages (almost 30.000 in seven years), to promote the handicrafts and the agro-tourism (it is estimated that there will be 17.000 of beneficiaries with an average of 60.000 Euros / project).

Even those who are moving now in the countryside in order to manage a farm will be able to take benefits from the founds given by E.U. Thus, the young people who live in the city, who are less than 40 years, who have education in the agricultural area and who are able to manage a farm will be able, after accession, to receive money from E.U. "When establishing the founds which will be allocated, it will be taken into account, beside some elements of macro – economy, such as the average incoming in Romania or the price of the land, details related to the taken over unity. (size, number of animals).

If in a country from the West of Europe a young man can receive up to 40.000 Euros, it is likely that a Romanian one can benefit of such an amount of money. Maybe he will receive maximum 18.000 – 20.000 Euros" says Cornelia Harabagiu, General Manager in the Ministry of Agriculture.

#### Conclusions

Agriculture and, in general, economical environment from the rural area will be, also after accession, a weakness for our country and which urgently needs development. The differences between the Romanian village and the European one are very big, and our peasants want to keep their traditions in parallel with the welfare of Europeans farmers.

The rural infrastructure is objectionable, the idea of association is hard to be accepted by the aboriginal farmers, the population got old, the mechanization is on 70's level, and the agricultural production depends in a great measure on weather.

It will be very difficult to recover all these deficiencies, but in several years, after major investments suitable for the rural environment, it is possible to reach prosperity.

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