

SUPPORTING RURAL DEVELOPMENT IN THE MEMBER STATES OF THE EUROPEAN UNION

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Abstract

The EU's agricultural sector and rural areas play a very important role for the welfare and future of the Union. Agriculture in the European Union is one of the world's major producers of food and guarantees food security for over 500 million European citizens. Thanks to the common agricultural policy (CAP), it has been possible to develop the most integrated single market, where the EU agricultural sector can meet the demands of citizens in terms of food safety, security, quality and sustainability. The rural development policy, a pillar of the CAP, has a substantial contribution to the agricultural economy and to the essential means of living in the rural environment in various ways. It supports investments, consolidation of knowledge, organization of the supply chain, environmental protection and climate action. In this paper we intend to analyze the measures by which the European Union supports the rural development of the member states.

Keywords: rural development, common agricultural policy, financing programs

Classification JEL: O10, O52

1. Introduction

Since the 1990s, a process of recognizing the importance of problems specific to rural areas has taken place. At the time of the establishment of the common market by the Treaty of Rome in 1958, the agriculture of the six founding Member States was characterized by strong state intervention. In order to include agricultural products in the free movement of goods, while maintaining state intervention in the agricultural sector, it was necessary to eliminate the national intervention mechanisms incompatible with the common market and to transpose them at Community level.

Thus, in 1962, the Common Agricultural Policy (CAP) was launched as a partnership between agriculture and society and between Europe and its farmers. [5]

According to the Treaty on the Functioning of the European Union, the common agricultural policy aims to increase agricultural productivity by promoting technical progress and ensuring optimal use of production factors, ensuring a fair standard of living for the agricultural population, stabilizing markets, guaranteeing security of supplies, ensuring reasonable prices for consumers.

The mechanisms through which the common agricultural policy is ensured are the Common Market Organization (CMO) for agricultural products, and the rural development policy of the European Union.

For the financing of the common agricultural policy, two European funds for agriculture have been created: the European Agricultural Guarantee Fund - for measures to regulate or support agricultural markets and for direct payments to farmers in the context of the common agricultural policy; European Agricultural Fund for Rural Development - for financing rural development programs.

European Agricultural Guidance and Guarantee Fund resources are provided by the Member States, regardless of who will benefit most from agricultural expenditure. The European Agricultural Guidance and Guarantee Fund is an integral part of the general Community budget, the financing of which is determined essentially by the economic situation of each Member State. This financial solidarity between rich and less rich Member States is one of the fundamental principles of the Community and an indispensable condition for achieving a greater degree of economic and social balance within the Union, an objective which is playing an increasingly important role in agricultural policy.

Over the years, the Common Agricultural Policy (CAP) has undergone five major reforms, the most recent being 2003 (mid-term evaluation), 2009 ("health balance") and 2013 (for the 2014-2016 financial framework). [6]

On 1 June 2018, the European Commission presented several legislative proposals on the common agricultural policy (CAP) for the period 2021-2027. The aim is to continue to support European agriculture by helping rural areas and encouraging the production of high quality food. The aim is also for the CAP to make a major contribution to the European Green Pact, in particular as regards the farm-to-consumer strategy and the biodiversity strategy.[10]

For the next period, the Commission is pursuing the following aspects in support of agriculture:

- support per hectare to be higher for small and medium farms;
- the proportion of direct payments received by a farm beyond the amount of EUR 60 000 should be reduced and payments should be limited to EUR 100 000 / farm, for a more equitable distribution of payments;
- at least 2% of the direct payments allocated to each EU country should be reserved for young farmers, funds that would be accompanied by financial support under rural development measures and those that facilitate access to land and land transfer;
- EU countries need to ensure that only real farmers receive support.

The European Union's rural development policy was introduced as the second pillar of the CAP during the reform called "Agenda 2000". It is co-financed by the European Agricultural Fund for Rural Development and regional or national funds.

2. Funds allocated to rural development

In the period 2014-2020, the two pillars were maintained, but the links between them were strengthened, thus providing a more general and integrated approach to support measures in this area. For this period, the Rural Development Policy was financed by the FADR, which had a budget of over 100 billion euros. Each Member State received a financial envelope, which mobilized more than EUR 50 billion in public funds in the Member States. Thus, the member states of the European Union have mobilized during this period 118 rural development programs with a total value of over 150 billion euros. [7]

The main themes for which these funds were planned in rural development programs were: Competitiveness of SMEs, Environment Protection & Resource Efficiency, Climate

Change Adaptation & Risk Prevention, Social Inclusion, Low Carbon Economy, Research & Innovation, Sustainable & Quality Employment, Technical Assistance, Information & Communication Technologies, Educational & Vocational Training, Discontinued Measures.

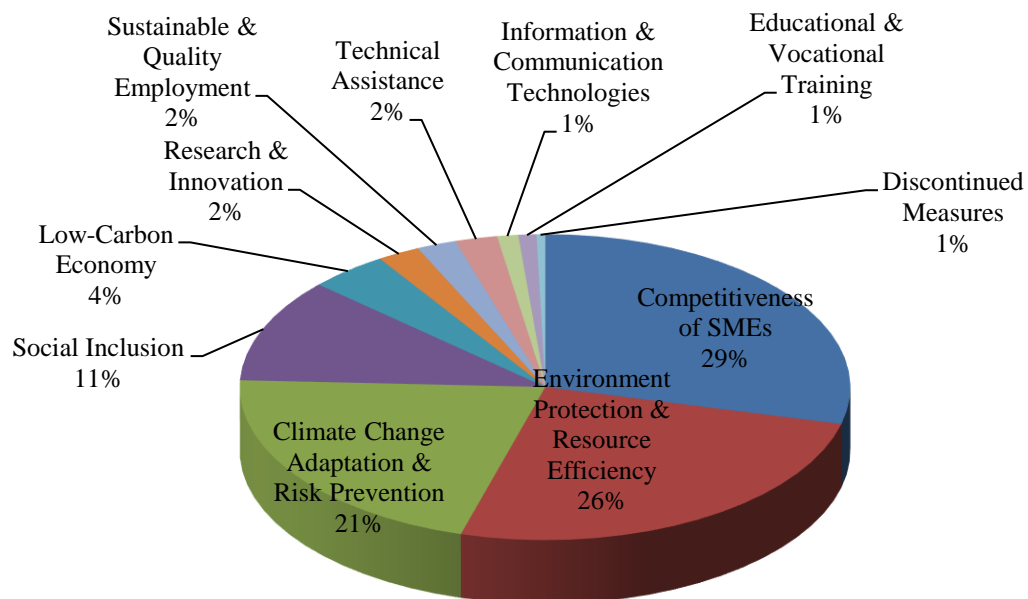


Fig. 1 FADR budget by themes

From fig. 1 it can be seen that 29% (over 43,134 million euros) of the total funds planned are for the co-operativity of SMEs, 38,394 million euros for environmental protection and efficient use of resources, 31,926 million euros (21%) adaptation to climate change and risk prevention, € 16.4 billion for social inclusion.

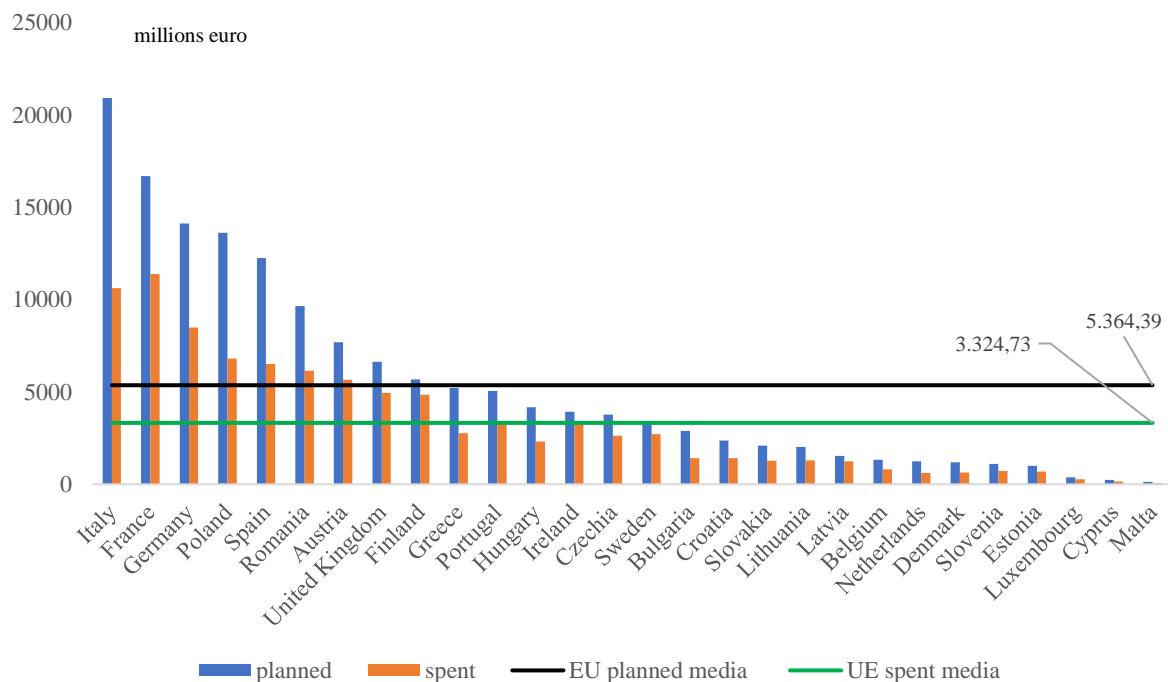


Fig. 2 FADR budget by Member States

The distribution of total funds for rural development by Member States is shown in figure 2. For Italy where planned funds totaling 20,912 million euros (13,92%), followed by France with 16,689 million euros (11,11%), the third place is occupied by Germany with 14,123 million euros (9,4%). The funds available to Romania for regional development in 2014-2020 amount to 9,644 million euros, representing (6,42%) of the total funds, of which 1,516 million euros from the national budget.

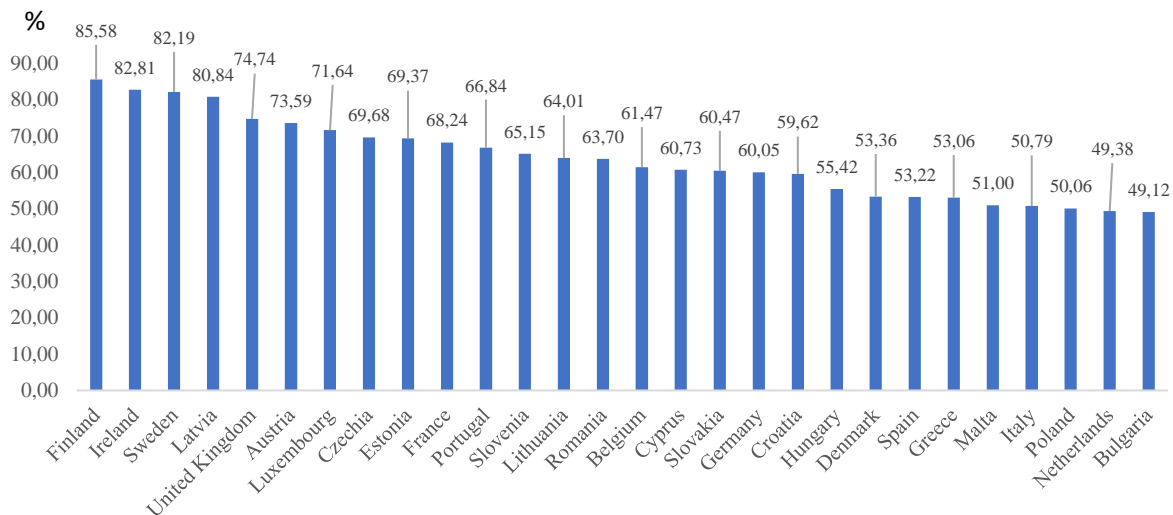


Fig. 3 The share of funds spent in planned funds

Cea mai buna rata de cheltuire a fondurilor pentru dezvoltare rurala a inregistrat-o Finlanda cu un procent de 85,58% din totalul fondurilor planificate, urmată de Irlanda cu un procent de 82,81% si Suedia cu 82,19. Pe ultimele locuri se afla Olanda cu 49,38 % si Bulgaria cu 49,12.

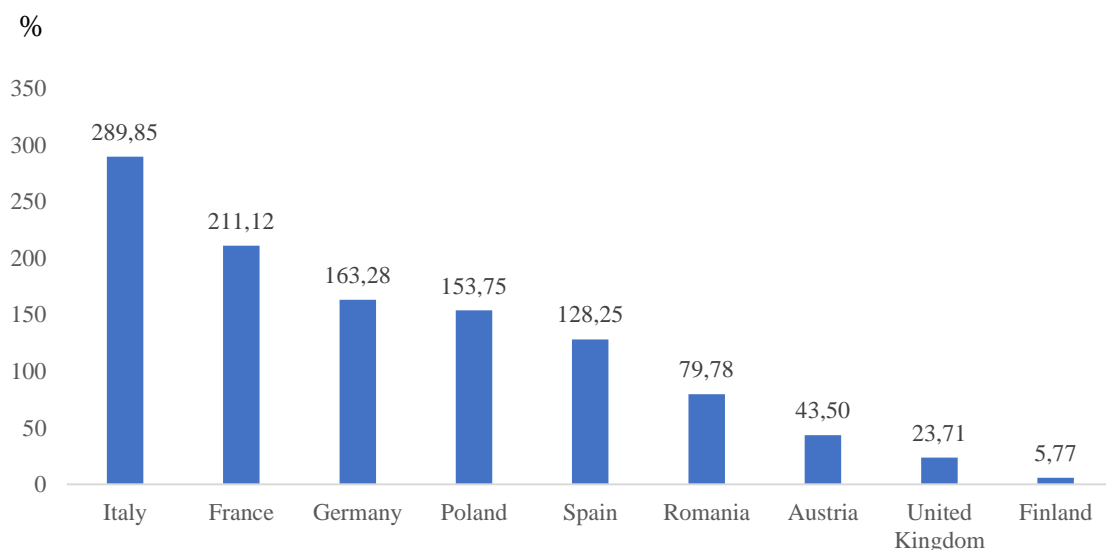


Fig. 4 Percentage difference from EU average in terms of planned funds for rural development

From fig.2 and fig.4 it can be seen that only 9 countries have exceeded the average of the European Union in terms of the total budget for rural development from the European Agricultural Fund for Rural Development and national contributions.

From more than 150 billion euros planned, were decided 126 billion euros (84%) and more than 93 billion euros (62%) were spent.

CONCLUSIONS

The common agricultural policy has evolved with the EU, being one of the oldest European policies. Today, it supports a modern agriculture, oriented to the needs of the market, which ensures the supply of safe and quality food, produced sustainably and marketed at reasonable prices and meeting strict standards. Through the rural development policy, a pillar of the common agricultural policy, the European Union aims to help rural areas to face the multiple economic, social and environmental challenges by providing financial packages. Member States and regions develop their own rural development programs, starting from the priorities of the European Union, according to the needs of the territory.

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