

ROMANIA'S NEGOTIATIONS WITH EUROPEAN UNION REGARDING AGRICULTURAL SECTOR

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The importance of negotiations considering the agricultural and alimentary sectors results, from the one hand from their importance in Romanian economy, from the fact that, on the results of negotiations held with EU officials depends the re-launching capacity of these sectors, of Romanian agro-alimentary market, the amendment of their contribution to general economic increase, durable rural development and population life standard improvement generally and specially to the one in rural medium. But, on the other hand, these negotiations importance is also generated by the fact that the Romania's agriculture structural problems are hard to solve, the disequilibrium from agricultural sector are bigger compare to the ones of other states and their rectifying is more difficult.

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The agricultural and alimentary food and, agro-markets were often regulated throughout the years, the interventions resulting from the main objectives of agricultural politics.

These aimed mainly population's safety and security assurance, agro-alimentary products adapting to the exigencies in continuous increase developed at internal and external market request level, in accordance with the requests regarding environmental protection.

The importance shown to alimentary and agricultural sectors results from the fact that these are both the support for alimentary consumption and a part of economical increase from international transactions value with agro-alimentary commodities¹ and,

equally, from the fact that agricultural and alimentary industry are horizontally and vertically connected to all the other economy's branches, by organically suiting to world, international, regional or national economical medium.

Thus, at E.U. level, in 2004, in Gross Internal Product's realization, agriculture weights between 0, 6% in Luxembourg and over 5, 5% in Greece and Lithuania.

These contributions, although reduced, cannot be neglected if we take into account Gross Internal Product's value to the level of E.U. countries².

Another aspect that justifies the importance given to agriculture and agro-alimentary markets are the increased weight allotted in total consumes expenses, for aliments and

¹ In 2005 E.U external commercial flows value was € m 2.245,8 out of which €m 115 (5, 1%) alimentary commodities, beverages and tobacco. (Source: Eurostat, 2006)

² At E.U. level – 25, GIP for 2005 was, comply with Eurostat 2006 estimations, €bil. 10842.

non-alcoholic beverages buying. Thus, in 2003, at E.U. level – 25, from total consume expenses, over 16% were destined to this category of products.

The known problems that agriculture confronts with throughout the years, problems that are not totally solved (the agricultural market is still supported, even if partially), imposed to the new joining states for their agriculture “preparation” not to generate disequilibrium at communion agricultural market level. In fact, the joining imposed the accomplishment of many criteria: political, economical, juridical, and administrative.

On the subject of EU legislation harmonization with the one of aspirant countries, the agricultural sector polarized app. 40% from E.U. legislation, besides legislations modification process, the starting of institutional reforms imposing thus creating the necessary background to new law’s enforcing.

Among the main requests that referred to aspirant countries agriculture, very important were: aligning agro-alimentary product prices to the ones practiced at E.U level, developing an agriculture at European standards, final buy-out of alimentary industry until joining.

Joining E.U. represented for Romania the main political objective for all government periods after 1989, in all joining negotiations agriculture being one of the most difficult negotiations chapters with E.U.

The importance shown to agricultural sector (and to rural development) results from Romania’s agricultural potential regarded from the increased weight that agriculture has in occupied population view point, from the large effective of rural population view point and due to the increased weight of agricultural surface in total surface.

Thus, in 2004 in Romania (including forestry, hunting and fishing), app. 32% from

occupied total persons were working (a value that represents an important decrease compare to previous period; until 2001 the occupied population weight in this sector exceeding the 40% level) in comparison with 5,1% at E.U. 25 level.

Large values of this indicator were registered in some of the new E.U. member countries, but inferior to the ones registered in Romania (in 2003 app. 18% in Poland and Lithuania).

Romania has a numerous rural population, when it is known that the main occupation of villages’ population is agriculture. Compare to EU-15 countries (with rural population weights in total population comprised, according to 2002 data, between 3% in Belgium and 41% in Finland and Ireland), Romania has 45% rural population. Between the new candidates, the only country that exceeds Romania at this indicator is Slovenia (with 51%), the rest of the countries having values from 9% (in Malta) until 42% (in Slovakia).

To these is also added the population migration phenomenon from urban medium to rural areas, since 1997 the urban-rural migration flow registered in Romania exceeding the one rural-urban, which leads to rural population increase.

On the subject of agricultural surface weight in total surface, Romania registers the approximate 40% level (in 2002) thus being between the countries that registered the highest values at this indicator.

Although, according to the presented data, Romania has a large agricultural potential, the weight of gross added value from agriculture in total GIP represented in 2004 14,3% (so agriculture possesses more than twice in total population occupied than possesses in macro economical activity results).

Compare to Romania’s situation, in 25 E.U. countries weight of gross added value from

agriculture has in G.I.P. over 2,1%, which would apparently mark out similarities concerning the efficiency with which the labor force from agriculture is used, if we consider the weight of occupied persons in this sector in Romania and E.U. – 25.

These contributions are calculated in comparison with different GIP values, which certify the different work productivity levels. Thus, in 2004, in E.U – 25, labor productivity at national economic level was € 51.75.000/person and in agriculture of € 21.3000/ person, while in Romania labor productivity at national economic level was € 6.600/ person and in agriculture € 3000/ person.

So, the differences between labor productivity in agriculture and the average at economy's level are similar in European Union and in Romania (in agriculture realizing with more than 50% less than all branches average), while both in agriculture and per total economic, labor productivity in EU is 7 times larger than in Romania.

In the presented context, the agricultural sector that has an increased potential, gains an increased importance: on the one hand owed to its straightening through reform measures imposed by EU, which have a meaningful influence on economy on the whole, and on the other hand owed to the serious problems that Romanian agriculture had, its entrance in an ascendant trend, needing sustained efforts both nationally and internationally (financial supports given in pre-joining period).

The seventh chapter, "the Agriculture" of acquis had one of the most important places during European joining negotiations. When joining, Romania had to be "prepared" to face the competition from European market in general and from agro-alimentary market in particular.

Solving the Romanian agriculture problem might have direct effects on economy on the

whole, might lead to rural development and to life level increase of rural population, these representing a part from the main objectives of agricultural reform comply with "Agenda 2000" and with other new agricultural reforms as of 2003.

Acquis implementation concerning agricultural and alimentary sectors has and will bring Romania benefits, but also important costs will have to be paid.

The costs produced by aligning to the requests resulted from negotiation process, Romania's joining the EU depending on its accomplishing, refers to: costs with creating the institutional frame necessary to implement the European legislation, costs with adopting and implementing quality standards, sanitary norms, quality certifying systems for agro-alimentary products, directed supported by agricultural producers.

In this context, a large part of Romanian agriculture will remain agriculture for auto consumption. A reduced number of farmers will benefit of agriculture's support (comply with EU politics), the support conditioned by EU standards respecting. The introduction of new standards will affect mostly the small farms, with reduced financial capacity, being in impossibility to modernize the developed activity.

On the other hand, the support given by EU to Romania in acquis implementing process (medium and long term) is significant. Thus, annually, in pre-joining period (2000-2006), to sustain the agriculture and the rural development benefited of more than € 150 via SAPARD program. These funds pointed mainly the rural development being calculated for: investments in infrastructure (roads, water, and sewerage), farms development, and support for farmers to develop the irrigation system, afforesting, activities of research laboratories.

The financial support conferred eases the implementing of hygiene and alimentary

safety measures, the obtaining of some local agro-alimentary products competitive at national and European level will stimulate the agrarian producers to trade the products and to diversify their activity, will appeal investors and tourists and other.

Since 2007 until 2009 Romania will receive € bil. 4 and other app. €m 800, estimated to be financed from structural funds. Actually, these amounts of money represent Agriculture Minister's doubled budget for 2004.

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