

ON A CARRIAGE TOWARDS EUROPE. THE CONSEQUENCES OF THE ELI'S EASTERN ENLARGEMENT FOR AGRICULTURAL POLICY – THE ROMANIAN PERSPECTIVE. THE EASTERN ENLARGEMENT OF THE EU

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Abstract. *Restraining the broad area of the challenges raised by the Eastern Enlargement of the European Union only to the agricultural coordinates and only to the Romanian case, the aim of this paper is mainly to depict the context and to attempt to explain the more or less blurry colors of the Romanian agricultural panorama. The inevitable change, an adoption of new models, new methods, a different approach to the agricultural field will for sure cast a different light on the whole Romanian picture. But this is more than just a matter of time, and European aid, it is still a matter of effort and of restructuring, not only of the agriculture itself, but also of the social sphere.*

The perspective is evolving in a chronological manner, analyzing first the changes made in Romanian agriculture after 1989, describing then the level of Romanian agriculture during the first enlargement wave, explaining the present economic and social conditions as an outcome of a long and slow period of transition, and, in the end, trying to identify some future trends and some future challenges the Romanian agriculture and rural economy shall face.

Key words: *Eastern Enlargement, agricultural coordinates, restructuring coordinates, land tenure pattern, rural area, farms' structure*

JEL Classification: Q18; N54

Introduction

The gravitational pull exerted by the European Union is directed towards “helping to build stable and effective partners in the most unstable parts of Europe”¹. This would be the case of Romania, one of the newest Member States, still on its way towards achieving this status of stable partner.

As mentioned before, the leading purpose of this essay was to identify the key problems of the Romanian agriculture and rural development, to discuss them within the framework of the transition period and the European Integration process, and to debate over the priorities on its future horizon.

With regard to Romania's efforts of alignment, could come into question the problem of the extent to which the Romanian agricultural sector actually needs an agriculture-oriented development. This argument seeks to cast a light on the significant role played within the agricultural reform of certain non-agricultural features and underlines the importance of focusing on both agricultural and non-agricultural functions within the

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¹ Mr. Olli REHN, Member of European Commission responsible for Enlargement, Speech to the European Policy Center, Brussels, June 2005.

process of rural development. In other words, the idea of rural development shall distance itself in time from the idea of agriculture, rural not necessarily being an equivalent of agriculture.

Even though such a restructuring and modernizing process could appear to be a long-term aim, such weak points as oversupply of labor within agricultural sector, excessive land fragmentation, low level of education and training within the labor force, could accelerate the process of readjusting the rural economic and social framework in which the agriculture is practiced, task to a certain extent performed through absorbing the surplus of labor through non-agricultural sectors.

Could be this the main challenge Romania shall have to bear within the new European context, the challenge of restructuring and consolidating the agricultural sector and in the same time investing efforts in developing the non-agricultural domain?

General framework regarding the agriculture during the period of transition

Fixing as starting point the time of Romania's *fresh start* after the 1989 Revolution, an analysis of the transitory adjustments and reforms during its rather long transition period could answer some questions about the country's agricultural level at the time of its second *fresh start*, the integration within the European Union in January 2007.

It stays without question that agriculture was, and still is, one of the key branches of the Romanian economy. During the transition period (1989-2001) Romanian agriculture represented the main economic sector of the country, accounting for 30- 40 % of the active population, while the industrial sector came second, accounting for less than 30 %. Though, indicators like the share of agriculture in GDP or its share in the Romanian employed population stand for a rather strong lack of equilibrium within this significant economic branch. Analysing the efficiency of the Romanian agricultural sector in the overall economy it has been proved the fact that in year 2000, an impressive amount of 41% of the active population produced 11.4% of GDP, while the French examples displays percents of 3.9% of the agricultural active population producing 2.4% of the GDP². This numbers are an argument for problems like the lack of productivity and an unbalanced distribution of the labour force within the Romanian agricultural sector. More than this, during the transition period Romania developed simultaneously a set of divergent evolutions – on one side the share of agriculture in GDP decreased (in 1996 it represented 18.8% of GDP and decreased to 10.6 % in 2001). In the same time the level of total employment in agriculture remains rather high, even increasing (from 35% in 1996 to 41% in 2000). As means of comparison, other countries in Central and Eastern Europe contributed during the same period with 5 up to 10% to GDP and sharing a range in employment from a low 6.5% in the Czech Republic to 25 % in Poland.

As regards the labor market in agriculture, after the 1989 the industrial restructuring has led to an increased percent of population active in agricultural sector, agriculture becoming "a buffer zone for the persons affected by transition impact"³ Due to the personnel redundancy and the reform in industrial sector, the amount of persons occupied in agriculture kept on growing. Agriculture became consequently the activity with the biggest share of occupied population, while in the same time its output has not been emerging on an ascending trend. It is true though, that to a certain extent, this increase of the population involved in agriculture could be explained also by a decrease in the total occupied population. Whatsoever, it stays without question that the amount of people involved in the agricultural sector was during transition period, and still is today, too high.

² Câmpeanu, Virginia; Giurcă, Daniela; Leonte, Jacqueline; Piotet, Philippe; Agricultura României în perspectiva aderării la UE (*Pre-Accession Impact Studies, Romanian Agriculture and EU Accession*), European Institute, Romania, 2002, Chapter 1, p. 14.

³ *Id.*, p. 15

Despite of the high percent of occupied population in agriculture, structurally the labor market in agriculture was characterized by a high share of *employees* compared with a very low share of *employers*, this proving its high proportion of self-employed and unpaid family workers. If taking into account the age groups, one can notice that the rate is much higher in the rural area for young people, with an age between 15 and 24 years, and for old people over the age of 50. As regards the educational level of this rural labor force, the persons who attended primary and secondary education accounted in year 2000 only 60% of the total employed population in the rural area. Consequently, the Romanian agriculture after 1989 was characterized by a very high share of population active in this sector, but lacking productivity, lacking education, lacking efficiency, being engaged mostly in a small-size, subsistence farming pattern.

This Romanian farming pattern is a result of the de-collectivisation and privatisation. The Romanian land reform has started in 1991 with the Land Law, amended and extended afterwards in 1997, 1999, 2000 and 2001, a law by which were re-established the rights of the Romanian citizens to own land. According to this law the owners of collectivised land had the right to reclaim it back. The restitution of land was limited at a minimum of 0.5 ha per person and a maximum of 10 ha of arable land or 1 ha of wood area per family. The maximum stipulated was of 100 ha per family, including donations, inheritance, buying and/or land exchange. The area not covered by restitution would be distributed to the workers of the collective farm. The Land Law stipulated also that "land cannot be given away for a period of 10 years"⁴ The amendments brought to this law, aimed at enhancing the rise of the average size of private farms and at creating a legal framework for the Romanian land market. Consequently the law no.169/1997 permitted restitution of arable land up to 50 ha and of wood area up to 10 ha per family. Later, was the Land Circulation Law the one that increased the limit of land ownership to 200 ha, and legalized free land transactions between individuals, including sales, removing also the state's pre-emption purchase rights.

After the first stage of this process, namely the application of the Land Law in 1991, 80% of the agricultural land was soon privately owned. Further on, together with the privatisation process, in the year 2001, private sector owned 90.1% from total agricultural area and 90% of the arable land, including both private and privatised land⁵.

The excessive land ownership fragmentation generated after the land restitution was believed to be diminished after the adoption of the Land Circulation Law, through active land transactions including land sales and land leasing. But a range of surveys financed by the World Bank in 1996 and 2000 demonstrated that actually the law did not have a great influence on the farming pattern, it being characterized by a rural households orientation towards individual farming rather than towards the associative one.

Land tenure pattern in individual farming

	UM	1996	2000
Average area farmed individually	Ha	2.1	1.73
Share of house holdings farming individually	%	91.9	91.5
Average area farmed in association	Ha	0.8	0.63
Share of households leasing out to associations	%	33.7	26.3
Average leased out area	Ha	0.3	0.14
Share of households leasing out	%	14.4	18.0
Average leased in area	Ha	1.0	2.52
Share of households leasing in	%	2.6	6.8

Apparently, the economic instability determined most of the landowners of small plots to keep their land individually as a form of social security. As a consequence, at the end

⁴ *Id.*, p. 28

⁵ *Id.*, p. 29

of year 2000, the private agricultural farms were organized as follows: 10.9 thousand agricultural exploitations on a total surface of 2475 thousand ha, with an average surface each of 227.1 ha (19 % of the surface), and 4170.3 thousand individual households on a total surface of 10,311 thousand ha, having an average surface of 2.47 ha each. In another words, a percentage of 81% of the total agricultural surface was segmented into small plots, raising the problem of the intense fragmentation of the land, problem that still stands today, private non-associative agriculture being still preferred to a large extent.

With regard to the Romanian agricultural trade in the transition period, it can be stated that Romania was a net importer of agri-food products. This fact could be regarded as a consequence of a radical change, Romania, traditionally a net exporter on the agricultural market during the communist period, turning in year 1990 into a net importer. This change is believed to have been generated by the dramatic decrease in agricultural production in the context of the above mentioned ownership structural reform and due to an increase of internal demand for high quality and diversified food products.

However, one can demarcate three distinct trade periods between 1990 and 2001. These phases in the evolution of Romania's commercial exchanges with agricultural products were first the period between 1990 and 1993, when the agricultural trade balance was highly negative; followed by the period 1994-1997, when the agricultural trade balance improved; and finally the phase 1997-2000, characterized by powerful fluctuations within the agricultural trade balance.

The dynamics of the agricultural imports during the transition period could emphasize though some positive elements like, on one side, a change of consumer demand, the Romanian purchasers being more exigent with food quality, standard and presentation, and on the other side, a quality movement and diversification of products due to an increase of competition on the domestic market.

Romania's main trade partner in the field of agricultural products is the European Union. More than 33% of the total trade operations are developed with the European Union. The main Romanian products exported on the European market were raw materials, like live animals or vegetable products. A rather low export rate of the processed foods, could have been partly a consequence of an increase in the costs and prices on the domestic market for several products, or a consequence of the restrictive access imposed on certain products due to incomplete compliance with the quality, packaging, labelling and sanitary standards, or maybe a consequence of the lacking information and flexibility of the Romanian exporters. All these problems, even if brought into discussion as coordinates of the Romanian transition period, they appear to be still issues of today's discourse on agricultural sector and on challenges brought on agricultural terms by the Romanian accession to the European Union.

Romania during the first wave of Eastern Enlargement

The shortcomings within the Romanian agriculture during the period of transition referred to in the previous chapter, together with the slow evolution during the following years, could have determined Romania's backwardness and failure to join the European Union in the first wave of Eastern Enlargement. The above-mentioned excess in labour resource together with a significant lack of running capital, the lack of efficiency in resource allocation had a strong impact upon the agricultural growth and the competitiveness of the Romanian farmers and upon the level of poverty within the rural areas.

Apparently the agricultural policies implemented during the transition years were not suitable and unable to cope with these problems, probably due to their focus mainly on solving problems for short term. The diagnosis of the Romanian post-transition time underlined a significant lack of the support of a clearly defined long term strategy able to get the consensus of the country's political forces upon its main coordinates. The agricultural policies implemented during the transition years were often deprived of a

systemic view and pragmatic realism and have shown incoherence and inconsistency in their application.

Consequently, the obstinacy to answer to the daily problem has only pushed away the concerns about the future, postponing too much the gradual solving of the fundamental problems of the Romanian agriculture, and postponing hence the entrance of Romania in the European group.

The most pregnant blockages and limitations of the Romanian agricultural environment at the time of the first European Eastern Enlargement were thought to be the lack of a predictable and stable environment at sector level, both in the medium and long run, the persistence of an under-developed competition environment, unbalanced and unfavourable to the farmers, the farm structure unable to support competitiveness, the labour excess in the agricultural sector, and the low economic and financial skills of the most agricultural enterprises' managers.

Hence, the inability to fulfil in time neither the systemic, nor the structural reform, the failure to develop the competition markets and to reform the enterprise, essential for the consolidation of the private sector, resulted in a predominance, or better said the persistence, of under-capitalized agricultural enterprises, most of them with an extremely low capacity of capital formation.

Even if it might appear paradoxical, could be advanced the idea that, to a certain extent, Romania benefited from its exclusion from the first wave of enlargement. The integration into the European Union provided Romania with motivation and support, but could not display solutions for the economic catching-up. Development strategies, systemic and structural reform and the institutional and legislative alignment were changes that needed to be performed internally before acquiring the status of a member of the EU. In this respect, the delay could be seen as an aid package comprising of time; time for reform, time for improvement, time for more change.

Romania's late arrival in Europe provided the opportunity to take advantage of the first wave candidate countries' experience in terms of legislative harmonisation of the institutional building towards adoption of the *acquis*.

With respect to the negotiation process, it has been advanced the idea that, compared with Poland or the Czech Republic, Romania has been quite modest in its position document, seen as a base for negotiations.

In its position document, in force on December 31, 2000, Romania requested⁶:

- A transition period of 5 years until December 31, 2011, during which it may adopt safeguard measures for the import of agricultural products from one or more Member States, when these imports produce or are liable to produce perturbations in the Romanian agricultural products market.
- A transition period of 4 years until December 31, 2010, for organising the vineyards inventory and a register.
- A transition period of 8 years until December 31, 2014, for the removal of hybrid vineyards.
- A transition period of 3 years until December 31, 2009 in order to implement at national level the policy of non-vaccination for classic swine fever.
- A transition period of 3 years until December 31, 2009, for modernising and re-vamping the slaughtering and meat processing units, in compliance with the Community requirements.
- A transition period of 3 years until December 31, 2009, for modernising and re-vamping the milk processing units as well as for organising the milk collecting and standardisation centres, in compliance with the Community requirements.

⁶ According to Romania's Position Paper, Chapter 7 – Agriculture, published for the Conference on Accession to the European Union, Brussels, 10 January 2002.

- A transition period of 3 years until December 31, 2009, in order to comply with the Community requirements regarding cow milk farms and quality of raw milk obtained.

Criticism has been raised with regard to the above-mentioned position paper. For example, the first requirement, the 5 years transition period for safeguard measures regarding the imports of certain products from one or more Member States, this requirement being considered not feasible from the juridical and technical point of view, and unacceptable in principle as Romania enters a single market. Similarly, the request of 3 years for dealing with the matter of non-vaccination for swine fever has been considered too long a period as this problem could be solved up until the accession time.

As means of comparison, the current Accession Treaty signed by Romania on April 25th, 2005 in Luxembourg⁷ includes the granted transition periods for the agricultural sector as follows:

- A transition period of 8 years until December 31, 2014 for the removal of 30000 ha of hybrid vineyards and the replanting of this area with *Vitis vinifera*.
- A transition period of 3 years until December 31, 2009, for modernising and re-vamping the slaughtering and meat processing units, in compliance with the Community requirements (26 units).
- A transition period of 3 years until December 31, 2009, for modernising and re-vamping the slaughtering and poultry meat processing units, in compliance with the Community requirements (2 units).
- A transition period of 3 years until December 31, 2009, for modernising and re-vamping the milk processing units as well as for organising the milk collecting and standardisation centres (28 units).
- A transition period of 3 years until December 31, 2009, in order to comply with the Community requirements regarding cow milk farms and quality of raw milk obtained
- A transitional period of 3 years until December 31, 2009 for the use of four active substances contained in plant protection products and respectively a period of 2 years until December 31, 2008 for the use of one active substance, 2.4-D, in plant protection products.

Returning to the idea of the exclusion of Romania from the first wave of EU Eastern Enlargement seen not only as a con but also as an advantage, one could advance as well the argument of an increased benefit for Romania from the SAPARD and PHARE funds after the accession of the first wave candidate countries. In this respect stands the argument that the SAPARD experience created a precedent for the funds to be awarded from January 2007 on. The SAPARD Program developed a range of institutional abilities both at a central and at a regional level, requiring in the same time a high level of financial discipline.

A Regular Report on Romania's Progress towards Accession, published in Brussels in the year 2004⁸ stresses the fact that even though the absorption capacity for the SAPARD Community funds has improved until the moment of the first accession wave, it was still low (at the end of August 2004 the Commission had received payment applications for only 31.2% of the 2000 allocation, which represents disbursements to final beneficiaries amounting to €47.8 million). A total amount of Community funds of € 77.7 million (including payments on account of €75 million) out of a total amount of € 153.2 million allocated for the year 2000 has been disbursed to Romania. The National Authorizing officer has informed the Commission that the National Fund has received additional requests for payments to final beneficiaries by 1 September 2004 of an additional amount for August of € 30.8 million which should bring the total of reimbursements up to an amount of €78.6 million. According to the same source, some

⁷ According to data provided by the Romanian Ministry of European Integration, on <http://www.mie.ro/index.php?p=117>.

⁸ http://ec.europa.eu/enlargement/archives/pdf/key_documents/2004/rr_ro_2004_en.pdf.

further steps have been taken in order to improve the absorption of the funds. Consequently, it has been advanced a method of adapting the program and of elaborating new procedures, and more, the SAPARD agency launched an additional public information campaign in February 2004.

Setting as precondition the impartiality of the discovered data (not being neither pessimistic on one side, nor overestimated on the other side) one could take as a fact the effectiveness of the campaigns mentioned before, when observing the high quota of absorption of the SAPARD funds as published within a press statement released by the Romanian Agency for Agricultural Payments and Rural Development (APDRP). Apparently, the absorption rate increased considerably before the accession to the European Union. Until June 2006, the SAPARD funds allocated to Romania, respectively €1.24 billion, have been absorbed in proportion of 84%, leading to the idea of an increased number of projects submitted, on one side, and on the other side a higher level of eligibility for the submitted applications.

In order to conclude this chapter, and taking into account the arguments advanced, one could to a certain extent consider the accession of Romania to the European Union only in the second wave of Eastern Enlargement, as being a benefic delay.

Prognosis of the present. Where we are and where we go from here

The biggest debate after first of January 2007 has been led over the policies adopted by Romania with regard to the agricultural sector and even more over the methods of accessing the European funds. Similarly to the other New Member States, in the Romanian case a rather high share of the CAP budget is granted for the Rural Development. If taking into account the objectives of the second pillar of the agricultural policy, the Romanian strategy follows the four main axes, four main paths: the increase of competitiveness in the agro-alimentary and forestry sector (to this domain Romania granting the biggest amount of aid, €3.26 billion, up to 45% of the total funds); the sustainable management of rural areas and forestry (to which Romania awards €1.8 billion); the improvement of the quality of life in rural areas (representing a share of 30 % of the total funds, amounting €2.12 billion); and in the end the Leader axis, with €0.18 billion granted.

The Romanian Government⁹ approved for the year 2007 a budget with 33.9 % larger than in the previous year, amount in addition to which the state shall ensure the co-financing of the programs developed on European funds. The national complementary payments shall be directed towards the areas in which the state has an interest in stimulating improvement. The direct payments granted from the EU funds will amount approximately €50 pro ha, this amount gradually increasing each year in order to reach in year 2013 a quota of over € 200 pro ha/year. This support is decoupled from production the conditions for receiving the aid being the dimension of the land area bigger than 1ha, and its registration within the Farm Registrar. The national complementary payments shall have as source the budget of the Ministry of Agriculture and shall be awarded in accordance with the cultivated area or the livestock production.

Remaining in the same area of the adoption of certain strategies and policies, it can be mentioned as well the interest shown by Romania in what concerns the ecological agriculture, considered a development niche for the Romanian agricultural sector. This support for the organic agriculture could somehow be assimilated with the myths developed shortly before accession with regard to the radical change in the quality and the *taste* of the food products on the Romanian market. The main measures for supporting the sector of ecological agriculture have in view a direct aid from the state budget, a financial aid granted according to the cultivated area for certain crops

⁹ According to a study developed by AgroAzi, and published on January, 2007 on http://www.agroazi.ro/politici_agricole/Proiecte-Investitii/0_9/1/

ecologically certified, such as Soya, sunflower, field vegetables or textile plants, or for the amount of ecological certified livestock. The value of the aid for the ecological agriculture is twice bigger than the one awarded for the conventional one. In addition to this, there are awarded funds for the promotion of the concept of ecological agriculture, and as well for promoting and improving the sales in this field. Pre-accession programs in this domain have been developed under the SAPARD coordination, after the accession to the European Union the aid being granted from the European Fund for Agriculture and Rural Development through the National Program of Rural Development¹⁰.

The prognosis of the present, depicted so far in this chapter, focused mainly on the adopted strategies for the future horizon with regard to Romanian agricultural sector. If referring now to the implementation of these strategies, one could advance the idea suggested in the very beginning of this paper, that Romania has still a long way until it could reach Europe, and that the challenges for its agriculture still remain. The assessment of the main features of the past agricultural policies in the previous chapters of this essay could cast a light on the possible restrictions that still hinder performance today.

One of the biggest challenges could be considered the acute need of reducing the surplus of labour involved in agriculture and the necessity to develop alternative economic activities and hence alternative means of generating income in the rural areas, or in another words, to begin the process of detaching the idea of rural from the idea of agriculture. The agriculture shall in time lessen its role of principal and only economic driver in the Romanian rural economy.

As it has been mentioned before, the inadequate structure of the farms is the main factor which limits the agricultural competitiveness. The processes of de-collectivisation and privatisation which have been discussed earlier in this paper did not actually succeed in modernizing the agriculture or to generate new farms competitive at an international level. The fragmentation of the land properties is still very high. According to a Structural Analysis of the Agriculture, led in the year 2005¹¹, out of a number amounting 4,256,152 agricultural exploitations in Romania only 1,246,159 reach the level of an European dimension economical unit. Even though the amount of small-dimensioned agricultural exploitations (of an agricultural area of maximum 2ha), has significantly diminished since 2003, the fragmented agriculture still represents 66% of the total cultivated area.

Analysing the structure of Romanian farms and the Romanian rural demography, could be pointed out that a key problem is not only the agriculture itself, but the social sphere as well. This thesis can be sustained by the argument that a grow in the productivity and competitiveness rate of the farms involves and requires a transfer of a significant labour force from agricultural to non-agricultural activities.

Consequently, the post accession reforms in Romania shall follow a double objective: first of all to diminish as much as possible the subsistence agriculture and hence to make available more land for the consolidation of the farms, and second of all, to increase the dimensions of the farms, by this increasing also the efficiency of the Romanian agriculture.

A transfer of rural labour from agriculture-related activities to non-agricultural ones involves as well a significant change in the level of education, of training, of performance of skills, requiring hence new educational policies with regard to continual training and professional re-conversion. Such non-agriculture-related measures would lead to a modernisation of the agricultural sector and in the same time a diminished age average among the rural population. Currently the age structure of the rural population reveals the fact that an amount of more than one million persons living in the rural areas and being active in agricultural sector reached already the age of retirement. Taking into consideration this facts, could be advanced the idea of a possible resolution of the problem of the excess of labour involved in agriculture through social support programs

¹⁰ According to a study coordinated by the Romanian Ministry of European Integration, source: www.mie.ro.

¹¹ Source: www.maap.ro.

and complementary aids for the farmers' pensions, or through promoting and sustaining a policy of early retirement for farmers.

Another important feature, or better said another significant disadvantage for the rural areas and implicitly for the agricultural sector could be the lack of a good infrastructure. An improvement in what the infrastructure is concerned could facilitate the creation of alternative activities and the diversification on the job market in the rural areas, generating as well a diversification of the rural economy.

Another deficit spotted within the Romanian agricultural sector is the low level of mechanization, due to a lack of capital, or a lack of professional consultancy in the matter.

It can be easily seen that all these problems, the labour surplus involved in agriculture, the excessive fragmentation of the land privately owned, the underdeveloped infrastructure, the lack of education and training, or the high age average among the rural population, are all deficits that still shadow the Romanian agriculture and in the same time are deeply rooted in the early post-revolutionary times and in the slow transition period.

Paradoxically, the debates which followed shortly after the Romanian accession to the European Union claimed that the European regulations and standards could in a way affect the traditional products or certain traditional rites, and this in a context where a real historical and cultural potential of the rural areas is not at all exploited at its real value. Maybe, to a certain extent, it was exactly the European integration the one that drew in an indirect way, the attention towards the necessity for a reorientation of the rural not towards agricultural but also towards the traditional. The conservation and the rebuilding of the rural patrimony, or the development of the agro-tourism could be part of a new approach on the Romanian rural policy, a policy following to a certain extent a different path from the agricultural policy.

Conclusions

There is no further need to stress the fact that Romania still has much to do in the next years in order to make its agricultural sector more competitive. Heavy investment is still needed in machinery, real capital and know-how to modernize the agriculture and the rural areas.

The previous Eastern Enlargement experience sets a good example for the benefit of the farmers from the European cheques. Even if granted lower amounts than those dispersed in the old EU Member States certain rural areas in the Eastern Europe registered a great launch, the idea of the new *wealthy farmer* becoming even a myth. More than this, the subsidies granted by the European Union came to a large extent on top of rising food prices and new market opportunities resulted from the extension of the CAP areas. Certain areas, rather than being swamped by cheap West European food products, boomed as British and French supermarkets started sourcing their supplies from cheaper East European producers.

If attempting to present the challenges in the field of agriculture brought by the second wave of Eastern Enlargement in terms of losers and winners one could forward the idea that the new member states, namely Bulgaria and Romania, will be the ones to win, coping with their backwardness by means of European aid. On the other side, the old member states have found ways of compensating their loss, ways to limit to limit transfers to the new member-states. With regard to the CAP, the EU had initially decided that the new countries would be excluded from the 'direct payments' that make up the bulk of CAP spending, reaching in the end the compromise of a share raising gradually until the year 2013. What is clear already is that the current CAP will actually not be so much to the advantage of the new members. First because the share of non-direct payments, such as help for rural development, remains very small, at 10- 15% of total CAP spending. And secondly because of the fact that from the CAP disproportionately benefit more the large agricultural enterprises.

In the end it can be advanced the idea that the CAP is in the end a way to *compensate* the “winners”.

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