

STUDIES ON THE EVOLUTION OF THE AGRICULTURAL SECTOR IN THE CONTEXT OF CAP 2014-2020

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Abstract

The Community Agricultural Policy (CAP) assumed by the six founding members by the Rome treaty in 1958 was characterized by a strong intervention of the state, according to the sectors climate and location characteristics, subject of imbalances between demand and supply, and with a high volatility of prices and incomes. In 2003, a series of principles and methods considerably modified the CAP policy, introducing new principles and mechanisms, and terms like unique exploitation payment, cross-compliance, financial discipline. Finally, in 2007, a unique common organizing of the markets (unique COM) was instituted as part of its reform, aiming agricultural productivity growth by promoting technical progress and optimization of the production factors, fair life standards for the agricultural population, stabilization of the markets, supply safety and reasonable prices for consumers. The present analysis aims to highlight the structural and dynamic evolutions of the main indicators in the food sector in the North-East of Romania.

Key words: production factors, strategies, financial

Through the rural and agricultural policies that reformed the Common Agricultural Policy (CAP), the main issues involved aspects such as an improvement on farm orientation to the market needs, creating a balance between unique payments and quality criteria, an alignment to the standards of the World Commerce Organization and a financial discipline that involved freezing the first pylon budget and imposing compulsory annual sums. Among these, the CAP highlighted a series of specific objectives such as agricultural productivity growth, by promoting technical progress and facilitating production means and labor force, assuring a fair life standard for the population working in this field, stabilization of the markets and fair prices.

Today, agriculture only represents a small part from the economy of developed countries in the EU, and public intervention was consolidated lately by a series of rural-agricultural policies such as sustainable development, climate change tackling, improvement of the territories and landscapes, diversity and rural economy revitalization, bioenergy and biomass production as a main target, and most important, food production.

In Romania, a member state of the EU, and implicit beneficiary of the CAP 2014-2020, the agricultural sector remained a rather constant contributor to the gross domestic product, with

considerable contribution in the third and fourth trimesters of the year, when corn, sunflower and other late harvested crops are accounted.

MATERIAL AND METHOD

The scientific and methodological support in this study was based on a series of direct and indirect documentation, including observation, comparison and analysis of the economic and phenomena processes studied.

Data from secondary sources, such as Romanian and foreign specialized literature was used, available and applicable at a national level.

Both data from the specific literature and from the analysis of official documents and statistics have been processed and interpreted in order to identify the development of the N-E area of the country, in the 2014-2020 CAP context.

RESULTS AND DISCUSSIONS

The proposals of the Commission regarding the EU budget for 2014-2020 limit the expenses at the level of 2013, according to the data below (*table 1*).

Our country contribution to the gross domestic product in 2019 was lower than the ones in 2017 and 2018, as seen below, mainly because of the smaller production and prices (*table 2*).

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Table 1
UE budget for CAP 2014-2020

Specification	billion euro
Pylon I – Direct payments and market expenses	317.20
Pylon II – Rural development	101.20
Total	418.40
Food security	2.50
Crisis reserve for agro sector	3.90
European Fund of globalization adjustment	up to 2.80
Research and innovation in food security, bioeconomy and sustainable agriculture	5.10
Total additional funds	up to 17.10
Total budget for 2014-2020	up to 435.5

According to INS, industry and agriculture pulled down on the economy, with a major impact on the GVA. Industry by 21,8%, reduced in activity by 1.0%, and

agriculture by 4.1%, with reduced activity of 0.2.

Although it ranks first in corn and sunflower production in the EU, and with growing crop production in barley, the agro-food sector remains under the incidence of uncertainty generating factors such as weather conditions, small surface farms and de need of grants from the EU funds.

When referring to the cultivated surface in 2019 compared to 2017, it registered an increase in beans cereals, oleaginous and potatoes, and a decrease in beet, vegetables and barley.

The production indicators of the agro-branches (vegetal, animal and services), in monetary value, have increased, coming to a value of 90.768 million lei in 2019. Bigger values were noted in South-Muntenia, S-E and N-E, and lower financial values were in the Centre, N-W, S-W Oltenia and Bucharest-Ilfov.

 Table 2
Contribution of the resources categories in forming and increasing the GVA during 2017-2019

	Contribution in GVA - %		
	2017	2018	2019
Agriculture, forestry and fishing	4.30	4.30	4.10
Industry	23.70	22.80	21.80
Constructions	5.20	5.50	6.40
Services	57.30	57.80	58.10
GVA– total	90.50	90.40	90.40
Net tax on product	9.50	9.60	9.60
Gross value added	100.00	100.00	100.00

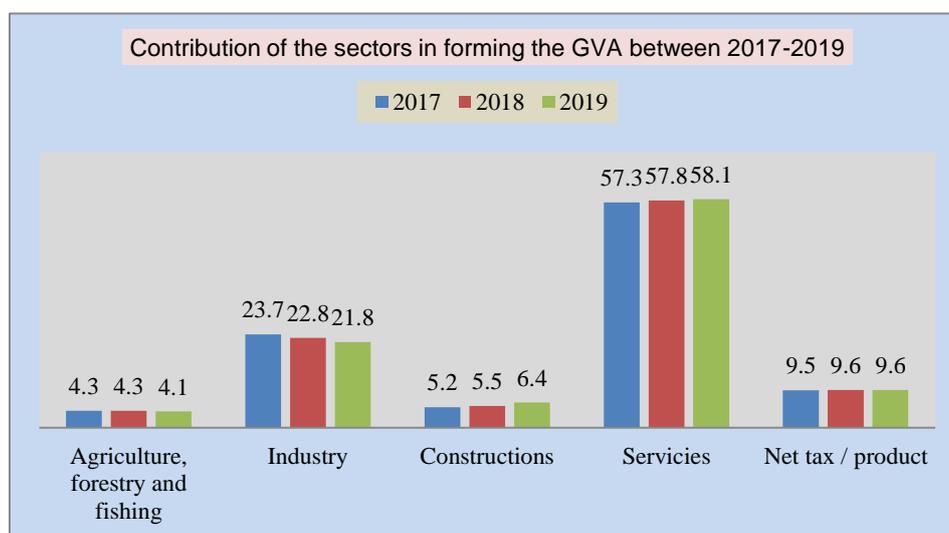


Figure 1 Contribution of the sectors in forming the GVA between 2017-2019

Table 3

Cultivated surface and production for the main crops in 2017, 2018 and 2019

	Cultivated surface -thousands ha-			Total production -thousand tones-			Differences (±) 2019 Compared to 2017	
	2017	2018	2019	2017	2018	2019	-thousand ha-	-thousand tones-
Beans cereals	5192	5257	5431	27139	31553	29515	+ 239	+2376
-wheat	2053	2116	2106	10035	10144	9874	+ 53	- 161
-barley	455	424	460	1907	1871	1915	+ 5	+ 8
-oat	166	161	161	408	390	398	- 5	- 10
-corn beans	2402	2440	2599	14326	18664	16956	+ 197	+2630
Leguminous plants	119	133	119	302	191	244	0	- 58
Oleaginous plants:	1766	1815	1877	4986	5146	4687	+ 111	- 299
-sunflower	998	1007	1306	2913	3063	3450	+ 308	+ 537
-soy beans	165	169	145	393	460	402	- 20	+ 9
-rape	598	633	419	1673	1610	1628	- 179	- 45
Beet	28	24	27	1175	978	917	- 1	- 258
Potatoes	167	169	170	3117	3023	2717	+ 3	- 400
Vegetables	225	226	224	3638	3797	3488	- 1	- 150

Table 4

Agricultural production indicators on branches for 2017 – 2019-million lei

	2017	2018	2019
Vegetal production	53217	61216	63218
Animal production	24332	23903	25958
Agricultural services	945	1230	1592
Total	78494	86349	90768

CONCLUSIONS

The surface cultivated with cereals, oleaginous plants and potatoes registered a growth in 2019, compared to 2017. The corn cultivated surface was 4.4% higher in 2019, and corn production was also 8.05% higher, due to an increase of the medium production/ha. The surface cultivated with corn in 2019 represented 42.55% of the total surface cultivated with cereals in Romania, and wheat represented 33.45 of the rest. In leguminous plants, production dropped by 19.20%, due to a decrease of the yield / ha, compared to 2017, although the surface remained the same.

The production of oleaginous plants dropped by average by 300 tones / ha, due to a decrease of the cultivated surface by 7.7%, but in sunflower there was an increase both of the surface and the production. The trend in beet production was also decreasing by 20.3%, due to the fact that the cultivated surface dropped by 14.3%, and potatoes production was 1.4% lower, as the cultivated surface was also 0.9% lower in 2019.

The main factors that have a negative impact seem to be the fluidity of the market and the percent of people that practice agriculture on small areas and sell on small prices, disadvantaging those

working in bigger, organized, technologized and integrated farms.

The financial indicators of 2019 show an increase of the agricultural production branches, due to the following of the CAP 2014-2020 context. Also, the management processes in agro-food exploitations indicate that a part of the labor force influences the capital (the agricultural fields and the number of farm animals), so as to obtain a higher efficiency in the production process, following the path conducted by the EU context and premises, and showing an improvement of the agricultural coordinates.

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