



Working for organic and traditional farmers
in ROMANIA

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Common Agricultural Policy Brief 2010

Goals of CAP in the Treaty of Rome (1957):

- to increase agricultural production
- to ensure fair standard of living for the agricultural community
- to stabilize markets
- to assure availability of supplies and
- to ensure that supplies reach consumers at reasonable prices

In the 1970s-80s, CAP was 70% of EU spending. Today it is 39%

Basic Criticisms of CAP (and European agriculture in general):

- Small farmers don't get the money: 20% of farmers get 80% of subsidies.
- The context has completely changed: food supply problems aren't the issue they were in the 60s
- CAP is used to get farmers to support European integration, but often does not live up to its promises to new member state farmers.
- CAP has led to bigger farms, higher mechanization, fewer farmers, more pesticides and fertilizers
- CAP has enabled the food processing industry to grow strong and integrate vertically throughout agriculture, taking power away from farmers.

CAP Reforms:

1992 MacSharry Reforms: Started to shift away from production, created "set-aside" payments for farmers to withdraw land from production

1999: "Agenda 2000" reforms created the second pillar, made agri-environment scheme mandatory, producer group payments and young farmer payments were introduced.

2003 Fischler Reforms: Subsidies were "decoupled" from historic production. The "single farm payment" was introduced, to eventually get rid of production as a reason for payments. This payment is also attached to strict environmental regulations ("cross-compliance"). Also, "modulation" was started - shifting funds from Pillar I to Pillar II.

2013: Starting in 2010, debates are taking place to put an EU budget in place for 2013. In 2013, further reforms to the CAP will be decided.

Basic Structure of CAP:

Pillar I – orientated toward agriculture as an economic branch – direct payments and market interventions (traditional CAP)

- This includes direct payments (Single Area Payment Scheme, Single Farm Payment)

Pillar II – orientated toward rural development (village and agriculture modernization, development of alternative economic branches, protection of the environment and of the rural landscape).

Pillar II has 4 axes:

- Increase competitiveness of agriculture and forestry sectors
- Support for land management
- Enhance quality of life in rural areas and promote economic diversification

-LEADER" Bottom up approach which supports the main three objectives

Romania facts:

-Agriculture generates 12% of the country's GDP and around 30% of Romania's active population works in agriculture.

-Romania has a farm population five times bigger than the EU level and double compared with the next country in line (Poland).

-The average farm in Romania is 3,3 hectares

-Romania has two agricultures, without any relation between them and with divergent objectives and requesting different policies:

I. Subsistence agriculture –micro-farms which exist for self-consumption

2.6 million households in Romania own under 1 hectare of land.

II. Agro-industrial agriculture - made up of farms with hundreds or rather thousands of hectares.

9600 households own over 100 hectares

-Mid-sized farms (between 10 and 100 ha) employ only about 12% of Romania's agricultural surface. (these would be considered the family farms of Western Europe)

-1/2 of Romanian farmers live under the poverty line

-The population engaged in agriculture grew from 28.5% in 1989 to 43.5% in 2001 only to decrease to 30% in 2008.

-In 2008, 0.2% of farms took in 30% of the CAP subsidies allocated for Romania. If we also include the farms in the category 100 – 500 ha, the result shows that 0.9% of farms received 51% of subsidies.

-If we look at the sum allocated (not spent) for Romania for the period 2007 – 2013, we notice that Pillar II should absorb of 55% agricultural funds.

Thoughts on 2013 CAP Reform:

We feel that, moving forward, the Common Agricultural Policy should remain firmly based in keeping farmers on the farm, focusing on local production and healthy, reasonably priced products for consumers. The European Food Declaration, put forth by Via Campesina Europe, among others, and signed by Eco Ruralis, lays out the following priorities:

The New Common Food and Agriculture Policy:

1 Considers food as a universal human right, not merely a commodity.

2 Gives priority to growing food and feed for Europe and changes international trade in agricultural products according to principles of equity, social justice and ecological sustainability. The CAP should not harm other countries' food and agriculture systems

3 Promotes healthy eating patterns, moving towards plant-based diets and towards a reduced consumption of meat, energy-dense and highly processed foods, and saturated fats, while respecting the regional cultural dietary habits and traditions.

4 Gives priority to maintaining an agriculture all over Europe that involves numerous farmers producing food and caring for the countryside. That is not achievable without fair and secure farm prices, which should allow a fair income for farmers and agricultural workers, and fair prices for consumers.

5 Ensures fair, non-discriminatory conditions for farmers and agricultural workers in Central and Eastern Europe, and promotes a fair and equitable access to land.

6 Respects the local and global environment, protects the finite resources of soil and water, increases biodiversity and respects animal welfare.

7 Guarantees that agriculture and food production remain free from GMOs and fosters farmers' seeds and the diversity of domestic livestock species, building on local knowledge.

8 Stops promoting the use and the production of industrial agrofuels and gives priority to the reduction of transport in general.

9 Ensures transparency along the food chain so that citizens know how their food is produced, where it comes from, what it contains and what is included in the price paid by consumers.

10 Reduces the concentration of power in the agricultural, food processing and retail sectors and their influence on what is produced and consumed, and promotes food systems that shorten the distance between farmers and consumers.

11 Encourages the production and consumption of local, seasonal, high quality products reconnecting citizens with their food and food producers.

12 Devotes resources to teaching children the skills and knowledge required to produce, prepare, and enjoy healthy, nutritious food.

Furthermore, we at Eco Ruralis have the following thoughts to add to the debate, specific to our viewpoint in Romania:

1. Eastern European agriculture exists in a **largely different paradigm** than Western Europe. The effects of communism are lasting and still determine, in many ways, the structure and decisions.

Some key factors which are different in many Eastern European states include:

-Government officials and functionaries are not trained or oriented towards a market approach to agriculture, and neither are they oriented towards a "family farm" approach. Many decisions in agriculture are made from the top down, and they are made in inner circles made up of former communist officials and contacts. These are now the large farmers in Romania who have been able to dictate policy since 1989. **Government corruption remains an issue.**

-**Citizens are not informed about policies.** Even well-intentioned government officials work within a difficult system, and one which has social mores against participation of citizens in the government's work. When farmers come to local or national officials with complaints or questions, they often do not get satisfactory results, and as such, even when good programs are in place, the farmers remain in the dark.

-The infrastructure of former communist countries has in many cases regressed, getting worse in the past twenty years. Irrigation, roads, and other infrastructure remains unusable or operating at far below optimal capacity. This makes it more expensive to practice agriculture, and much more expensive to transport and process foods. **A strong pillar II is much more important in Eastern Europe than Western Europe.**

-Upstream and downstream capabilities in Eastern European agriculture remain a large problem. In some ways Eastern Europe stands at a great advantage in this case, because organic agriculture is not a large change for farmers, and whole foods are more readily abundant. However, when farmers do sell to processors, these are mostly foreign companies who end up paying low prices to farmers for products such as milk and grains, and many of the products have to be exported for processing, and then re-imported at a high price for Romanian consumers. **We feel it is VERY important that we focus not just on food security of Europe, but food security WITHIN the countries and communities of Europe.**

-**Farmers lack access to credit**, or the knowledge on how to obtain it. This is a large problem when it comes to securing co-financing for Pillar II projects, or if you wish to upgrade your farm with a loan.

2. The most important and most easily solved problem in Romania is the fact that so few large farmers get so much of the CAP budget allocated for Romania. We feel that the and easy way to solve this in both Romania and Europe is to limit the amount of money any farm can receive under the Single Farm Payment, a position which has been considered in the past but never put into proposals. **If the CAP is in place to keep family farmers in place, it should not subsidize agribusiness.**

3. The steps taken in 2003 toward cross compliance measures were a good start in the direction of an environmentally friendly CAP, but these need to be furthered to include more stringent animal welfare standards and should explicitly support small farmers, who are already doing a better job of being stewards of the land.