

## OBJECTIVES OF THE AGRICULTURAL AND RURAL DEVELOPMENT STRATEGY OF ROMANIA

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### Abstract

*The current paper outlines the objectives of agricultural and rural development in Romania. At the end of the first decade of the 21<sup>st</sup> century, Romania still has to recover considerable gaps as compared to the other European Union Member States, at the same time with the adoption and transposition of sustainable development principles and practices in the globalisation context. The first part focuses on strategic targets of Romania's agriculture and rural development. The paper continues with the National Strategic Framework priorities for the sustainable development of the agro-food sector and of the rural area during 2014-2020-2030. The last part presents rural development objectives and priorities. The conclusion is that the priority for the modernisation of agriculture and rural economy should be substantiated by the vital economic and social functions of the agro-food system: ensuring the balanced nourishment of population, the necessary raw materials for non-agricultural activities and a pro-active and profitable export of agro-food products, increasing the landscapes capital of the rural area and natural environment protection.*

### Keywords

*Common Agricultural Policy (CAP), sustainable development, rural area, agro food sector, food security*

### Preliminary considerations

Following the events of 1990, the need to identify properly substantiated strategies for the agricultural policies was seriously felt. The defining element of these strategies is the full connection of Romania to a new development philosophy, belonging to the European Union and widely spread all around the world – the one of sustainable development.

The starting point is the observation that, at the end of the first decade of the 21<sup>st</sup> century, after a long lasting and painful transition to pluralist democracy and market economy, Romania still has to recover considerable gaps as compared to the other European Union Member States, at the same time with the adoption and transposition of sustainable development principles and practices in the globalisation context. The lack of financial resources in the whole economy did not favour an approach similar to the ones of the EU – more developed – countries. The 2000s brought the prioritisation of national agricultural policy alignment with the Common Agricultural Policy, with the efforts related to the accelerated adoption of the *acquis communautaire* and to the setting up of specific institutions. In the field of agricultural policies and their implementation tools, Romania was permanently seeking for and trying to meet the short term challenges, the political objectives of more or less electoral nature, the conditionalities externally imposed by international financial bodies or by international organisations to which our country desires to join. These various challenges on short and medium term have practically replaced strategies or, in other terms, these were arguments for justifying the lack of a clear strategic political approach on the long run in the field of agriculture.

Despite all progresses achieved during recent years, it is a fact that Romania's agriculture is still based on the intensive consumption of resources, while the society and the administration are still seeking for an integrated vision and the natural capital is facing the risk of damages that could become irreversible. The current strategies are stipulating concrete targets for shifting in a reasonable and realistic timeframe to the development pattern generating high value added, driven by the interest in knowledge and innovation, permanently oriented towards the continuous improvement of people's life and of their inter-relations in harmony with the natural environment. Besides the sectoral approaches (cereals, milk, meat, vegetables –fruit, viticulture etc.), with more or less defined connections between sectors or on agro-food pathways, it is absolutely necessary to approach topics of horizontal or vertical nature envisaging the whole agro-food sector and on which the deep reforms in agriculture are based. Since these topics are fundamental for the setting up of agriculture development policies, it is normal that, once the problem is identified for each of these topics, various ways, methodologies and tools exist, complying with the ideology or political vision of governing parties or political alliances.

One highly topical debate on the European public scene is the post-2013 reform of the Common Agricultural Policy (CAP). This reform, taking place in the context of adopting a new multi-annual European financial frame, is extremely important since it outlines the fundamental orientations of European agriculture – horizon 2020. For Romania, this is not only a chance for affirmation and for contributing to the setting up of the future strategy for one of the most important and consistent European policy in financial terms, but also a chance to reform itself, according to the new CAP orientations, its own agricultural sector and the rural space as a whole. Evaluating the current state of art of the Romanian agriculture and rural area, Romania's membership in the EU and the requirement for integrating the Romanian agriculture development policies into the EU Common Policy and the European Strategy for Smart, Sustainable and Inclusive Growth - Europe 2020, the presidential commission for Agricultural Development Public Policies considers that the drawing up of the *National Strategic Framework for Sustainable Development of the Agro-food Sector and of the Rural Area during 2014 – 2020 – 2030* is a high priority for the Romanian economy, in general and for the Romanian agriculture, in particular. The drawing up of the *National Strategic Framework* takes into account the facts related to rural area, which is not only an economic area, but also a social, cultural and ecological environment for living, while agriculture is not only an economic branch producing agricultural products and raw materials for manufacturing, but at the same time it is a rural agriculture with profound rational traditions, whose preservation, continuity and development will support, to a large extent, the real presence of Romania in the EU.

### **1. Strategic targets of Romania's agriculture and rural development**

The knowledge of nowadays facts from the Romanian agriculture and rural economy is the core prerequisite for setting up and implementing a coherent medium and long-term programme for the European reconstruction of rural Romanian economy, for increasing the agriculture contribution to the attenuation of current crisis and for resuming the sustainable economic growth.

The National Strategic Framework, the European programmes and projects intended for agriculture are set up around the sustainable rural development, as a determinant for sustainable economic growth that supposes a strong rural economy, built up on a modern rural infra-structure, the appropriate technical equipment of the rural localities territory and of rural dwellings based on the use of local natural resources (from rural area) renewable in the economic circuit, the environment and landscape protection and, as a consequence,

reaching an acceptable rural living standard through the alleviation and narrowing of severe poverty in rural areas.

The sustainable economic development could be reached, first of all, only under the circumstances of making medium and long-term investments in the consolidation of agricultural holdings and of food processing enterprises, in hi-tech, in the appropriate equipment of the agricultural territory with irrigation and reclamation systems, anti-erosion, windbreaks, anti-flood systems. The financial support directly from European and national funds should be directed towards the achievement of these prerequisites of sustainable rural development. Likewise, the legal, institutional and financial actions should become more intensive in view to increase the competitiveness of international and national commercial circuits, to have an extended participation of Romanian agricultural products on third markets, first of all on the European single market, as well as in view to attenuate the risks and turbulences entailed by annual and multi-annual fluctuations of products and prices. A higher importance should be assigned to the extension of regional and local agricultural market (7).

The rural area development is based on the sustainable rural development concept, the rural economy extension and diversification supposing the consonant junction between the agricultural (and forestry) component and the agro-food and non-food rural economic component, based on the following principles:

- In the preponderantly agricultural areas and in the rural mountainous areas, agriculture and forestry, respectively, represent the backbone of rural area. At the same time, the idea of shifting the centre of gravity from the production aspect to the multi-functionality aspect should be deepened in the agriculture development process.
- Bearing in mind that the most valuable natural renewable resource of Romania is soil, the highest decision-makers of our country have not only the political and economic, but also the moral obligation to the current and future generations to ensure, through appropriate agricultural policies, the sustainable exploitation of soil, in accordance with its productive potential. The growth of agro-food production and of forestry based economy should not be seen as an end in itself, but as an objective for ensuring the food safety of our country's population and as a perspective target of Romania, considering the world demographic projection estimated to about 9 billion inhabitants of the Earth in the next two – three decades.
- The priority of modernising agriculture and rural economy according to the National Strategic Framework should be substantiated on the vital economic and social functions of the agro-food system: ensuring a balanced nourishment of the population, the necessary raw materials for non-agricultural activities and a pro-active and profitable export of agro-food goods; increasing the landscapes capital of rural area; ensuring a decent living standard (comparable with the average European level) and environment protection.

### **1.1 National Strategic Framework**

The setting up of the National Strategic Framework priorities for the sustainable development of the agro-food sector and of the rural area during 2014-2020-2030 was done having as starting point the functions of rural area and economy, including the functions of Romanian agriculture, the need for their accelerated development, the new partnership Europe – farmers in compliance with the reform of Common Agricultural Policy (CAP) for the period 2014-2020, as follows:

- achieving an agricultural and food production able to ensure the national food security and to guarantee the population's food security through: doubling the agricultural yields in the next ten years as compared to the decade 2000-2010; doubling the value of crop and animal production in the next decade as against the

- one of 2010; doubling the value of processed agro-food production as compared to 2010;
- fully ensuring the domestic necessary of food goods of higher quality and a surplus to the domestic food consumption, available to exports;
- ensuring the sustainable ecological equilibrium of rural area, on the long run, through public, public-private or private investments in infrastructure, protection and equipment of the territory (irrigation systems; hydro-ameliorative protection systems, windbreaks, afforestation of damaged and cleared lands etc.);
- preservation and safeguarding the renewable natural resources (soil, waters, air) and sustainable use of agricultural natural resources, firstly the soil, preservation of biodiversity, implementation of policies meant to attenuate the impact of climate changes;
- making the national educational and scientific research system compatible with the European one, ensuring its sustainable partnership with the Romanian agro-food system (13);
- ensuring a balanced territorial development of rural agricultural economy, extending the rural SMEs and increasing the employment level, by preponderantly sustain the active rural population;
- reaching the equilibrium between the Romanian food balance and the increase of Romanian agro-food goods;
- restraining the less-favoured areas and the severe rural poverty.

Romania has only one chance for its agriculture development: the considerable but rational, optimal if possible, allocation of investments in infrastructure, agricultural lands equipment (about 1.7 million irrigated hectares), plantation of windbreaks on about one million hectares in the most arid areas, modernisation of agricultural holdings, extending the enterprises of agro-food products storage – processing (not only cereals) as well as the increase of the operation capital both from own sources and from advantageous banking credits granted to agricultural farms in view to sustain the production levels further envisaged at the horizon of 2015, 2020, 2025, 2030. It is estimated that, at the horizon of 2030, Romania's food potential would be sufficient for 38.5 million persons, respectively an availability for exports and non-food consumption of raw agricultural materials of about 49-50 billion €.

The setting up of the National Strategic Framework is based on two fundamental ideas:

- a) current state of agriculture and the ecological and economic potential of the Romanian rural areas;
- b) Romania's membership to the European Union and the requirement of integrating the Romanian agriculture into the European agro-food area and of making it compatible with the Common Agricultural Policy of the European Union.

### **1.2 Current state of Romania's agriculture and rural area**

Four major changes – the big agrarian reform of 1921, the agrarian reform of 1949, the agriculture collectivisation during 1949-1962 and the impact of applying the Land Fund Law of 1991 and of its related legislation made impossible not only the drawing up, but particularly the implementation, of a long lasting Romanian agricultural project, similar to the majority of western countries. The major successive changes in the system generated instability and, even more serious, the lack of continuity, steadiness and sustainability of the national agricultural system (14).

Before discussing the setting up of Romania's priorities in the perspective of CAP reforming, let's have a look at the state of Romanian agricultural sector. From a Eurostat Report, one could find that, in Romania, there are about 4 million agricultural holdings of

various sizes, where almost 2 million persons are working, that is 30% of Romania's economically active population. Though these figures are deeply disproportionate as against the European average (only 5.6% of the economically active population work in agriculture in EU27) these are not a matter of concern as such. Problems occur, nonetheless, when trying to disseminate the structure of these holdings and their economic sustainability. Data are at least worrisome: out of the 4 million households, approximately 2.5 million own under 1 hectare and only approximately 900 000 have at least the minimum rate of yield (1 ESU). Despite all these, out of the 900 000 "profitable" holdings, about two thirds produce only for self-consumption. A simple calculation shows that out of the 4 million Romanian agricultural holdings, only 312 000, namely 8%, are economically viable and connected to the market (particularly big agro-industrial holdings) while the rest of 92% are, overwhelmingly, subsistence households. Therefore, behind what one could call the "oversized Romanian agriculture" relies in fact a hidden poverty phenomenon. Most of the 2 million Romanians statistically working in agriculture are only (pseudo)farmers living at the limit or even below the poverty threshold and which account for an emigration wellspring. The already visible result could be called the „Romanian village tragedy". The Romanian peasant is not only transforming himself in a modern farmer, but is gradually disappearing and, together with him, the change for a healthy agriculture. There are three decades since almost one out of three inhabitants able to work is framed under the category of „population employed in agriculture“, while most of those 2.6 million Romanians named as such are living at poverty limits (11).

Romania's situation is similar to the one existing in countries as Ecuador, Guatemala, Kazakhstan or Philippines. While most of the European countries developed through industrialisation and afterwards through the creation of workplaces in services, Romania is still in the stage where one third of its population works in agriculture, a sector whose contribution to the Gross Domestic Product is only 6%. In Hungary, only 5% of employed persons carry out agricultural activities, in Poland 12.6%, while in Ukraine their share is of 17.2%. Likewise, the low productivity of this sector is entailed by the ratio between the small contribution to the GDP as compared to the high number of persons employed in agriculture: 29% of Romania's employment which produces 6% of GDP.

„The big problem is that most of the people employed in agriculture are not working in the capitalist, profitable agriculture, but in the subsistence one. During the last decades, the dynamics of urban development was slow, unable to grow. Until the towns will not develop, the country will be unable to escape from poverty. The lack of jobs in towns, as well as of jobs involving non-agricultural activities in villages entailed a freezing of the people working in the subsistence agriculture's share to 29%“, declared Professor Dumitru Sandu from the Faculty of Sociology.

The prevailing facts of the Romanian rural area are marked by serious economic and social phenomena, the following being most obvious (9):

- *agricultural area decrease*, due to not working the arable land and its transformation into heaths (about 1.5-1.7 mil ha/year), disusing and wild making the natural lawns (over 1-1.2 mil ha), the orchards and vineyards, the use of 8-10% at most of the national irrigation potential;
- *decrease of the husbandry in agriculture*, due to the severe decrease in livestock, the loss of their genetic potential, the damage to a large extent of husbandry production areas;
- *physical and social desertification* pregnant in rural area, depopulation and sharp ageing of rural population, the qualitative and vocational worsening of agricultural labour force;
- *rural economy is preponderantly primary*, with 60% share of agriculture in its structure (as compared to about 14-15% in the EU), with negative impact on the employment level

of the economically active population, a low level of processing the agricultural raw materials and therefore a low value added and taxes cashing for agro-food production;

- *extinction of social rural economy* (handicraft cooperative, small workshops for rendering private rural services in villages), a phenomenon whose consequence was that about one million craftsmen from rural population entered unemployment or anticipatively retired;
- *forestry*, especially in the areas with the most valuable forests of our country: Suceava, Harghita, Maramures, Apuseni Mountains;
- the lack of real *administrative autonomy and decentralisation* in case of Romania's rural development (either local, or regional). All the rural development programmes (European, national, regional or local) are assessed, approved and financed only from the ministries located in Bucharest. This issue, besides entailing huge amounts for promotion, financing and execution, generates permanent and sustained corruption, lack of transparency, equity and equilibrium.

The implementation of regionalisation and decentralisation idea could lead to a reform in administration, to its more effective functioning, to regional development, to a diminution of economic discrepancies, to a proactive involvement of citizens (the decisional level being brought more closer to their needs) for a promotion of subsidiarity principle (one of the basic principles of the EU) and last but not least, to a better absorption of European funds (8).

Currently, Romania has the most fragmented agricultural market in the European Union, with 3.7 million agricultural holdings and an average of 3.5 exploited hectares per holding. The situation improved during recent years, so that market has two distinct universes: the one of subsistence holdings, each of them with few hectares, covering overall 4 million hectares and the areal of some tens of thousands industrial farms, exploiting some other 4 million hectares of land.

„The issues related to the lack of effective irrigation systems added to all the above mentioned. Moreover, one more issue exists: the farmers have no place to sell their products, since the potential clients from urban area do not have sufficient income to buy their goods or simply because they choose the imported goods“, also declared Professor Dumitru Sandu. Another reason for the stagnation of employment level in agriculture is that not all the people who did not find jobs in towns left the country for working abroad. And the higher cost of living in towns determined, in 2012 for example, over 118 000 persons to move from towns to villages, thus exceeding the number of those making the reverse movement, from villages to towns (74 000 persons in 2012).

### **1.3 Romania's EU membership and Romanian agriculture requirement for the integration in the EU's Common Agricultural Policy**

The technological performance gaps, measured by the average yield of cereals per hectare, are obvious not only in its low level but also due to the accentuated fluctuation and instability. In countries such as France, Italy and Spain is a maximum annual production difference (difference between maximum and minimum annual production) in cereal crops about 1300 kg/ha, at an multi-annual average production of 6300 kg/ha (20.6%), while in Romania the maximum difference is 2000 kg/ha, at a multi-annual average production of only 2770 kg/ha (74.1%), which demonstrates non-performance and large agricultural annual fluctuations in Romania.

The non-performance of annual agricultural production is generated, primarily, by the still high dependence on annual weather conditions because the irrigation systems are largely degraded and non-functional, the farms are poorly equipped with irrigation facilities and the water for irrigation has a high cost, but also due to the use of obsolete agricultural

technologies, with a low consumption of inputs from the category of those supporting performance (fertilizers, crop protection chemicals) and technical equipment obsolete in terms of energy consumption and productivity. The drought, whose frequency is increasingly larger, affects the agricultural production especially in the Romanian Plain, Dobrogea and Moldova, where there are also areas with the largest irrigation systems, built between 1960-1990, but broken or unused for about 20 years.

## **2. Rural development objectives and priorities: horizon 2014-2020-2030**

### **2.1 Common Agricultural Policy**

In the rural areas of the EU, the economy is considerably influenced by the agricultural activity, while the role of agriculture within the three priorities of the post-Lisbon Agenda is based on:

- smart growth – the development of a knowledge and innovation based economy (technological research and development combined with the efficient use of existing resources entail a higher productivity) (5);
- sustainable growth – the promotion of a more effective economy in terms of resources use, more ecological and with higher competitiveness could entail the supply of public goods (such as the preservation of habitats, bio-diversity and the preservation of rural heritage) which could contribute, in the concerned area, to the creation of new workplaces, through the extension of agriculture and the local markets catering;
- inclusive growth– the promotion of an economy with a high rate of employment, able to ensure the social and territorial cohesion (about 13.6 million persons directly hired in agriculture, forestry and fishery while some other 5 million are hired in the agro-food sector, this meaning 8.6% of total jobs in the EU and 4% of the EU GDP).

The EU agriculture faces several problems generated by the economic crisis, such as: food security issues, related to high discrepancies between production and distribution; the impact of prices volatility upon costs and prices, both on the side of agricultural products purchasers and on the side of agricultural producers; price variations which are not reflected alike in the food chain; productivity decrease; pressures for intensive production due to cost increases; attenuation of climate changes and natural resources adaptation and preservation; increased effectiveness of resources use and sustainable development at all levels.

These would be the reasons why the CAP reform should approach both market and political failures, in the sense that: markets need more transparent signals; policies should envisage new challenges; productivity and innovation should envisage sustainable growth. Within the European Strategy for Smart, Sustainable and Inclusive Growth - Europe 2020 there are established the ways to be followed in view to solve the above mentioned challenges.

The economic area will have as political objective the viable production of food meant:

- to contribute to the increase of agricultural income and to limit the annual and multi-annual fluctuations;
- to improve the competitiveness in the agricultural sector, should consolidate the position it holds within the food chain;
- to compensate the production difficulties in the areas with specific natural disadvantages, since these regions present a high risk of land dropouts.

Though Green House Gas (GHG) emissions from agriculture decreased by 20% since 1990, continuous efforts are still needed in view to reach the objectives of the EU agenda related to energy and climate, in view to reduce the GHG emissions, to adapt and achieve a positive contribution through carbon storage and bio-mass production, based on innovation. In terms of environment and climate changes, the political objective is the sustainable management of natural resources and the attenuation of climate changes that (6):

- guarantee sustainable production practices meant to ensure the supply of public goods that meet the environment related conditions, since a number of public benefits generated by agriculture are not remunerated through the normal markets functioning;
- favour the ecological – green – development through innovation, which needs the adoption of new technologies, the development of new products, the change in production processes, supporting the clients' new expectations;
- pursue the actions meant to reduce the climate changes impact and allow the agriculture to adapt itself to the climate changes. Since agriculture is particularly vulnerable to the impact of climate changes, allowing the sector a better adaptation to the effects of meteorological fluctuations would lead to a diminution of the negative effects of climate changes.

Though an increased number of rural areas are more and more influenced by external factors, agriculture still remains the engine of rural economy in the most parts of Europe. The vitality and the potential of many rural areas are still closely related to the existence of a competitive and dynamic agricultural sector, attractive for young farmers (12). This is, in particular, specific to predominantly rural areas where the primary sector accounts for about 5% of the value added and for 16% of employed people as well as in the new Member States, where importance is given to the consolidation of recent productivity increases and to reach full agricultural potential (4). Moreover, agriculture plays a significant role in rural areas through the generation of additional economic activities. In many regions, particularly within the new Member States, agriculture is both the backbone of rural economy and the cornerstone of local traditions and social identity. On territorial side, a territorially balanced development policy would be able to support the creation of jobs in rural area; to improve rural economy and to promote diversification, allowing the local actors to express themselves at maximum level; to allow for structural diversity within the agricultural systems, as well as the improvement of conditions for small farms and for local markets development, since all around Europe the agricultural heterogeneous structures and the production systems contribute to the rural regions attractiveness and identity.

## **2.2 Romania's objectives within the new CAP**

The agricultural strategy objectives, according to academician Paun Ion Otiman (2), were formulated starting from the functions of the rural area and economy, of the Romanian agriculture, the need of their fast development, the new partnership between Europe and the farmers, in agreement with the CAP reform for the period 2014–2020, namely: “obtaining a reliable agricultural production that should ensure the national food security and guarantee Romania's population food safety; ensuring the ecological equilibrium of the rural area on the long-run; conservation and protection of useful renewable natural resources; balanced territorial development of agricultural rural economy and development of agricultural and non-agricultural rural SMEs and increasing the active rural population's employment level; equilibrating the Romanian food (and payments) balance and growth of the Romanian agro-food exports; diminution of less-favoured rural areas and alleviation of severe rural poverty; optimization of the agricultural production structure and of the territorial distribution of the farming systems; agro-tourism capital growth through the preservation of the landscape heritage of the rural area; getting the national education and scientific research system compatible with the European system; elaboration of the Law on Romania's agriculture orientation, as legislative support necessary for carrying out the Agricultural strategy”.

At the same time, the main administrative and procedural dysfunctions that entailed an adverse budgeting of European funds for agriculture and rural development during all these years are to be urgently analysed and solved. European programmes and projects for agriculture are set up around the sustainable rural development, as a determinant of

sustainable economic growth, which supposes a strong rural economy, built up based on modern rural infrastructure, an appropriate technical endowment of rural territory, localities and dwellings, the use of local natural resources (from rural area) renewable in the economic circuit, the environment and landscapes protection and, as consequence, an acceptable standard of rural life (11).

The new philosophy of rural area development is based on the sustainable rural development concept that supposes the consonant junction between the agricultural component and the rural agro-food and non-agricultural economy component, fundamentally on the following principles (10):

- the consistency between rural economy and environment (the balance economy-ecology);
- the sustainable development programmes should envisage a medium and long term horizon;
- the diversification of agricultural economy structure, through the extension of agro-food economy, the non-agricultural economy and rural services;
- the rural area naturalisation, by preserving the natural environment as unchanged as possible;
- the man-made environment should be as close to the natural rural one as possible;
- the use of local natural resources in the rural economic activity, priority being assigned to the renewable resources.

Taking into account the equilibrated geographical structure of the agricultural land fund and the distribution of relief in Romania, the ecological areas of our country allows for the balanced carrying out of the various agricultural systems (intensive, ecological, multi-functional, conservative, and bio-technological). Considering as starting point the agricultural performances and the low development level from Romania, if considered in comparison with the EU ones, we could say that are at the level existing in the western European countries during 1955-1960 and, as consequence, the Romanian agricultural strategy should be highly focusing on the consolidation of agricultural holdings and on increasing the yields, through high investments in the Romanian agro-food system.

*Intensive agriculture.* The core of Romanian agricultural policies should be the extension of performing (intensive) agriculture towards the areas where nowadays, these technologies are not used, for financial reasons. Without increasing the technical performances of agriculture in the crop and animal production sectors up to the average EU level at the horizon 2020 and up to the average level of developed countries at the horizon 2030, Romania will continue to have, in the future as well, a food consumption that will depend on the Community agro-food trade.

*Ecological agriculture,* as a version of multi-functional agriculture, supposes technologies integrating more labour force and therefore could take over part of the rural labour force. The ecological agriculture is the single agricultural system ensuring the procurement of high quality products, controlled and certified in consonance with the nature and the consumers' health. During the last decade, the development of this sector knew a spectacular evolution, particularly in the countries where food industry and agriculture hold a high share. At global level, its dynamics was rather accelerated, despite the world economic crisis. At present, 37.3 million hectares are cultivated under ecological system at world level. In 2012, 26.700 operators were officially registered in the ecological agriculture, exploiting over 850 000 certified hectares. These figures are placing Romania on the 5<sup>th</sup> position in the EU. During 2014-2020, the potential of this sector could be maximised through the smart use of future agricultural policy tools, so that Romania could reach a top position among the world actors in this field (5). It is estimated that, in rich

countries, ecological agriculture is currently practised on about 4-5% of the agricultural area, and due to the much higher prices of eco-products, a considerable increase in areas under eco-cultures could be envisaged, respectively a significant greening of the agricultural production during the next 2-3 decades.

*Multi-functional agriculture*, though less performing for the agricultural holdings, if strictly speaking in terms of production and profit (as compared to the intensive agriculture), is however preferred for other reasons (touristic, landscape, environment protection, ecologic, social etc.). In principle, the multi-functional agriculture meets all the economic functions of the intensive and specialised agriculture, taking over, nonetheless, some new functions, such as:

- preserving the vital elements of bio-diversity;
- harmonising the social and cultural functions of rural area in close relationships with a healthy and diversified agriculture;
- producing raw materials for energy;
- increasing the touristic capital, through the preservation and arrangement of landscapes heritage.

The multi-functional agriculture supposes the use of more persons employed in agriculture, for longer periods during the agricultural area as compared to the branches of conventional, intensive and specialised agriculture.

*Conservative agriculture*, through the implemented technologies, considerably contributes to the protection of agricultural environment, the diminution of carbon dioxide and waste gases emissions (due to mechanical works), the quasi-permanent green coverage of the soil, the preservation of bio-diversity, the landscapes improvements and arrangements and particularly the optimal use of primordial agricultural resources – soil and water. Taking into account the long term effects of implementing the conservative agriculture in the environment, first of all for the soil, the technical performance difference should be compulsorily supported both in terms of financing and taxation.

*Agriculture as a source of green energy*. The first notable energetic crisis from the eighth decade of the 20 century, as well as the pollution decrease, entail new problems for agriculture. Among the energy alternatives to the crisis of fossil energy materials, with closer or long lasting depletion, we could mention the agricultural production of bio-energy, thus agriculture getting a new function: production of raw energy materials. The EU directives provide for the extended use of bio-fuels from 2% of total consumption in 2007 to 10% in the next ten years and to 20% after the 2020s.

*Bio-technological agriculture*. The accelerated evolution of research in the field of genetic engineering and bio-technology had as direct effect in agriculture the unprecedented assimilation of scientific results materialised in the extension of cultures with genetically modified plants, both for the increase in agro-food production and for the increase of agriculture weight in the energetic economy. As for the energetic function of agriculture, we also have to emphasize the major impact of bio-technological agriculture upon the agricultural holdings economy.

During 15 years (1996-2010) the global area occupied by modified crops (soya, maize, rape, cotton) increased by about 10 million ha/year, reaching 150 million hectares in 2011. Due to ecological structure of the national agricultural area, Romania is able to cultivate about 500 000 hectares of genetically modified soya and about 1.5 - 2 million hectares of genetically modified maize (out of the 3 million hectares cultivated with maize), bringing an increase the agricultural value of at least 2.5 to 2.5 billion € for export of concentrated feed / grain corn and soybeans. The current pricing system, the elimination of subsidies for food to be as cheap as possible, without using any form of financial compensation for

subsidiary services of agriculture will have negative consequences for farmers in the medium term and indirectly, on long term, adverse effects in food safety.

*Mountainous economy*, through national resources that it includes, is one of the economic and social issues of major importance for Romania. The fact that the mountains of Romania lie on approximately 73,300 km<sup>2</sup> (29% of the country), of which 44,300 km<sup>2</sup> covered with forests, 24,000 km<sup>2</sup> of grasslands and 5000 km<sup>2</sup> of arable land, where 2.1 million people live in 1.2 million households and owning approximately 2.9 million hectares of agricultural land, the importance of mountainous economy for our country could be easily quantified.

In the mountain area, mountainous agricultural economy, forestry and agro-tourism economy are intertwined. Mountainous agricultural economy, mostly organic, focused on pastoral economy (cows rearing and shepherd related activities) can be combined with the harvesting and processing of forest fruit and medicinal plants from wild mountain flora, to which the winter and summer agro-tourism activities or activities related to pastoral, religious or spiritual habits, sports and trekking are to be added, all these being ways to increase the value added in the mountainous rural economy, of superior turning into account the natural capital of the mountainous area. A well designed, implemented and supported mountainous economy could be a chance for Romania, with the condition that supportive government policies are appropriate to the mountainous area (15).

Forestry should focus on three fundamental lines for the regeneration and increasing the national forests area, namely (1):

- limitation of annual cuttings to a maximum of 15-16 million m<sup>3</sup> timber;
- programmes of annual afforestation in view to reach an average national coverage of forests area of 40% in 2035, out of which at least 15% coverage in the plain area;
- increasing the timber processing degree in view to reach the average European level per cube meter of exploited wood (260 €/m<sup>3</sup> in the EU and 80-90 €/m<sup>3</sup> in Romania 2010).

## **Conclusions**

The priority for the modernisation of agriculture and rural economy should be substantiated by the vital economic and social functions of the agro-food system: ensuring the balanced nourishment of population, the necessary raw materials for non-agricultural activities and a pro-active and profitable export of agro-food products, increasing the landscapes capital of the rural area and natural environment protection. At the same time, rural economy, in general, and agriculture, in particular, represent a huge market for the upstream and downstream branches, with direct contributions to the development of certain non-agricultural branches, as well as the development of agriculture (and forestry) auxiliary sectors.

In view to ensure a sustainable rural development, the programmes should ensure a rational management and the preservation of major resources for living, under the circumstances where the climate is changing both at global and local level, population is continuously increasing while natural resources are limited. The setting up of overall projects should take into account hydrological and relief related criteria, in order to eliminate the random, chaotic and subjective interventions and actions, the current endowments infrastructure, the waters management, the land and forests arrangements, the tourism interests (archaeological sites), the technical infrastructure of localities etc. Besides the agricultural activity, the projects should integrate all the activities framed with a delineated area, while

the core objective would be to ensure the sustainability of resources and environment conditions.

The reform of the Romanian agro-rural sector could generate a sustainable economic growth and could contribute to the modernisation of the Romanian rural area as a whole. To this end and in the context of the post – 2013 reform of the European Common Agricultural Policy, Romania has to adopt several extremely necessary reforms.

Europuls representatives indicate three major lines of discussions on these reforms, based on which a series of final recommendations could be formulated:

Reforming the Romanian agricultural holdings structure:

- Promoting and encouraging the agricultural association of farmers, stimulated through state budget subsidies and through “life annuity” type programmes.
- Involving the young farmers in rural area through various “Young farmers” type programmes.
- Formulating a more clear position of Romania against the need of equitable reallocation of direct payments at European level after 2013.

Modernising the rural area and unlocking its economic and human potential:

- Co-financing and developing certain projects of critical infrastructure in the rural area through the European Agricultural Fund for Rural Development (EAFRD) and the Structural and Cohesion Funds.
- Unlocking the human potential of rural area by stimulating the development of alternative economic activities, such as organic agriculture, eco - tourism, development and promotion of local labelled products.

Administrative simplification and better inter-institutional coordination:

- Administrative simplification and the improvement of co-financing schemes in view to accelerate the funds accession process and monitoring corruption at local, county and national level.
- Development of highly skilled human capital, as well as the collaboration and best practices sharing with experts from other EU Member States.
- Better inter-institutional coordination between Bucharest and Brussels, together with employers and farmers associations, NGOs and the academic environment.

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