

COMMON AGRICULTURAL POLICY IMPLEMENTATION
IN TIMI COUNTY

IMPLEMENTAREA POLITICII AGRICOLE COMUNE LA
NIVELUL JUDE ULUI TIMI

ANDREA FEHER*

*Because Romania is an EU-member country since 2007, obviously it must, in concordance with the adhesion agreement, „align” to the financing systems of agriculture and rural development practised in the European Union. Under the context of the financial PAC reforms, available for our country, too, the financing of the Romanian agriculture is made with European Union funds, and also with funds from the state budget (**public funds**) directed in supporting programs for farmers. In the conditions mentioned above, PAC implementation in Timi County aim at the adoption of farmer-supporting mechanisms at territorial level and their impact on holding development.*

Key words: *Common Agricultural Policy, agriculture, rural development, direct payments, complementary direct national payments*

Starting with 2007, Romania, as European Union-member state, must implement PAC mechanisms for farmer support. From this viewpoint, farmers have access to the following forms of support:

- direct payments according to the Single Area Payment Scheme (SAPS);
- complementary national direct payments (CNDP);
- direct payments according to the Separate scheme for sugar;
- direct payments according to the Scheme for energetic crops;
- compensatory payments according to Axe 2 of PNDR 2007-2013;
- agro-environment payments;
- other forms of support with financing from the state budget, applicable during 2007-2009.

* University of Agricultural Sciences and Veterinary Medicine of the Banat, Timisoara, Faculty of Agricultural Management, Romania

FACULTATEA DE MANAGEMENT AGRICOL

The implementation of CAP instruments and mechanisms is performed through the Agency of Payments and Intervention for Agriculture, a public institution subordinated to the Ministry of Agriculture, Forests and Rural Development, responsible with the implementation, application and administration of the funds allocated by the European Union and state budget, destined for agricultural support. Under this context, the attributions of the County General Agency for Agriculture and Rural Development were transferred to the County Centre of the Agency of Payments and Intervention for Agriculture, and also to its local subsidiaries (eight subsidiaries), in order to make the single area payments (SAPS), financed by the European Agricultural Guarantee Fund, the direct complementary national payments (CNDP) financed by the national budget, and also some payments stipulated by the Axe 2 „Environment and landscape improvement”, financed by the European Agricultural Fund for Rural Development.

At the same time, there is the County Office for Rural Development and Fishing Payments Timișoara, with headquarters in Timișoara, for a technical and financial implementation of the European Agricultural Fund for Rural Development (EAFRD) and of the European Fund for Fishing (EFF) at county level, and also to assume the attributions involved by the functions of technical and financial implementation of SAPARD Agency.

In 2007, the main farmer-supporting forms were represented by the supporting schemes with financing from the state budget, and in a very small measure by the financial support from the EU budget (respectively support for reconversion/restructuring of vineyards).

The forms of support for the farmers in Timișoara County, in 2007, were:

- complementary direct national payments in animal breeding sector;
- payments for the neutralizing of animal refuse;
- subsidies for insurance premiums;
- support for autumn crops (value tickets);
- support for production goods;
- support for reconversion/restructuring of vineyards.

Beside these measures, administrated by APIA, we may add the supporting instruments applied by the Agency for Agriculture and Rural Development Timișoara, namely:

- recoveries for natural calamities and epizooties;
- subsidies for gasoil;
- subsidies for the agricultural credit for production.

The centralizing situation of these subsidies is presented in table 1.

Table 1

Situation of subsidies offered to farmers in Timi County in 2007

Specification	Support value (thousand lei)
Total support, of which:	168,921.0
Vegetal sector	109,209.2
Animal breeding sector	59,609.4
Technical endowment	102.4

Source: Processing according to the data provided by APIA and DADR Timi

Agriculture from Timi County benefitted in 2007 by an important support offered by thin a total value of 161,341.8 thousand lei, beside 7,579.2 thousand lei from common funds, for measures of restructuring/reconversion of vineyards. This support was directed mainly to the vegetal sector, namely 64.6% of total funds, followed by the animal breeding sector, 35.3% and technical endowment, 0.1%.

Taking into consideration that, in 2007, the agricultural area used in this county was 616,059 hectares, we obtain a sum of 274.19 lei support/ha SAU (equalling 82.15 euro/ha SAU, at the mean annual currency of 3.3373 lei/Euro), meanwhile the support through the direct payment scheme SAPS afferent for 2007 was only 50.55 euro/ha, with clearing in 2008.

The support for farmers from national budgetary sources is evident and absolutely necessary, in order to increase incomes and competitiveness.

During 1 March-21 June 2007, the County Centre APIA Timi , through its Service IACS (Integrated System of Administration and Control), collected and processed the applications for **the direct area payment (SAPS)** and for **the complementary direct national payments in the vegetal sector** afferent for 2007; these payments are being performed in the period 1 December this year-30 June next year. So, a number of 26683 requests were applied for support according to SAPS, afferent for a total area of 523622 ha. After taking these applications, during September 2007-January 2008, the Land control service performed the investigation of the land areas declared, through classic land controls and tele-detection.

FACULTATEA DE MANAGEMENT AGRICOL

Successive to the controls performed, 23,891 (89,5%) requests were authorized of the total number of requests applied in 2007 (26.683 requests), with an afferent eligible area of 495 thousand hectares.

The eligible area determined is the area that meets all criteria for support approval, according to the single area payment scheme (SAPS), namely:

- holding area is bigger or equal with 1 hectare and it is consisted of parcels with a dimension bigger than 0.3 ha, or 0.1 ha for vineyards, orchards, fruit scrubs, hop, tree and grape vine nurseries;
- all agricultural and environmental good practice, regulated by the national legislation, is met on the entire agricultural area.

For 2008, a number of 23,654 applications for SAPS support were approved, afferent for an eligible area of 493 thousand ha. The farmers that were declared as eligible received a support in lei, equivalent for 50.55 euro for 2007, and for 2008 the support is 60.75 euro (table 2).

Table 2

SAPS implementation in Timi County

Year	Number of applications approved	Eligible area (ha)	Support for 1 ha (€/ha)	Support for 1 ha (lei/ha)
2007	23,891	495,000	50.55	169.04
2008	23,654	493,000	60.75	227.28

Note: For 2007, the currency was 3.3441 RON for one euro, and for 2008, 3.7413 RON for one euro

The payments per hectare are made in lei, at a currency established by the Central European Bank, available for all European Union member states. Because of the currency fluctuations during the last period, farmers record big subsidy losses.

The financial SAPS support afferent for 2007 was totally paid in 2008, in a total value of 83,674 thousand lei, with 169.04 lei/ha, calculated at a currency established, in concordance with the European Bank, at 1 October 2007, of 3.3441 lei for one euro. The rights for payments for 2008 will be satisfied during 1 December 2008-30 June 2009. We mention that, until March 2009, no payment for farmers was authorized, at county level, according to the single area payment scheme.

Through the complementary national direct payments (CNDP) in the vegetal sector, a number of 22,276 applications (of total 22,326 applications) were approved in Timi County, for a total eligible area of 463 thousand hectares agricultural land. The sum paid had a total value of 72,769 thousand lei.

Among the six complementary national direct payment schemes available in Romania, farmers from Timi County applied for support for the decoupled direct national payment complementary to SAPS for crops on arable land - CNDP 1. This support through this scheme is 47 euro/ha, and the eligibility conditions are identical with the ones for SAPS.

The financing source of SAPS payments is represented by the common funds (European Agricultural Guarantee Fund – EAGF), and the one of complementary national direct payments is provided by the national budget and the European Agricultural Fund for Rural Development (EAFRD), Romania opting for a fund transfer from the pillar II – Rural Development to pillar I – Agriculture.

Another supporting mechanism for farmers, implemented at county level, is **the compensatory payment scheme for farmers from disfavoured mountain area**. These payments are offered as supplement to SAPS payments and have the role of compensating the reduced land productivity in such regions.

In order to benefit by support, farmers must meet some specific conditions:

- they must commit themselves to continue agricultural activities for 5 years starting with the date of the first payment afferent to this scheme;
- they will apply the Good Agricultural and Environmental Conditions (GAEC) on the entire farm agricultural area and during the whole period of engagement;
- the land they request the payment for must be SAPS eligible.

In Timi County, according to MAPDR Order no. 355/2007 regarding the approval of the list of Administrative-Territorial Units classified in the disfavoured mountain area, there are three major ATU (communes) that are eligible for payments through the support scheme for farmers in the disfavoured mountain area, namely: Nadrag, Pietroasa and Tome ti.

There are three applications for this form of support, for a total area of 18 hectares, the support being 50 euro/ha.

FACULTATEA DE MANAGEMENT AGRICOL

The subsidies offered from the European Union budget as agricultural support in Timi County were 88,778 thousand lei, representing 34.79% of the total support received by this county for agriculture in 2008. The main form of support was represented by the SAPS direct payments, 94.25% of total EU sources, respectively 34.79% of the total support becoming to farmers in this county.

The agricultural support from national sources was directed towards the complementary national direct payments, respectively to the national support schemes offered in concordance with OUG 123/2006, applicable during 2007-2009, in addition to CAP supporting mechanisms.

Table 3

Subsidies offered to farmers in Timi County from the common and the national budget in 2008

Type of financial support	Value (thousand lei)	Percentage (%)
I. Subsidies offered from the EU budget:	88,777.8	34.79
- Single area payment scheme SAPS (2007)	83,674.0	32.79
- Complementary payments for disfavoured mountain area	3.1	0.00
- Reconversion/restructuring of vineyards	5,100.7	2.00
II. Subsidies offered from the national budget*:	166,401.0	65.21
- Complementary national direct payments - vegetal	72,769.0	28.52
- Complementary national direct payments – animal breeding	31,521.0	12.35
- Other forms of support for the vegetal sector (vegetables, apples for industry processing, flowers and park plants, phyto-sanitary treatments, authorizations for vineyards DOC)	560.0	0.22
- Other forms of support for the animal breeding sector (pigs, broilers, bees, eggs, milk quality)	60,551.9	23.73
Refuse neutralizing	1,000.0	0.39
TOTAL SUPPORT	255,178.8	100.00

* including transfer from pillar II-Rural development

Source: according to the data provided by APIA Timi

The support forms with financing from the state budget represented 65% of total support. In absolute value, Timi County agriculture benefitted in 2008 by bigger funds than in 2007 (255 million lei in 2008, 169 million

lei in 2007), this difference representing actually the allocation from European funds.

To the sums destined for agricultural support, we may add the ones offered by the **EAFRD for rural development**, which were 21,681.4 thousand lei in 2008.

The application of Common Agricultural Policy in Romania, on the whole, and particularly in Timi County, is supported by important financial sources allocated from the common and the national budget.

Compared with the period 2000-2006, in the first year after adhesion the agriculture in Timi County benefitted by a support value of 3.0 times bigger, and in 2008 of 4.4 times bigger. Under such conditions, the financial support for 1 ha agricultural (or arable) land used increased significantly, too, and the mean per holding increased as well.

Table 4

**Financing level of Timi County agriculture.
Pre- and post-adhesion comparisons**

Specification	Mean 2000-2006	2005	2006	2007	2008
Total support (thousand €)	16,653.3	24,839.1	30,182.2	50,616.1	73,836.6
Per 1 ha agricultural land used (€/ha)	27.0	40.3	50.0	82.2	119.8
Per 1 ha arable land used (€/ha)	35.4	52.8	64.1	107.5	156.9
Per holding (€/hold.)	188.2	280.7	341.1	572.1	834.5

Source: Own researches

Although the financial support offered to holdings in Timi County has an increasing trend, we consider it is necessary to mention the fact that this support is not sufficient. We take into consideration holding's level of capitalization in this county and also the support level – at least double – from the old EU member countries. Moreover, the other financing sources – especially the bank credit – are totally insufficient and insignificant compared with other countries.

CONCLUSIONS

The post-adhesion implementation of financing mechanisms, especially of the single area payment scheme (SAPS), was performed rather with difficulties; actually this situation is available at country level, with delays in request processing and land checking, with negative implications on holding financial capacity.

Although agriculture in Timi County is above the development level of this branch in Romania, farmers confront financial problems in the development of productive and investment activities, determined, on one hand, by the little support offered to this sector by the financial institutions and, on the other hand, by the delay of subsidy payments, respectively by the much smaller dimension of them compared with the old European Union member countries.

The more and more pregnant financial and economic crisis in Romania, the structure of the financial-banking system in our country and, not at least, the national agricultural-supporting policy do not represent real elements of progress and of approach to the general European Union performances.

BIBLIOGRAPHY

1. **NAGY (FEHER), ANDREA**, 2009, Contributions to the improvement of holding financial management, Doctoral dissertation
2. **OTIMAN, P.I. (coord.)**, 2006, Dezvoltarea rural durabil în România, Editura Academiei Române, București
- 3.***, Direcția pentru Agricultură și Dezvoltare Rurală Timișoara
- 4.***, Agenția de Plăți și Intervenție pentru Agricultură Timișoara
- 5.***, http://europa.eu.int/comm/agriculture/capreform/index_en.htm
„Single Payment Scheme - the detail”, Directorate-General for Agriculture and Rural Development of the European Commission