

AGRICULTURAL POLICIES IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

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SUMMARY

Extinderea spre Est a UE este o opțiune istorică și economică de mari proporții, care va crea o nouă arhitectură europeană și mai multă stabilitate economică și politică. Agricultură este un sector important on economia acestor țări și va juca un rol esențial on formarea economiei agroalimentare moderne. Majoritatea țărilor Europei Centrale și de Est au nevoie de investiții importante pentru modernizarea și restructurarea producției agricole și a sectoarelor din aval. Ele se confruntă cu trei categorii de dificultăți : a) lipsa capitalului necesar modernizării agricole rurale și a infrastructurilor bancare; b) existența unor structuri agricole neperformante și contracția pieței interne; c) lipsa unor structuri de organizare adecvate avalului agriculturii.

INTRODUCTION

Being in a difficult and long period of transition from centralized economy to market economy, Central and Eastern European Countries hold an important economic and human potential and make efforts to harmonize their economic systems with those of the developed countries, especially with the EU, through measures of formation and liberation of market. The adjustment of agrarian structures to the market exigencies of competitive market takes place within this frame.

During the transition period, the Central and Eastern European Coun-

tries encountered an intensive process of disorganization and distribution of products.

Most of the Central and Eastern European Countries need important investments to modernize and reorganize the agricultural production and upstream sectors.

METHODS AND MATERIAL

In order to carry out the research, the authors made references to documents and consulted the statistical data. Therefore, various data sources, including statistical reports, statistical breviary and forms, have been used.

The research method used epito-

mizes a comparative analysis of indices gathered during a specific period of time (transition period) against a fixed index base extracted from the EU statistical documents pertaining to the same period of transition time.

REZULTS AND DISCUSSIONS

To meet the requirements of a disciplined and functional market, the administration of agricultural markets, together with the adjustment of prop-

erty structures and economic organizations, need a new agricultural strategy to orientate and drive them nearer to the EU structures, whose members they aspire to become in a particular period of time.

The European Union is a great economic and commercial force and the largest solvable market in the world.

The extension of EU towards the East is a historical and economic decision of

great proportions, one that will create a new European architecture and a more economic and political stability.

Country	Population (mil. in. 1990)	Total surface (mil. in. ha)	agricultural surface		available surface		
			(mil. in. ha)	% of available	(mil. in. ha)	% of available	to national area
Bulgaria	8,5	11,1	6,1	55	~0	6,5	0,48
Czech Republic	10,5	7,9	~5,5	5~	3,1	7~	0,51
Hungary	1,6	~5	1,~	31	1,0	11,~	0,65
Latvia	1,6	6,5	1,5	39	1,7	65,0	0,68
Lithuania	3,8	6,5	3,5	5~	1,5	35,~	0,61
Poland	38,5	31,5	16,6	59	1~5	16,9	0,57
Romania	11,7	15,8	1~7	61,0	9	61,5	0,~5
Slovakia	5,5	~9	1,~	59	1,5	61,5	0,18
Slovenia	1,9	1,0	0,9	~5	0,1	11,1	0,15
Slovakia	10,5	9,5	6,1	66	~7	11,0	0,~6
Total CEE/C	105,6	107,6	60,6	56	~1,5	60,6	0,~0
EU-15	369,7	515,~	136,1	~5	11,1	35,6	0,11

Table 1 - Indicators of the agricultural potential within the Central and Eastern European Countries (CEEC)

We need to mention, that for the last 10-12 years, the agriculture in most of the Central and Eastern European Countries (CEEC) goes through a crisis period that affects all segments of the

agricultural and rural system: 1) property relation; 2) organization structures; 3) property structures; 4) conversion of efficiency and levels of production; 5) agricultural units management; 6) decline and poverty within rural space.

Agriculture is an important sector in the CEEC economy and will play an essential role in the formation of the

modern agro-food economy. Agriculture is considered a priority branch, not so much through its contribution to the wealth of the countries from the area, but especially for the social protection of a very important segment of the population.

Compared to EU countries, where the number of the employees in agriculture was under 5% during the last 3–4 years, in Bulgaria it is currently under 25%, in Romania it is over 36% and in Croatia it draws closer (positively) to 10%. It must be outlined, that in most countries of the researched area, subsistence agriculture is still practiced or else the subsistence agriculture cannot be the object of agrarian politics. The authors highlight that the phenomena taking place today in the area regarding the agricultural condition and the rural space in the majority of the countries, was characteristic of the EU countries during the 60s. Even though these countries display their differences on economic, structural and evolution levels, they also have numerous common elements in the process of adaptation to EU exigencies.

Demographically, CEEC maintain an imperative potential for future developments in Europe, possessing approximately 105 millions inhabitants, representing 28% of the EU population.

The Gross Domestic Product (GDP) per inhabitant in six countries (Poland, Hungary, Czech Republic, Slovakia, Estonia) represents 18% of the EU level and only 8% in the other five (Romania, Bulgaria, Slovakia, Lithuania, Latvia) highlights the poignant existence of important discrepancies

The majority of agriculture-dependent economies prevail in such rural countries as Romania, Bulgaria and the Baltic countries.

In all the countries, candidates to accession to EU, the weight of agriculture in GDP and the engaged population has been in slow decrease since 1989. The potential of active manpower engaged in the agricultural industry of CEEC is nearly 10 million people, compared to approximately 7 millions in EU, that representing an important resource that can secure the economic diversification of rural space in the future years.

In Germany the share of agriculture in GDP is slightly under 1%. This is one of the reasons why some politicians from EU, including Germany, consider it unnecessary to invest more in supporting the agriculture of the most developed countries.

In France, Spain, Portugal and even Greece, things are different. But if these very developed countries continue to invest, especially in the primary agriculture, they do it not so much to achieve great production, but for the ecological aesthetics of each of these countries, for tourist beauty and local comfort, especially for the protection of environment and resources.

At present, the natural potential of CEEC agriculture is not completely capitalized, the degree of endowment with capital is low and the agricultural production did not recover.

Even though human resources are numerous, the qualification level is low, the agricultural efficiency is minimal and the quality of products does not meet higher requirements yet. The farmers are subject to continuous pres-

sure on the market because of prices inferior to costs. The lack of efficient financing and management determines the high costs to agricultural products. Furthermore, the prices received by manufacturers are inferior to those in the developed countries. While losses in agriculture increased, the financial blocking decreased the investment capacity. Moreover, bank interests remain high.

The rural space is strongly dependent on agriculture, whose technical endowment is low. Modern infrastructures are deficient, the transports and communications operate with difficulty and the access of the population to services and school is still limited. The social services are precarious and unemployment generates great pressures, which cause migratory waves towards others countries in order to find jobs.

CEEC agriculture has large surfaces and a high level of arable land surface per inhabitant (Romania 0,4 ha/inh, Hungary 0,46 ha/inh, Poland 0,37 ha/inh, Czech Republic 0,31 ha/inh, Slovakia 0,28 ha/inh).

During the transition, arable surfaces remained relatively stable in some countries while in others they had the tendency to decrease. Most of the arable soil is cultivated with cereals (approx. 60% compared to 50% in EU). Industrial plants, especially sugar beet, linseed and hemp, restrain the terrain in the majority of the CEEC countries.

Unlike the vegetable sector, animal breeding discerns a sharp regression in all CEEC countries. For instance, in 1989, the cattle represented approx. 36% compared to EU and 20-21% in 2000, the swine 32% and 20-21%

respectively.

The agricultural production of CEEC experienced a strong deterioration during the transition period, especially the livestock. Compared to 1989, the total production of cereals of CEEC decreased during the transition due to a lower efficacy per ha. Short-term forecasts indicate a slow increase. Cereals balance was negative. The level of profit per ha, the yield from cattle, production, consumption and milk balance was and still remains much inferior to the EU level.

During the pre-transition stage (before 1989), in most CEEC, the co-operative forms of organization and the state agricultural enterprises were dominant in agriculture. Apart from Poland and Slovenia where the private sector dominated, the individual sector in other countries was very limited.

In the process of de-collectivization of agriculture and re-establishment of private property, different types of economic organizations were formed (or are being formed). In some countries (Hungary, Czech Republic, Slovakia), an important number of private production co-operatives and agricultural companies remained. In most of the countries, state enterprises became private or are becoming private. In Romania, this process is slow while Bulgaria decided to liquidate the system of agro-industrial complexes situated in the state management system.

The dimension of exploitations differs from one country to another. What is common to all CEEC is that the agricultural units are small and dominant in regards to their number and weight.

The average area per agricultural unit in CEEC is almost three times smaller than in EU. CEEC have approx. 9.5 million agricultural units, while EU retains just fewer than 7 million units. The average size of a unit in CEEC represents only 37.5% of the average size of an EU unit.

Disparities between CEEC and EU regarding the size of agricultural units, in addition to the lack of products balancing, creates a series of difficulties for the implementation of a unanimous agricultural strategy in the short or even long run.

The CEEC countries-candidates to accession to EU, which are still in transition, intersect (or should intersect) during 2000 - 2006 a new stage as part of the process of agricultural reform towards the implementation of the Community Acquis in order to approach the EU structures, these being under continuous fruition and improvement, too.

Agenda 2000 have as objectives the modernization of Union guidelines and the preparation of its extension as a perspective. For this reason, new instruments were created to finance the structural programmers and the rural development programmers of CEEC.

The 2000 - 2006 stage priorities to promote the CEEC countries are:

- investments in agricultural units aiming at modernization (one priority);
- development of transforming sectors and agricultural products marketing;
- improvement of veterinary and phytosanitary controls;
- promotion and diversification of economic activities in rural areas.

European Commission requires European countries to market economy through implementation of Community Acquis within five years.

It is imperative to mention, that in such a short time it is difficult to transpose the common directives in the national legislation of the candidate countries because of the diversity of situations and their exigencies. In regards to the unique market, there are about 280-290 Community directives that impose the high standards to which national legislations of candidate countries need to harmonize.

The main EU aiding instruments contributing to the agricultural sector in candidate-countries are:

- PHARE Programme (EU assistance programme for CEEC) supports the economic reorganization process and democracy consolidation in EU through financial assistance for the countries that completed "European agreements" and want to become part of this space. Through implementation of this programme, EU supports CEEC since 1990. PHARE programme was the main source of financial assistance for CEEC during 1995 - 1999.

- ISPA programme (investments financing the transport and environment)

- SAPARD programme (Special Assistance Programme for Agriculture and Rural Development in CEEC).

- BERD credits, World Bank etc. European Commission sustains CEEC by supporting the two institutions which facilitate the co-financing of projects that are part of the priorities of the precession process.

CONCLUSIONS

CEEC face three categories of difficulties:

1. The lack of capital necessary to

modernize agriculture and rural developments, and bank infrastructures in order to facilitate the access of agricultural producers to investments.

2. The existence of inefficient agri-

cultural structures and internal market contraction.

3. Lack of organizational structures appropriate to the agriculture upstream

The dual character of agriculture in these countries, (very small units on one side), requires different approaches from the structural design in order to develop a competitive agricultural sector that could advantageously integrate in the agricultural structures of EU.

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