

## COHESION POLICY – THE NEW BUDGET DIMENSION

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### **Abstract**

*Cohesion policy is one of the essential tools for achieving the fundamental objectives of the European Union. Romania must strongly support the maintenance of a significant proportion of cohesion policy within the Community budget post 2013, considering that its sphere of coverage, specific funds and instruments, as well as the allocation of adequate financial resources in relation to the scope of the defined objectives are indispensable for smart development, inclusive and sustainable at the European, national and local level.*

**Key words:** cohesion policy, Community budget, direct fair payments, farmers.

### **INTRODUCTION**

Cohesion policy is one of the essential tools for achieving the fundamental objectives of the European Union. Implementation of interventions funded by cohesion policy has proved its long-term beneficial effects in the direction of balanced and harmonious development of the Union, as well as in increasing its overall competitiveness (as derived from the Fifth Report of the European Commission concerning economic, social and territorial cohesion), even if the economic and financial crisis has generated an amplification of the socio-economic challenges in most regions of the EU. Romania must strongly support the maintenance of a significant proportion of cohesion policy within the Community budget post 2013 (Ungureanu, M.D. 2011), considering that the scope of its coverage, specific funds and instruments, as well as the allocation of adequate financial resources in relation to the scope of the defined objectives are indispensable for smart development, inclusive and sustainable at the European, national and local levels. An important element of support in this regard is the fact that, as a result of the negative impact of the financial and economic crisis (which has stopped or even reversed the process of real convergence), these countries and regions continue to face major problems of development and structural deficiencies, affecting not only their competitive position within the European Union, but also the overall competitiveness of the EU in the global economy. (Aprodu, I.C., 2006). Romania has an interest in maintaining the traditional objective of convergent priorities, namely investments in infrastructure, human capital and management and

business capability in the context of maintaining the facilities granted to the new Member States through the 2007-2013 financial package and the gradual extension of the measures to support the objectives of competitiveness.( Swinnen, J.F.M., 2008)


## MATERIALS AND METHODS

I consider the thematic list must remain flexible, by agreeing on a European level of a consistent enough "menu" of areas of intervention in which each region to be able to select the most appropriate areas, in line with economic and territorial specificities, as well as with their own national opportunities. It becomes mandatory the adaptation of cohesion policy to the objectives formulated by the European Strategy 2020.

I appreciate that it is important that future cohesion policy must not become a mere instrument of implementation of Strategy Europe 2020, the two community initiatives should have a complementary character. Europe 2020 should contribute to alleviate poverty and improve the level of education (targets with strong regional load that requires adequate financing instruments at the regional level). However, cohesion policy must continue to fund items that fall outside the area of coverage of Europe 2020, such as major projects to ensure convergence: infrastructure for transport, energy and water supply, strengthening administrative capacity etc.( 2010, Comisia Europeana. Another axis of the redefinition must aim at creating a system of conditionalities and incentives depending on the absorption capacity (increasingly idea voiced by the European Commission). We consider that they should be formulated so as not to create a structural disadvantage for those regions that have the greatest need of funds, a situation that would disadvantage Romania. Last but not least, the use of new financial instruments is strongly recommended, including financial engineering tools (ex: JASPERS, JEREMIE, JESSICA). On several occasions, the European Commission has stated they are considering no longer use the grants in the case of enterprises in the future, these enterprises being encouraged, through various mechanisms, to use only the tools of financial engineering.

## RESULTS AND DISCUSSIONS

We can mention the following measures with possible impact on Romanian farmers:

-  **direct equitable payments:** when establishing level, the specific aspects of each State will be taken account of, such as production

costs, which will lead to maintaining payment differences between farmers in different Member States. In the case of Romania, the Commission's assessment indicates a slight increase in direct payments from the current maximum level, but we appreciate that they will continue to be disadvantaged, in spite of the fact that production costs are generally similar to farmers in other Member States, in fact the only lower costs being those related to agricultural land and labour;

- ✚ ***establishment of a basic payment***, to be supplemented with conditional payments (environment etc.). This measure may lead to aggravation of the present system applied in Romania (the single payment area), leading to increased and not simplified bureaucracy;
- ✚ ***introduction of environmental nature criteria for direct payments***: although beneficial for the environment, will likely put additional cost problems, affecting Romanian producers, which will not be able to apply appropriate and more costly technologies;
- ✚ ***restricting the maximum amount granted per farm***: will affect large, commercial farms in Romania, which are the main suppliers of the national agro-food market;
- ✚ ***moving payments for less-favoured areas from pillar II to pillar I***: it will be able to facilitate the tasks of the payment agency and reduce bureaucracy;
- ✚ ***maintaining coupled direct payments in some sensitive sectors***: it is a measure designed to encourage agricultural activity in Romanian sectors, such as the meat of sheep and goats;
- ✚ ***supporting small farmers by providing a minimum level of support***: it would be essential and very important for Romania, but it remains to be seen what form it will take and by what it will differ from the current system, if it will be more simple system or not etc.
- ✚ ***simplification of the rules on eco-conditionality***: it is able to facilitate the work of producers and Romanian authorities, especially as regards the bureaucracy-bound control;
- ✚ ***promoting innovation and restructuring***: although welcome, it is hard to imagine that it will have a significant impact on the majority Romanian producers, given the problems related to the implementing of innovation.

## CONCLUSIONS

In this respect we appreciate, for example, that it will be hard to introduce a significant restriction of sums on farm, as it has been previously tried. Given that large farms are generally the ones that meet in the first place, the requirements imposed at European level, because they have the means, clearly they will not accept discrimination.

CAP is essential to achieving all the objectives of the Strategy 2020, acting, together with other Community policies, by the contribution they bring through employment in agriculture and allied sectors, to contribute to the achievement of the objectives of social and territorial inclusion, through the role it can help with other policies (environment, cohesion, research and development, social) to the effort to achieve the target of reducing emissions of greenhouse gases, as well as through the substantial role of knowledge and innovation in the agriculture and food industry to achieve targets of competitiveness on the global market and for solving problems related to the environment. In order that these desiderata, but also the objectives of the CAP to be effectively achieved, following Strategy 2020, a strategy to ensure the proper financing of the CAP it is required.

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