

A POWER ASYMMETRY - GOODNESS OF FIT ANALYSIS OF THE AGRICULTURAL OUTCOME OF ROMANIA'S ACCESSION NEGOTIATIONS TO THE EUROPEAN UNION

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Abstract: Starting from the power asymmetry concept, this paper aims to qualitatively assess the goodness of fit of the final agricultural package to the Romanian objective needs and possibilities. The power asymmetry will be linked to the common agricultural setup that the EU designed for all the newcomers, Romania included, but also to the differences between Romania's initial position paper and the final outcome of the negotiations. The goodness of fit judgment implies reference to Romania's output and structure as well as to its experience with Community compatible measures and institutional systems.

*For this purpose, the paper will focus (1) on some quantitative aspects of the negotiations (levels of single area payments and of reference areas or quantities) as well as (2) on the challenging aspects deriving from the adoption of particular parts of the relevant *acquis communautaire* (rural development regulations and cross-compliance).*

1. Conceptual framework and objectives

The conclusion of the accession negotiations with Romania and Bulgaria in December 2004 marked the end to the foreseeable timetable for the further enlargement of the European Union (EU). The Community doors are still open for more countries to come but the terms of accession and the deadlines are yet undecided.

Although lagging three (possibly four) years behind the 10 countries that joined the EU in May 2004, Romania and Bulgaria are still part of the same enlargement process that distinguishes itself from any other such previous undertaking. The Eastern enlargement is unprecedented in many respects: the number of countries joining the EU, the development gap

between the newcomers and the old member states, the systemic changes that the Central and Eastern European countries had to undertake to mention only some of them. The particular economic conditions of the candidate countries lead to a relatively high *asymmetric interdependence* with the EU. Although Eastern enlargement brings mutual benefits to both parties, "the opportunity cost of non-accession is disproportionately greater for any single candidate country than for the EU as a whole" (Sissenich, 2004).

Relatively high *asymmetric interdependence* resulted in fairly high *power asymmetry* all along the accession negotiations. Of course, the power gap between the existing and the aspiring members was larger than in the case of any previous EU enlargement, since it lead to

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much more stringent accession terms. As never before, *conditionality* and consequently close monitoring of the candidates became part of the accession process. Thus, given the *power asymmetry*, the EU was able to set the accession rules almost unilaterally ... but "all exclusive clubs set their membership rules unilaterally and have the prerogative of screening would-be members" (Sissenich, 2004). The candidate countries were not able to use the number argument in order to strengthen their position in the accession negotiations and the accession judgment was basically made on a case-by-case basis.

During the negotiations with the candidate countries, the EU was in the position to use a "carrot and stick" approach. Full membership became the reward all candidates strived for, while the non-observance of *conditionality* could have been sanctioned with delays in achieving it.

The strength of the EU position was also reflected in its ability of starting to transfer its policies to the candidate countries even before the moment of formal accession. (Pre-accession) *Europeanisation* in its top-down understanding (see Wislade et al, 2003) became a logical consequence of *power asymmetry* and a complement to *conditionality*.

Given this picture, a key question arises: what kind of effects does the existing *power asymmetry* produce on the candidate countries?

According to Hughes et al (2003), "studies of EU conditionality have attributed it with success in steering systemic change in the CEECs". Yet, these studies tend to focus "on the broad impact of the Copenhagen criteria on democratisation and marketisation, rather than trace specific policy impacts and changes during the negotiations for membership" (Grabbe, 2001 and Smith, 1998 cited in Hughes et al, 2003). Indeed, the effects of the

conditionality and *Europeanisation* should also be judged from the perspective of *policy goodness of fit* that is by taking into consideration the differences between EU and national policy goals and measures. Thus a conflict might arise between the advantage of triggering and/or speeding up a necessary reform process and inadequate *policy fit*.

During the accession negotiations, agriculture proved to be one the most sensitive sectoral policies to address, mostly because its relatively high share in the domestic economies of the candidate countries and its major structural problems. Romania is no exception to the rule. On the contrary, in its case the problems are even more severe. The EU had the difficult task of providing a common framework to fit fairly various and sometimes diverging agricultural problems in both old and new members.

Starting from the *power asymmetry* concept, this paper aims to qualitatively assess the *goodness of fit* of the final agricultural package to the Romanian objective needs and possibilities. The *power asymmetry* will be linked to the common agricultural setup that the EU designed for all the newcomers, Romania included, but also to the differences between Romania's initial position paper and the final outcome of the negotiations. The *goodness of fit* judgment implies reference to Romania's output and structure as well as to its experience with Community compatible measures and institutional systems.

For this purpose, the paper will focus (1) on some quantitative aspects of the negotiations (levels of single area payments and of reference areas or quantities) as well as (2) on the challenging aspects deriving from the adoption of particular parts of the relevant *acquis communautaire* (rural development regulations and *cross-compliance*).

2. The agricultural setup for the New Member States

As mentioned above, the Common Agricultural Policy (CAP) had to be adapted to accommodate the needs of an enlarged EU. The solution was comprised in the 2003 CAP reform package to which particular tailor-made arrangements from the Accession Treaty are added.

The 2003 CAP reform can be read in two different ways: as a domestic clean-up of a less than perfect policy but also as a means of sheltering the *insiders* from the pressure of the *outsiders*. The unilateral character in deciding the appearance of the new CAP is obvious: the newcomers had to accept a policy that was designed before they joined the Union. Compared to the previous “versions” of the CAP, the 2003 policy can be characterised as more demanding (as mandatory cross-compliance was introduced) but less rewarding (as financial discipline and decoupling practically put an end to open-ended

members by limiting the financial strains deriving from accepting poor new members with large and less developed agricultural sectors. Also, the European Commission opposes to large inflows of money into newcomers' agricultural sectors for fear that it hinders the necessary restructuring process.

In any case, whether sufficient or not in terms of meeting objective sectoral needs, the money made available to the new members might not be fully valued due to specific absorption capacity problems. While deciding the money available and the rules for spending it mirrors the power of the old members, the (in)capacity of spending it emphasizes the weakness of the new ones and even defends to a certain extent the attitude of the former. The problems in utilizing the pre-accession financial instruments are a good indication for the risk associated to post-accession fund use. In this respect, Romania's ability of spending SAPARD money for instance is particularly illustrative (see Table 1).

Table 1: The SAPARD public funds allocation and the corresponding spending in Romania

	2000	2001	2002-2006
Appropriation for commitment (million euros)	204.23	208.39	1052.37
Absorption rate (%)	100%	53%	-

Source: Radu (2005)

spending). Of all the features of the new CAP, the financial discipline doubled by the way in which the money available for enlargement was decided reveals in the most explicit manner the *power asymmetry* favouring the EU15. As shown in Ackrill (2005), the old members of the EU prove a particular determination and ability in defending their agricultural spending shares to the detriment of the new entrants.

Of course, this can be justified by the need to protect the interests of the old

According to the Romanian SAPARD Agency cited by Radu (2005), out of the money that should by spent by the end of 2005, only 37% has actually been used so far. The explanations for the low absorption rates may rely both on the “supply” and on the “demand” for funds. Thus, on one hand the institutions of the domestic public administration are new and/or lack experience while on the other hand the potential fund beneficiaries lack information and the means for matching-up public funds.

In any case, the actual use of the EU money in agriculture might re-shape the results of any budgetary cost-benefit analysis. Nevertheless, the introduction of the Community support also bears a non-financial dimension, which should also be considered in terms of both positive and negative effects. For instance, relying again on the pre-accession experience, the SAPARD support was generally characterised as a drop in the ocean. Yet, the question is: was it the money important in triggering transformation or rather the pressure to spend it?

The 2003 CAP reform package provides a new common framework for agriculture in an enlarged EU but it does not address the specific problems that are shared by the vast majority of the new entrants while having no correspondence in the old members. The large number of agricultural holdings producing mainly for self-consumption is one such example. These issues were specifically part of the accession negotiations and were included in the Accession Treaty. The basic EU approach was to offer the same remedy for all acceding countries treated as a single unit. The fact that in broad lines the outcome of the agricultural negotiations follows the same pattern reflects once more the *asymmetrical power* of the EU as compared to the candidates.

For instance, all newcomers are subject to phasing-in of direct payments while benefiting from simplified schemes of implementation and from specific rural development measures to be used solely during a transition period (e.g. support for semi-subsistence farms or for producer organisations and reverse modulation). Although some of the candidate countries strongly opposed at certain points to some issues in the Community offer and even took

a radical stance¹, their influence on the EU position was marginal. As an exception, one remarkable outcome deriving from the strong demand of the candidate countries was the inclusion of the EU compensatory payments in the direct support granted to the newcomers.

Although quite inflexible with regard to the basic architecture of the intervention in the candidates' agricultural sectors, the EU opted for built-in elements of flexibility to which individual derogations and transitional periods resulting from accession negotiations can be added. The CAP becomes thus less "common" and more "à la carte". Undoubtedly, this approach is the logical compromise between the desire of maintaining a (still!) common policy and the pressure of applying it to an increasingly diverse EU. Nevertheless, flexibility means choices and choices mean responsibility. Given the institutional weaknesses in the New Member States, such an approach might lead to particular challenges: will they be able to make the right options and thus fully benefit from the advantages that the CAP in its current shape might offer them?

Although it missed the first wave of Eastern enlargement and qualifies only for late accession (in 2007 presumably), Romania shares the broad lines of the applicable agricultural policy and the burden of making the best possible choices. Its dilemmas and the general framework into which they fit are the subject of the next chapter.

¹ Poland, for instance.

3. Particularities of the agricultural outcome for Romania and the *goodness of fit*

Power asymmetry in Romania's accession negotiations to the EU

Romania makes no exception from the above general considerations with regard to *power asymmetry* during the accession negotiations process. The basic philosophy of applying the CAP after accession is the same as in the first-wave countries. Of course, the transitional periods (e.g. phasing-in of direct payments) take into account the delay in Romania's joining the EU. More information on the power gap between Romania and the EU can be

derived from a comparative picture joining up Romania's initial demands and the final results with regard to particular aspects of the agricultural negotiations (see Table 2).

The figures in the table above speak for themselves with regard to the *power asymmetry* in Romania's agricultural negotiations to the EU. Better results than expected were obtained just in very few cases (such as the reference area for arable crops or hybrid vines), while for the vast majority of matters negotiated the final outcome meant less than the initial demand. For the subjects analysed, the "rates of success" vary from about 6% to 85%. In addition to the general factors that may

Table 2: Romania's initial position and the final outcome of the agricultural negotiations (for selected subjects)

Subject	Initial position	Final outcome	Share of the final outcome in the initial position
Reference area for arable crops	6,891,100 ha	7,012,666 ha	101.76%
Reference output for arable crops	3.09 to/ha	2.65 to/ha	85.76%
Reference quantity for milk (deliveries and direct sales)	7,500,000 to	3,057,000 to	40.76%
Basic quantity for the production of sugar	500,000 to	109,164 to	21.83%
Basic quantity for the production of isoglucose	no request	9,981 to	n.a.
Processing threshold for tomatoes	50,000 to	50,390 to	100.10%
Processing threshold for peaches	5,000 to	523 to	10.46%
Maximum guaranteed quantity for long flax fibre	750 to	42 to	5.6%
Maximum guaranteed quantity for short flax fibre and hemp fibre	8126 to	921 to	11.33%
Total area covered with direct producing hybrid vines (to be grubbed up)	70,000 ha (mandatory) 52,000 ha (optional replacement)	30,000 ha*	n.a.

Source: Ministry of Agriculture, Forestry and Rural Development of the Republic of Romania (2002) and Tratatul de aderare: negocierile pentru aderarea României și Bulgariei la Uniunea Europeană proiect (2005)

Note: * - as a derogation from the Council Regulation no 1493/1999, Romania was granted planting rights for replacing the 30,000 ha of hybrid vines with *Vitis vitifera*. It was also allowed to provide national support for restructuring and conversion of up to 75% of the replanting costs.

explain Romania's weak position in the agricultural negotiations, some studies (Cojanu, 2004) point out some specific disadvantages such as the lack of statistics on which to build a solid request for the post-accession agricultural sector.

In any case, Romania was rather unlikely to have been able to significantly improve its negotiation position. If the outcome of the negotiations is now a given, the crucial questions become: (1) how does it fit into the domestic needs? and (2) what can Romania do in order to maximise its positive effects?

These issues are going to be addressed further following only two lines of analysis, as mentioned above: (1) some quantitative aspects of the negotiations (levels of single area payments and of reference areas or quantities) and (2) the challenging aspects deriving from the adoption of particular parts of the relevant *acquis communautaire* (rural development regulations and *cross-compliance*).

Some quantitative features of the agricultural outcome for Romania and their goodness of fit

The paper will focus only on two major quantitative implications of Romania's agricultural negotiations: the amount of direct payments as well as the maximum guaranteed areas and quantities.

With respect to the implementation of the direct payments, Romania's list of results and options is no different from any other candidate countries. Thus, according to the Community offer, Romania may choose to use the simplified Single Area Payment Scheme (SAPS) during the first three years of accession. It thus stays in line with all the new entrants except for Slovenia and Malta who have already implemented IACS-compatible systems in the pre-accession period. Also, Romania may opt for making complementary national direct payments, and will benefit from optional *cross-compliance*² (except for the Good agricultural and environmental practices GAEP which are mandatory), and from the possibility of using reverse modulation. This list of options leaves to the national authorities the burden of establishing the level of direct payments that would best fit into the Romanian structure of the agricultural sector.

While the implementation mechanism is rather similar in all New Member States with the exception of Slovenia and Malta, there are significant differences among them with regard to the level of single area payments (see Table 3). Under these circumstances it proves challenging to attempt an estimation of its amount in Romania and its potential effects on farm restructuring.

² Only for the first three years of accession, during the application of SAPS.

Table 3: Single area payment levels in 8 New Member States and estimates for Romania for the first year of accession

	Cyprus	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	NSM 7 average (no Cyprus)	Romania AVG	Romania MIN	Romania MAX
Minimum eligible holding size (ha)	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utilized Agricultural Area * (thousand ha)	134	4300	1000	5800	2500	3500	18200	2440	5391	14800	14800	14800
Total eligible area for SAPS (thousand ha)	120	3469	800	4355	1475	2288	14843	1955	4169	11396	12136	8732
Share of eligible area for SAPS in the UAA	90%	81%	80%	75%	59%	65%	82%	80%	77%	77%	82%	59%
Direct payments for 2004 ** - EU contribution (million euros)	9.30	168.90	17.30	264.90	25.10	68.20	557.10	73.00	167.79	405.0	405.0	405.0
Total (possible) direct payments for 2004 - EU contribution and maximum national topping up (million euros)	20.46	371.58	38.06	582.78	55.22	150.04	1225.62	160.60	369.13	891.00	891.00	891.00
Total aid for SAPS (million euros)	9.69	198.94	21.40	305.81	30.48	82.07	659.86	85.72	197.75	481.14	481.14	481.14
Share of the total aid for SAPS in total (possible) direct payments for 2004	47%	54%	56%	52%	55%	55%	54%	53%	54%	54%	54%	54%
Per hectare payment - SAPS (euros/ha)	80.8	57.3	26.8	70.2	20.7	35.9	44.5	43.8	47.4	42.2	39.6	55.1

Sources: European Commission statistics (2002), Strossman (2004), National Institute of Statistics (2004) and Dumitru (2005)

Notes: * - The UAA values date back to 2002 as no up-to-date values were available; ** - Taken from the 2005 budget.

Although absolute values of single payments vary greatly (e.g. from 20.7 euros/ha to 80.8 euros/ha), a closer look at the figures reveals interesting similarities. The share of the total aid dedicated for SAPS in the total (possible) direct payment for 2004³ is very much the same in all the new members except for Cyprus. In any case, Cyprus can be left out of this judgment for at least two reasons: its size makes it a particular case in the new entrants group and the size of the eligibility threshold for a holding is 0.3 ha rather than 1 ha, as in all the other countries analysed and as it will very likely be in Romania as well. As it can be seen from the figures in Table 3, all the seven New Member States taken into account did not fully use their direct payments funds for SAP, meaning that they made very similar choices with respect to the share of complementary national direct payments. Another similarity that is noticeable in the figures above relates to the share of the total area eligible for SAPS in the national utilised agricultural area (UAA). It can be seen that the latter shares vary more than those corresponding to payments, but this might also be explained in part by a methodological weakness. While the values for total eligible areas for SAPS date back to 2004, the UAA figures are those for 2002, as no more up-to-date values could be found.

In any case, given the remarkable similarities in terms of proportionality identified above, it is quite reasonable to make estimates for Romania assuming that it will follow the same pattern. To be more precise, that means that Romania is presumed to maximally top-up its direct payments and to use complementary national direct payments (as a share in total direct payments) in a similar way with the bulk of the first-wave entrants. Thus, the SAP

share for Romania will be assumed to be 54% (which is the average for the new members in Table 3 except Cyprus), whereas for the land share three scenarios are considered: (1) minimum share of eligible area (as in Latvia), (2) average share of eligible area (the average is calculated for the seven countries taken into account), (3) maximum share of eligible area (as in Poland). Following these hypotheses, it can be derived that the level of SAP in Romania is likely to range between 39.6 euros/ha and 55.1 euros/ha, with an average around 42.2 euros/ha. Of course, any deviation from the initial assumptions will adjust the figures accordingly.

However, some challenging issues arise (apart from administrative matters): (1) up to what level is Romania willing and able to top-up direct payments? (2) to what product groups will Romania direct its complementary national payments? and (3) what are the likely economic and social effects associated to a change in the method and level of intervention?

Although a more thorough and detailed analysis is required to answer all the questions above, some consequences may be envisaged nevertheless. The change in the intervention system might produce dramatic effects in a highly polarised agricultural sector. Thus approximately half of the Romanian agricultural holdings (2,221,508 farms according to the National Institute of Statistics, 2004) that have less than 1 hectare will not be eligible for Community support. They will also lose the national per hectare aid for small farms⁴. Moreover farms ranging between 1 and 5 ha and representing approximately 43% of all agricultural holdings in Romania will find their 70 euros/ha support replaced with a lesser support at least in the first years

³ The figure includes both the Community support and maximum possible national top-up (of up to 55% of the EU level).

⁴ Currently this annual aid rises to 2,500,000 lei/ha (that is approximately 70 euros/ha) and it is granted for farms smaller than 5 ha.

following accession. Nevertheless, in order to have a complete image on the effects on this change a fair comparison is required. That means that full support should be taken into account both before and after accession (for instance benefiting from a semi-subsistence aid of approximately 1200 euros/year⁵ completely changes the perspective). However, very large farms will benefit from unprecedented support (if decoupling is considered), while new members are exempted from modulation in their first years of accession.

Apart from the worrying effects, some positive developments might also be envisaged: setting higher size-eligibility criteria is likely to foster land concentration while also the change in intervention will put an end to "begging for votes" support.

mentioning that Romania, like the other candidate countries, requested that the pre-1990 period be considered as a reference for calculating the post-accession maximum guaranteed quantities or areas (for instance that is the case for arable crops and for processed fruit and vegetables). But as in the case of the other candidate countries, the EU did not validate such a request. A comparative approach bringing together some aspects of the quantitative outcome of the agricultural negotiations as well as the average level of production between 1997 and 2002 might cast some light over the sectoral impacts of Romania's accession to the EU.

As it can be seen from the table above, Romania has practically negotiated a very good deal for its arable crops, obtaining

Table 4: Romania's average output or cultivated area (1997-2002) and the final outcome of the agricultural negotiations (for selected products)

Product	Average (1997-2002)	Final outcome	Share of the final outcome in the average (1997-2002)
Arablecrops	7,034,883ha	7,012,666ha	100%
Cowmilk*	5,061,000to	3,057,000to	60%
Sugar	382,167to	109,164to	28%
Tomatoes**	627,380to	50,390to	n.a.
Flax fibre and hemp fibre	8000to	963to	12%

Source: National Institute of Statistics (2003) *Tratatul de aderare: negocierile pentru aderarea României și Bulgariei la Uniunea Europeană* proiect (2005)

Note: * - The quantities produced were converted from hectoliters to tonnes using a conversion rate of 1liter = 1 kilogramme; ** - The average comprises the entire production of tomatoes and not only that intended for processing.

With regard to maximum guaranteed quantities or areas, Romania has obtained mixed results following the accession negotiations. By dividing the reference areas or quantities to actual levels of production, the conclusions differ from one common market organization to another. Before a more detailed analysis, it is worth

an eligible area that covers the surface that is actually cultivated with the relevant products. In the tomato case for instance, although the data available made it impossible to calculate the average of tomatoes intended for processing (out of the total tomato output), the reference in Romania's position paper provides an

⁵ The amount of money comprise both the level of Community support and the national contribution, according to the rules of funding rural development measures.

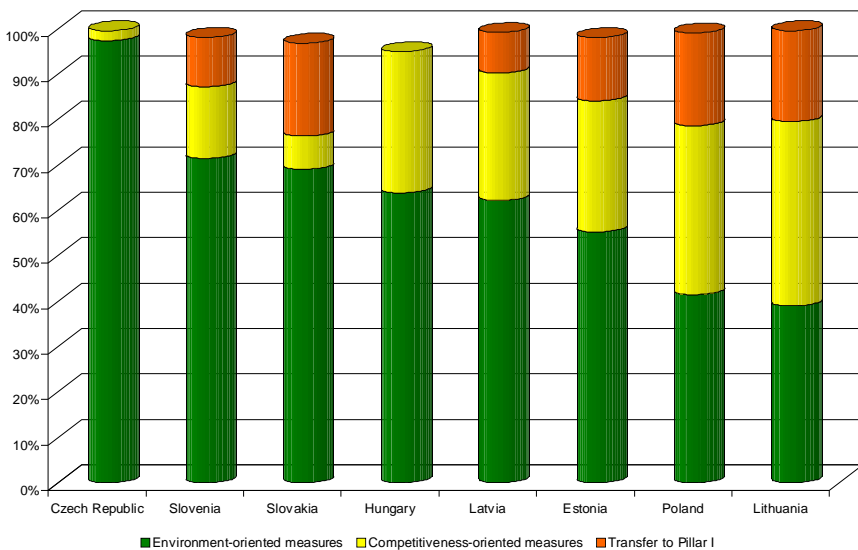
indication that the threshold negotiated is very close to the quantity that is actually processed (that is 50,000 tonnes for 1999). Yet, for some other products the outcome is less encouraging. Milk production is going to be one of the sectors most likely to be affected by Romania's accession to the EU. Only 60% of the current production will be entitled for Community support and the analysis does not go into the details regarding the quality requirements that the milk collectors and processors have to meet and the consequent restructuring in the associated industry. Also the production of flax and hemp will undergo negative effects as a result of the application of the CAP, as only about 12% of the current output may benefit from aid while also these products are not covered by single payment schemes.

Some qualitative features of the agricultural outcome for Romania and their goodness of fit

This part of the paper only aims to deal with the implications of Romania's adopting the common rural development policy as well as with the specific set of requirements comprised in the *cross-compliance* package. The analysis will leave aside all other qualitative issues related to the standards and other requirements that the agricultural products must meet in order to benefit from support and / or be marketed all over EU.

Rural development policy will prove to be of particular importance to Romania after it joins the EU. On one hand, rural development may act as a necessary safety net for an agricultural sector most likely subject to major restructuring, while on the other the financial package for Romania (2007-2009) reveals that more than half of the total CAP money was directed towards Pillar II⁶. Even more than in the case of Pillar

Graph: NRDP funds break-down into 3 categories of rural development measures



⁶ Yet, up to 20% of it can be redirected towards Pillar I in the form of reverse modulation.

I, rural development planning reveals the "à la carte" facet of the CAP. The differences in the choices of the New Member States support this perspective (see graph).

Romania will be the main responsible for directing support towards the measures that best fit its needs. Yet, as shown in Râmniceanu (2004), not all the rural development measures are equally accessible nor are they equally fit to Romania's needs. If accessibility is also linked to fund absorption⁷ and it finds itself at odds with the necessity of implementing a measure, then domestic authorities are supposed to solve a delicate dilemma: will they favour a measure that is *easy to get* or one that is *good to fit*?

In terms of accessibility, besides the general eligibility criteria and co-financing requirements that differentiate the measures comprised in the rural development menu, there are some objective specifics that provide particular links to Romanian realities. One example relates to the implementation of the early-retirement scheme. One of the eligibility criteria for a farmer to benefit from support is that (s)he participated to a social security scheme. In Romania, out of the total approximately 300,000 persons falling within the age limits, less and less people are able to pay the social security contribution (Dumitru et al, 2004). Also, another example relates to environment-oriented measures included in the Community menu (that is measures covered by Priority axis 2). The necessity for supporting such measures is expressed by Ministerul Integrării Europene (2004), according to which the agri-environmental problems in Romania are widespread. In spite of that, authorities showed little interest and gained very little experience in putting in place specific schemes. For instance, one of the few initiatives that might be perceived

as a close-up to Community-compatible support is the adoption in 2004 of the Mountain Law, that provides for granting natural handicap payments to farmers in the mountain areas. Yet, no such payments has been made so far, as the legal provisions have not become operational up to present. Out of the environment-oriented measures, Romania is relatively more advanced in promoting organic farming, although it lags behind New Member States even in an area that was perceived as benefiting from competitive advantage. Moreover, although Romania went for an ambitious SAPARD programming that directed 12% of the money available towards agri-environment and forestry, it has not used these funds, as the relevant measures are not accredited yet. In addition to these, many of the Priority axis 2 measures are subject to *cross-compliance*, which makes them even more difficult to access.

Although according to the 2003 reform *cross-compliance* covers now both pillars of the CAP, for the newcomers that opt for the SAPS the application of this principle with regard to direct payments is optional, with the notable exception of GAEP that remains obligatory. Therefore, for the first three years of accession *cross-compliance* will be relevant for Romania mostly for the accession of some of the Pillar II money. In terms of the observance of the regulations comprising the *cross-compliance* package, Romania was not particularly successful in obtaining transition periods or derogations as a result of the accession negotiations nor in capitalising its pre-accession period for gaining experience. For instance, Romania is mostly sensitive in complying with the requirements of the Nitrates Directive. Although it asked for a transitional period, it was not granted that possibility. As the

⁷ As shown above for the SAPARD programme, the spending of money made available may indeed prove problematic.

matter of fact, the only regulations for which it asked and was granted transition periods concern the placing of plant protection products on the market as well as food safety. With regard to its implementation experience, Romania still faces some difficulties in putting into place some Community mandatory requirements (e.g. registration of animals).

Given these, it might be expected that Romania will follow the example of Poland and Lithuania and will opt for a rather balanced approach with respect to rural development programming. That means that it is likely to devote relatively less money to the more demanding measures (environment-oriented) and prefer those that are *easier to get*. Nevertheless, such an approach does not necessarily mean that the measures favoured cannot be *good to fit*. For instance, Romania may support the diversification of the activities in the rural area (out of the Priority axis 3) or investment in farm modernisation and infrastructure (out of the Priority axis 1), measures for which there is both objective need and a certain experience gained via SAPARD.

Maybe even more than in the case of direct payments, the positive effect of the adoption of the CAP can be foreseen for rural development, as the domestic policy gap will be filled in with Community measures whose implementation requires strategic thinking, identification of the needs and stricter financial discipline.

4. Conclusions

The *power asymmetry* in the accession negotiations may be considered a given both for Romania and for the other Central and Eastern European countries that have already joined the EU. It is a natural result of the *asymmetric interdependence* established between the Community and each of the aspiring states. For the latter, the

opportunity cost of non-accession is judged far more important than that for the EU.

Therefore the EU was able to impose its accession terms almost unilaterally, raising thus questions about the compatibility of its offer and the particular and diverse needs of the entrants. Nevertheless, the new CAP involves a compromise between the interests of the old members and those of the new ones, although the former seem to prevail. Thus, on one hand it turns more demanding and less rewarding to the disadvantage of the less experienced and less developed newcomers. On the other hand, it contains built-in elements of flexibility as well as special transitional or derogative arrangements that are aimed at accommodating the various needs of the New Member States. Nevertheless, the consequence of that is the increased responsibility for the most adequate choices pressing on the new entrants.

In Romania's case, the *power asymmetry* in the accession negotiations is obvious, particularly from following a comparative perspective between the initial demands and the final outcome. Anyhow there are some sectors where, from a purely quantitative perspective, better than expected results were obtained (for instance arable crops and vineyards).

Considering that the negotiations are concluded, the *power asymmetry* can no longer be a key issue if a pragmatic approach is favoured. The emphasis falls now on the *goodness of fit* of the accession terms bearing in mind that Romania is expected to take its share of the responsibility for the right choices.

A non-exhaustive analysis shows that:

- the introduction of the SAPS is likely produce dramatic effects on a highly polarised agricultural sector;

Thus, a SAP of about 42.2 euros/ha is reasonable to expect, for the first year of accession if full topping-up is presumed. Also, complementary national direct payments will add in accordance to decisions to be taken. As a consequence of the change in the intervention system approximately half of the total Romanian holdings having less than 1 ha will no longer be eligible for support, while large farms may get unprecedented aid. In any case, it is expected that a further stimulus for farm consolidation is thus activated and that the electoral support is terminated.

- the negotiated maximum guaranteed areas and quantities will lead to mixed effects over the various common market organisations;

Some sectors such as milk as well as flax and hemp are going to be confronted with shortages in post-accession aid, while others such as arable crops are likely to be able to fully benefit from the Community support.

- the success of the implementation of the European rural development policy depends to a great extent on the choices of the national authorities

who may be confronted with a conflict between measures that are *easy to get* and measures that are *good to fit*;

Some of the rural development measures (e.g. early retirement and agri-environment), although fit to Romanian needs may be difficult to implement either due to unfit eligibility criteria or to lack of experience on the Romanian side. Considering these, Romania is expected to opt for a rather balanced approach with respect to rural development programming, thus devoting relatively less money to the more demanding measures (environment-oriented) and prefer those that are *easier to get*. Nevertheless, such an approach does not necessarily mean that the measures favoured cannot be *good to fit*.

- the demanding *cross-compliance* package for which few exceptions were gained following the negotiations can be fairly circumvented during the first three years of accession if less money is directed towards Priority axis 2 measures.

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