The common agricultural policy (CAP) is Europe’s answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing direct payments aimed at stabilising farm revenues, and finances projects responding to country-specific needs through national (or regional) rural development programmes, which also cover the wider rural economy and life in rural areas. The CAP also provides a range of market measures, including tools to address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.

- covers an area of 238,391 km² of which around 50% is agricultural land; forests cover 31%
- has a total population of nearly 20 million, of which around 9 million (45%) live in predominantly rural regions
- has a farming sector characterised by small farms (92.2% of the holdings are less than 5 ha), but with a growing number of extremely large farms, especially in the most fertile regions close to the river Danube
In the period from 2014 to 2020, nearly €20 billion is expected to be invested in Romania’s farming sector and rural areas through the CAP. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality. However, Romania also has the flexibility to adapt both direct payments and its rural development programme to its own specific needs. For example, Romania has decided to transfer €112 million from its direct payment allocation to rural development.

Faire and greener direct payments

Farmers in Romania, as they are across the EU, are subject to so-called ‘greening’ rules, designed to ensure that they farm in a sustainable way and help contribute to the EU’s efforts to tackle climate change, biodiversity loss and soil quality. Under this system, 30 % of the direct payment allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5 % of arable land to environmentally friendly measures (so-called ‘ecological focus areas’).

In order to support smaller/medium-sized farms of 30 hectares or less, Romania has opted to apply redistributive payments (a top-up payment for the first 5 hectares, with a further top-up for the next 5.01-30 hectares). However, Romania has chosen not to apply the 5 % reduction in direct payment amounts farmers receive above €150 000, as is generally the case in other countries.

The Romanian authorities have also decided to earmark 12.3 % of their direct payments for voluntary coupled support – i.e. linking payments not only to hectares but to specific products or processes – in this case beef and veal, fruits and vegetables, grain legumes, hemp, hops, milk and milk products, protein crops, rice, seeds, sheep meat and goat meat, silkworms and sugar beet.

Romania also applies the small farmers scheme, a simplified system of support for the smallest beneficiaries, with a maximum annual lump sum payment of up to €1 250 per farmer. This scheme reduces the administrative burdens for these farmers, for example by exempting them from greening rules. Since Romania has a particularly high number of smaller farms, around 80 % of the farmers claiming direct support opted for the small farmers’ scheme in 2015 – one of the highest take-up rates in any EU country.

1 Total allocation of direct payments and rural development for the period 2014-2020 (in current prices).
Supporting key priorities for Romania's rural development

For 2014-2020, a total public contribution of **more than €9.5 billion** (€8.1 billion from the EU budget, including €112.3 million transferred from the direct payments allocation for 2015-2017, and €1.34 billion of national co-funding) has been allocated for measures that will benefit Romania's rural areas.

The **2014-2020 rural development programme for Romania** focuses on the following priorities:

- improving competitiveness in the agri-food sector
- preserving ecosystems and ensuring an efficient use of natural resources
- boosting the economic and social revitalisation of rural areas.

Example of a rural development project supported by the CAP

**Dairy farm invests in biogas production unit**

A dairy producer in Dâmbovița county has taken advantage of EU funding to modernise its dairy processing unit and set up its own power generation system. Using livestock manure and wastewater from the milking room and the milk processing unit, the system produces sufficient electricity and heat to operate the farm and the processing unit. This has helped the company to reduce energy consumption and wastewater, while improving animal welfare thanks to improved ventilation and a reduction in the number of insects.

More information.

Total budget: €5.1 million (EU contribution: €0.9 million)

More project samples: European Network of Rural Development and EU results.
Between 2007 and 2013, the CAP invested more than €10 billion in Romania’s farming sector and rural areas to stabilise farmers’ income, modernise and increase the sustainability of Romanian farms and secure the supply of safe, affordable and quality food for its citizens.

Romanian farmers benefit from the CAP

In recent years, direct payments have been a key safety net for Romanian farmers. For example, in 2014, some 1,186,290 Romanian farm businesses received around €1.2 billion in direct payments, the vast majority (97.7%) of them below €5,000. Meanwhile, in 2015, the EU spent more than €42 million on market measures in Romania, mainly in the wine sector.

Fostering growth and jobs in Romania’s rural areas

In the period from 2007 to 2013, more than €8 billion of public funds (both EU and national) was invested via rural development programmes in a range of different activities supporting agricultural production and benefitting Romania’s rural areas by preserving their diversity and enhancing their economic strength, cultural richness and social cohesion. In concrete terms, rural development funds helped:

- more than 12,700 young farmers enter the profession, with aid of more than €299 million set aside to help improve encourage a new generation of farmers in Romania
- modernise more than 2,800 agricultural holdings, generating a total investment (public and private) of €1.87 billion to help develop Romania’s agricultural potential
- provide support to about 52,700 semi-subsistence farms to assist their restructuring and transformation into viable, market-oriented holdings
- encourage investment in about 900 local communities for much-needed upgrades to rural infrastructure and access to basic services. These investments included more than 2,300 km of roads infrastructure, 1,600 km of water infrastructure and 2,400 km of waste water infrastructure

Rural development funds have also encouraged the development of a more sustainable agriculture:

- more than 321,000 holdings received support for voluntary agri-environment improvements, helping to improve biodiversity on 3.7 million ha of land and support organic farming on 85,212 ha

2 Total expenditure for direct payments, market measures and rural development (payments) for the period 2007-2013 (in current prices).
Adding value with quality schemes

Through the quality policy of the CAP, the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1,300 protected food names which are classified as a Protected Designation of Origin (PDO), a Protected Geographical Indication (PGI) or a Traditional Speciality Guaranteed (TSG). The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.

Romania has four food products registered, one PDO (Telemea de Ibtănești) and three PGIs (Salam de Sibiu, Magiun de prune Topoloveni and Novac afumat din Țara Bârsei).

In addition to the registered products, the EU also helps highlight food that has been produced in a sustainable way with a clearly recognisable organic logo.

Responding to market difficulties

Following the prolongation of the Russian ban on the EU agricultural imports and difficult conditions in certain markets, in October 2015 the European Commission agreed a support package worth €500 million to help those farmers most affected by the difficulties, including €420 million in national allocations to support the dairy and livestock sectors in particular, with flexibility for member states to decide how to target this support. Romania opted to use its €11 million allocation for the milk and pig sectors.

In July 2016, the European Commission agreed a further solidarity package worth €500 million, including aid worth €350 million aimed at the dairy sector in particular. Of this, roughly €7.5 million was earmarked for Romania.

According to the most recent Eurobarometer survey, published in January 2016, Romanians consider "ensuring a fair standard of living for farmers" (59% of Romanians compared to 49% in EU28) and "developing rural areas while preserving the countryside" (56% compared to 46% in EU28) as the most important objectives of the common agricultural policy. Asked about the two main responsibilities of farmers in society, Romanians said "maintaining economic activity and employment in rural areas" (31% compared to 29% in EU28) and "encouraging and improving life in the countryside" (39% compared to 24% in EU28) were the most important.

Source: Eurobarometer survey 440 "Europeans, Agriculture and the CAP"
Romanian agriculture is characterised by:

- **small holdings**: 92.2 % of the holdings are under 5 ha
- **elderly farmers**: only 4.7 % are under 34 (EU28: 6.0 %), while 41 % are over 64 (31.1 % in EU28)
- **an important contribution to employment**: the primary sector (agriculture, forestry and fishing) accounts for 4.3 % of GVA and agriculture for 23.1 % of employment. This is higher than the European average both in economic terms (1.5 % in EU28) and employment terms (4.3 % in EU28)

**Data sources**: Eurostat, Comext.

A very diversified production

Romania exports mainly commodities but imports a broader range of product groups (2016 data)

Farmer’s income shows upward trend since 2012

**Output components (2014-2016 average); values at constant producer prices**

**Importance of rural areas**

*% Territory*  
- 3% predominantly rural  
- 29% intermediate  
- 68% predominantly urban

*% Population*  
- 13% predominantly rural  
- 54% intermediate  
- 33% predominantly urban

*% GVA*  
- 28% predominantly rural  
- 35% intermediate  
- 25% predominantly urban

*% Employment*  
- 15% predominantly rural  
- 37% intermediate  
- 55% predominantly urban

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Data sources: Eurostat, Comext.