



SOCIETY

European subsidy capping What happens to Romanian farms

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A maximum of 500,000 euros will be received by large farms in Romania, but also from the rest of the Member States of the European Union, if European officials adopt at the end of the month the option voted in the European Parliament on limiting subsidies.

Last year, the largest farm in Romania received direct subsidies of over 10 million euros from the National Agency for Payments in Agriculture (APIA), according to data obtained by Free Europe. The money offered by APIA is, in fact, budget allocations from Brussels. However, from 2023, the farm could receive a maximum of 500,000 euros.

This is because the European Parliament has decided that **Member States should apply a ceiling of up to 500,000 euros to direct payments** (European subsidies). The limit can fall below 100,000 euros if the country as a whole does not assume the support of small farmers. The ceiling increases to one million euros only for the amounts allocated for investment financing.

This cap is requested by the European Parliament, but also by the European Commission, throughout the implementation of the new reform of the Common Agricultural Policy (CAP), **ie in the period 2023-2027.**

"Regarding the voluntary capping, the European Parliament insists that investments have a cap of one million euros, and direct payments be up to 500,000 euros , " said for Free Europe, the Minister of Agriculture, Adrian Oros.

The Minister of Agriculture specified that Romania rejects this position of the European Parliament. The initiative must also be approved by agreement between the Council of Agriculture Ministers of the Member States, the European Commission and the European Parliament. So far, no agreement has been reached on the new Common Agricultural Policy. However, negotiations are expected to resume on the occasion of the AgriFish Council on 28 June.

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European Commission experts have noticed since 2018 that subsidies do not help small farmers, the main target of this European aid. Instead, the big farmers seemed to take advantage of these payments excessively.

In the European Union there are a very large number of **small farms** , 3.46 million, which manage 7.7 million hectares of agricultural land. These farms receive **2.4%** of the amounts allocated through the CAP.

For **medium** or professional **farms** , those between 5 and 250 hectares, for a number of 3.29 million such units, which manage 107 million hectares, 29 billion euros are allocated through the CAP.

In contrast, **large farms**, which account for only **0.08%** of the number of farms, manage almost half of the agricultural land and receive almost € 9 billion in area support each year.

Applying European subsidies **in Romania** , a small farm of less than 5 hectares received a maximum of 2,500 lei (the area subsidy was 160 euros per hectare). An average farm of 100 hectares received 16,000 euros. Instead, a large farm of 5,000 hectares received subsidies of 800,000 euros.

According to data obtained from APIA, Agricost SA in Brăila County (the largest farm in Romania) received subsidies of over 10 million euros in 2020. Agricost is owned by Al Dahra Agriculture in the United Arab Emirates and has a farm of 56,000 hectares.

Other large farms received:

- Smithfield Romania SRL Timiș - 8 million euros;
- Avicola SA Buzau - 5 million euros;
- Transavia SA from Alba county - 5 million euros;
- SC Maria Trading SRL from Călărași County - 2.5 million euros;



The annual direct payments, the European subsidies that APIA paid to Romanian farmers, were around three billion euros. Several types of subsidies are granted, the most per hectare or per animal being the best known. In 2021, the subsidy per hectare is around 160 euros per hectare.

Associations and large farmers oppose capping

The representatives of the farmers from LAPAR (League of Agricultural Producers Associations in Romania) consider that this cap will lead to the bankruptcy of many farms. *"After the drought, after the subsidies in Romania are lower than in other states, this cap will surely lead to bankruptcy for many businesses in the field. In any case, the subsidy budget will be smaller, after the United Kingdom leaves the European Union, so in any case, in any case, the subsidies will decrease in the next period "*, the organization's representatives told us.

Dimitrie Musca, one of the most famous great farmers in Romania, is against the cap. *"I don't think anyone gives them the right to do that. Take the grant from me and give it to someone else. Because this subsidy is granted per unit area, per hectare. This is called piracy, this is called outlawry. Nothing else! You can't afford it! This is the subsidy per hectare. One with 50 hectares of land, today produces so much and has an income of so much, when you think that he gets to buy 5 hectares of land every year to get big, given that the hectares of land, at present, are around 10,000 euros and over 10,000 euros "*, says the farmer from the Banat area

419 farmers would lose money

Deputy Emil Dumitru, former secretary of state in the Ministry of Agriculture, believes that only a few hundred farmers will lose money, while tens of thousands more will benefit from capping.

"It is about 419 farmers, legal entities, active farmers. If Romania goes to the Commission to fight for 419 farmers totaling 1.2 million hectares of agricultural land. It actually means a loss on the 420 farms of 17 million euros. If Romania fights for 17 million euros that 420 farmers lose, taking into account that Romania has 866,000 farms, of which only 73% are registered for tax purposes. I think the time has come to seriously analyze what a large farm means and what needs the large farm to remain competitive - that we must not exclude it from the market, but at the same time strengthen the family farm ", says Emil Dumitru .

The president of the Pro Agro Association also claims that the cap could also be useful to large farmers who will be forced to grow their businesses, not just sell grain. *"Large and very large farmers should not be afraid, they will not be affected by the cap, even if they should get out of the comfort of grain exports, say, and move to production processing, to have an even higher profit "*, Says Ionel Arion.

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