

“700 days until the accession time and there is still much to be done”

Interview with Agriculture Minister Gheorghe Flutur

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Agriculture Minister Gheorghe Flutur last week made his first visit to Brussels, when he unveiled to European officials his priorities and the way in which he intends to implement them. In an interview with the daily Nine O'Clock, the minister speaks about what he intends to do in his official capacity.

Agriculture is one of the main important chapters of the accession talks with the European Union. The negotiations are over now, but the hardest part of them is to begin, namely their implementation. After the meeting with the European officials, what news are you bringing from Brussels?

My meeting was normal after six weeks as the agriculture minister. I unveiled to European officials Romania's resolve to honour all the obligations incumbent on it. If you remember, late last year a rumour circulated in the big European capitals that Romania's accession will be slowed down if the Opposition wins the elections. I highlighted in Brussels that things are different and that we started our job with the calendar we have to follow. There are less than 700 days until the accession time and there is still much to be done. During my meeting with Agriculture and Rural Development Commissioner Mariann Fischer Boel I detected a great interest in Romania, which is the second biggest country, after Poland. I had very interesting conversations with Enlargement Director General Fabrizio Barbaso, with Health and Consumer Protection Commissioner Markos Kyprianou, as well as with European SAPARD official Dirk Ahner, who is also concerned with fish farming issues. They were all interested in the position of the Romanian Government.

What did you say to them and what did you request?

I requested that the SAPARD payments for Q 4 2004 be accelerated, and I secured the disbursement of a first EUR 23 M tranche. I also requested some more information about the SAPARD Programme, as well as more funds to assist agricultural holdings and the processing of farm products. They all agreed, because it is there where the engine for rural development lies. There are currently some Romanian units classified as D units (not qualifying to receive funds) that have no money for modernisation. With some help, they could be promoted to a higher category and qualify for the three-year transitional arrangement. Consequently, they have to be persuaded that they need to invest, to come up with projects to draw these EU funds and we have to monitor them and convince them that there is no way back. Our idea is to set up an investment fund to round up the funds for the necessary credit for the processors, and the European officials were glad to see what we want and that we are attaching importance to investment.

We want to draw up legislation for farm investment credit, a guarantee fund at rural level allowing us to use money for SAPARD projects; we also want to attract extra funds so that Romania may use up the EUR 1 bn it is to receive in EU funds over the following years. For instance, European officials displayed reservations over the SAPARD measure for roads, but we pledged that Romania still needs more roads, especially local roads in order to develop its tourist industry, and that we will make sure these projects will get integrated into a big, regional plan that will service an entire community, instead of some persons only, as the EU in fact requested. Moreover, the SAPARD Agency will have to become a payment agency in 2007, when the SAPARD Programme is scheduled to complete, to manage the structural funds afterwards. At the same time, I asked the European officials for their opinion on our suggestion to provide assets as guarantees for future modernisation credit applications and that loan applicants may provide the equipment to be purchased as loan guarantees. The suggestions were accepted and we will have to discuss with the Finance Ministry to find a solution.

Is there any news about the state grants and the animal health chapters?

There is a certain approach of the state-granted aid and we were warned that requirements will get tougher after 2007 and that these requirements will have to be made public in the immediate future. As far as the animal health field is concerned, Romania has recorded some delays from last year, for instance with the identification of the bovine stock. As for the border animal sanitary stations, we asked for assistance under the PHARE programme to finalise the equipping of these stations, and Director General Barbosa answered in the positive. We also asked for support for removing stray dogs, which is also overdue.

What are your disappointments over the visit to Brussels?

I am much discontent over the representation in Brussels of Romania's trade associations. I do not know if it is just their lack of interest, because Romania did have a farm producers' association which was expelled because it could not afford to pay the membership fees. I talked with COPACO GECO confederation of EU producers that represents over 80 percent of European producers. We met them and told them that we have associations that are interested, that can be useful for lobbying for Romanian producers, for representing them, defending their rights and fighting for various trade quotas.

This is where we also have to do more for them and the first thing to this end will be recognising their public usefulness, help them draw up projects and overcome financial crisis. The members of these associations do not pay much in membership dues and that is why they need assistance. For a start, we agreed that Romanian associations will pay their dues gradually - 15 percent in the first year, and 25 percent, 50 per cent, 100 per cent afterwards, so that they may integrate easier. The partners with whom we discussed this issue agreed.

What news about the aquaculture chapter?

For the time being, the aquaculture field is undergoing reorganisation. And we want to find out what its best shape would be. This year, we want to draw up a National Plan for Aquaculture Development, as there is the National Plan for Rural Development. In June-July, we will receive from Brussels all the details for the finalisation of the plan, but the European officials wanted to know what the fishery policy will look like until then. Romania is known in Brussels as having many fish farming organisations, but none of them is representative in order to become a real dialogue partner. We presented a version for the organisation of this province in the shape of a Pisciculture Agency, which has been established but is still non-functioning. This agency will have to hold together three main attributes: policy and strategy making as well as policy implementation.

Is there any pattern that might be applied in Romania?

There are many such patterns and we asked the European officials to give their opinion. We are now expecting an answer as to what is the best. The inspectorate, the local arm of the ministry, will have to inspect all the entities managing the aquaculture industry - the National Fish Company, the Danube Delta Biosphere Reserve, the county councils and the National Forestry Corporation. The problem is that the ministry is the only authority answerable for pisciculture and the inspectorate should verify the fishery policy, which he does not in the present.

What news about market quotas? Is there anything to be done about this chapter, given that the quotas for Romanian producers are already established?

There is high demand for products on the European market and we have to fight for our share. Most of the products I have in mind are without quotas. For instance, EU is a very big and strong consumer, but Romanians are ill-provided with market intelligence regarding the EU. We still do not know, and the Romanian producers do not know either that veal, sheep and horse meat is in high demand there, as are fruits and vegetables, where there is a certain deficit. Romania is dispatching people to pick strawberries in Spain, but it has big potentials to grow strawberries, mushrooms, medicinal herbs and oil-seed plants - sun flower and soy-bean for instance, on which it fails to capitalise.

But Romania has already been issued quotas for the products you mentioned.

I was referring to what might be traded in the EU. That is why more information is needed about this and that is why the producers' organisations I mentioned are also needed that will pick up information and distribute it in the country.

Does the ministry have some solutions for that?

We have to bring into force the market legislation, to consolidate product committees and inter-professional organisations, as well as the marketing cooperatives, which are not organised and are not represented or participating in the policy-making process of the ministry. On Government's agenda last weekly meeting there was the appointment of state secretary Flaviu Lazea as chairman of the Inter-ministerial Committee on Market Functioning. The law says the chairman of this body has to be the state secretary concerned with the farm policy affairs of the agriculture ministry. The problem is that such a body has to function as well. Its attributes - consultancy, price policies, reference prices, intervention and the intervention fund. In 2007, Romania will have

an intervention fund coming from the European Union that is very big and has to be used up. Similar mechanisms have to be in place and step in cases of over-production, under-production, export restitution and export bonuses.

In the SAPARD Programme, there are several measures and each of them has several paragraphs. What is best, to open all the measures, or to focus on certain of their components?

I would have two answers to this question. I consider it is well to accredit all of them, so that they are open and accessible. Romania is a big country, with a wide range of products, activities and needs, but given the very strict calendar we have to fulfil, I would say we must concentrate on what we know to do best. And here, I consider that the people we have at the SAPARD Agency acquired expertise and they know the mechanisms and where the market demands major investment. I would give as example four measures of force: product marketing 1.1, roads and infrastructure 2.1, forms 3.1, and diversification of rural activities - tourism and similar. They are all important, but I would place first among priorities the last of them. The other measures must be accredited too, they are all important - those destined to groups of producers, checkpoints, forestry measures, where we have much to do and the people living in mountain or damaged areas must use these programs to full extent. I say, however, that we must focus, for the time being, more on the programs where we already have acquired expertise in, so that we can work efficiently.

What is still to be done to transform the SAPARD Agency in the perspective of accessing structural Funds?

First, we will expand the activity of regional and local points of the agencies within agricultural departments. By March, we will have over 300 employees in the payments agency. Now there are 25-30 of them in the central structure and we will have a group of minimum 5 persons in each county, and it must start operating on July 1st and administer internal funds. Gradually, it must get used to become, on January 1st 2007, fully functional for the external funds that will be allotted through structural programs, which will be very large. We need well trained people and the system must be tested. Poland too has two agencies. There will be the SAPARD Agency, which we will transform as of July 1st for rural development, and the payment agency that will be in charge with all these direct payments for all the categories of exploitations.

What can you tell us about the ministry's budget and the investment chapter?

This is about allotting larger sums to investment programs like the Farmer program, which is a priority for us. The Farmer is a program complementary to SAPARD and it provides for granting support to the founding of animal and vegetal farms. We want to give credits and grants to those who open such farms. The idea with the lifelong benefit granted to the elder who cede their land to youth was very well received in Brussels. And we are discussing now what sum could be made available from the budget for this measure. For the time being, there is not much we can do. We have spent ROL 3,300 bn on last year's debts and we must allot important sums to the functioning of the IACS system - EUR 20 M - to identify plots of land. Aerial observation flights must be conducted, we must purchase the computer software and monitor the plots. We cannot allot funds in support of agricultural works before identifying all the plots that were cultivated and introduced into a data base. For the Farmer program, we are seeking solutions to attract the banks into the rural development system, so that we can sustain part of the credit's cost and commissions. We also envisage, and we must draft a series of regulations. We are now preparing two of them - the law of investment credit and the founding of rural crediting houses, real instruments of financing in rural areas. People will be able to deposit their savings in these houses and ask funds for micro credits. The deadline for enacting these measures is this year and we think there must be an approximate 3,000 rural credit houses.

You said the mission in Brussels needs more people.

Ambassador Lazar Comanescu admitted the agricultural subject is ever more complex. Then, Romania has a very big importance in this field, of the agricultural policy, as well as in the budget, and we need presentation, permanent contacts, lobby, meetings with other countries' representatives, we must learn all the new elements, we must be informed about everything that is going on. Two people cannot cope with all there is to do.

What message do you send to the Romanian farmer?

At the present moment, we will put on the priority list the sums necessary to act along the main directions, and will make them public. We have a budget drafted by the former government and I cannot enforce my policies 100 per cent, from the very first year, but I assure them those objectives I promised, I will fulfil with consequence. My message to the farmers is that, until 2007, they must not further divide their lands, because subsidies - I refer to those from abroad - will only be granted to those who have over one hectare. My message is that they must trust us, because we want to go to a superior phase of a policy aimed at encouraging farm development, to obtain quality produce. Older people should think about how they can help the youth make farms, because this is the future. We cannot integrate the European Union with strips of 10-20 ares, and we must tell them that they must

brace themselves for competition. Entering the EU has its advantages, there will be funds for exploitations, but there are also disadvantages they will learn each time. It is better to launch a warning right now, rather than hiding them.

What are your intentions in the information chapter?

We noticed we need a system of communicators at rural level, who should set aside the academic speaking and talk with people in their own language. This communication must not be treated only at the level of seminars. People must be convinced at home, in their gardens, in their houses, perhaps with the example provided by neighbours who did something good - a farm, and we must insist upon this. In each locality there must be 1-2 farms and such examples will motivate others in doing the same. People must not be afraid. Cooperation must function, it existed and still exists in civilised countries, not in the communist form of organising, as we need structures where some deal with supply, others with production and others with distribution, because just one person cannot do everything, on a small plot. You cannot produce and, at the same time, send your wife to the market, summer or winter, to sell the crop. A new organisation system must be started here. Then, we have to finalise the process of restoring properties. Brussels understood this and does not like the situation with lawsuits still in court over this issue, as well as the fact that you cannot put the land as guarantee to the bank. Financial resources are needed for all of this, and we must see how we can do all we have planned.

by Carmen Dinu