

# SAPARD DIVIDES 150 MILLION EUROS SUBSIDIES A YEAR

## *“Romania: The last chance for the Belgian Agro-support sector?”*

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### **Introduction**

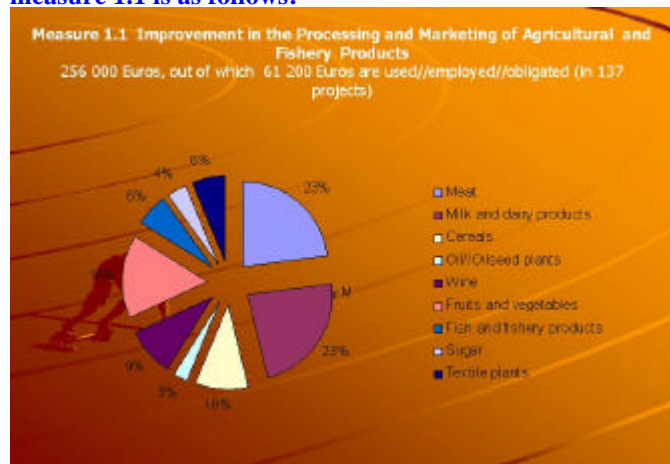
The Sapard-programme is an instrument with which the EU supports the candidate-memberstates of Middle and Eastern Europe in the preparation of future entry. Half of the Sapard-money will be spent on the development of the countryside, the other half on the modernization of agriculture and together with that the food-processing industry. The Sapard-programme applies to Romania and Bulgaria. In Romania, there will be paid out about 150 million Euros a year until the year 2006. Until two years after the approval, the money will be paid out.

*“It is time that the Belgian files are submitted. The Belgian companies can have an advantage of maximum 2 million Euros a project. One does not have to repay anything of these 2 million Euros and there are no costs.”*

Activities supported by Sapard are among others:

- ✂ investments in agricultural companies;
- ✂ development of production methods aimed at the protection of the environment and at nature conservation;
- ✂ improving the processing and the selling of agricultural and fishery products;
- ✂ improving the soil and re-allotment;
- ✂ slaughterhouses and cutting up-halls
- ✂ feed-factories
- ✂ factories for milk and diary products
- ✂ meat-processing units
- ✂ unrestricted list,....

### **“The division of the projects under the Sapard-measure 1.1 is as follows:**



### **Conditions**

In principle, all European companies and companies from Sapard-countries can participate in these projects. There is no registration-duty for Sapard-projects and contracts. A detailed manual with all contract-regulations for delivery, operations and services can be ordered at PBS Worldwide ([frjacobs@pandora.be](mailto:frjacobs@pandora.be) – [www.pbsworldwide.com](http://www.pbsworldwide.com)). Freddy M.E. Jacobs is specialist SAPARD and individually approved EU expert for Romania. At the moment, he stays in Romania for about 5 months a year.

### **Project-cycle in practice**

For the Sapard-programme, project-proposals can be submitted for subsidy at the Sapard-Agencies in the relevant countries. In Romania, there are 8 regional centres and the main seat is in Bucharest. After submission, the Sapard-office takes a decision within 45 days.

### **Market size**

The agricultural sector is of great economical interest for Romania. The country possesses approximately 15 million hectares of agricultural land, of which 9 million is destined for arable farming crops. The agricultural sector employs 40 percent of the labour force and generates 13 percent of the gross national product. With this, Romania is the most agricultural country of the candidate-memberstates in Central Europe.

Some investments have already found place, especially in diary, food processing, feed and vegetable oils and fats. Both the enhancement of the processing industry and the new developments in distribution and retail have now also led to the positive development of the primary sector. Attractive low land prices, fertile soil, a good climate, low labour costs and high-quality technical skills are the reasons to orient oneself towards Romania. The retail such as Metro, Billa, Regal, Carrefour, Cora, etc... will build more than 40 centres in the next 3 years. This means that there will be gigantic possibilities regarding the delivery of food products in the broadest sense of the word. Things that are not sold locally, are transported and everything is produced at low wages.

*“Even the resigning VBO chairman has recently recommended Romania above China when it concerns labour costs. If there are problems in Romania, one can easily send a manager.”*

### **Meat industry**

The share of the meat sector in the complete turnover of the Romanian food product industry is approximately 14 percent. The number of companies that are active in this sector, increases structural, while the complete livestock actually diminishes. This indicates that increasingly more meat will be imported. A lot of small companies will not be able to meet the EU-

norms and will be closed down before entry. Out of the 930 meat processing companies, probably one third to half of them will be closed down before 2007.

### **Poultry**

In 1989, there were 67 big slaughter houses, that had a capacity of approximately 2.000-4.000 pieces of poultry an hour. Of these, only 12 are operational at the moment and no more than five are modernized. At the moment, there are 49 chicken processors. Probably 12 of these companies will have to close down before the entry to the EU, because they do not meet the norms. Romania is the net-importer of chicken, mainly originating from the United States, Brazil, Hungary and the EU.

### **Pork**

Pork is the most consumed type of meat in Romania. About 80 percent of the total meat consumption consists out of pork. The production of pork has decreased in the last years, especially because of the closing down of many big state farms. Also the fact that feed has recently become sparse and expensive, plays a part in this. More than half of the firms will have to close after the entry. Lots of the new investments can be supported with the aid of the Sapard-programme.

### **Beef**

After 1989, the amount of cattle has decreased strongly. The decrease was mainly caused by the closing down of large cooperative farms, where cattle was bred in huge complexes. The dramatic reduction of cattle production led to the import of increasingly more beef from abroad.

### **Diary**

Diary industries lack a continuous delivery and they have a shortage of enough unprocessed milk of good and stable quality. The most important producers are Danone, Napolact, Hochland, Brenac, Dorna Lactate, Covalact, Prodlacta, Lactag, Friesland and Delaco. Except for cheese, Romania is net-importer of diary products from 1989 onwards. Moreover, it has to be said that types of cheese are monotonous. Also here, there is space for undertaking with Sapard-funding.

### **Oils and fats**

This sector undergoes a positive development because of the constant demand for, for example sunflower oil, abroad. The selling of bottled oil is mainly realised through supermarkets, through fresh markets and small retailers, who have specialised themselves in foods. There is a growing demand for margarine. During the first half of 2004 oils and oil products were the most important export product of the agro & food sector. We may not forget the production of oil for biodiesel. Romania can be the cradle of a huge amount of colseed oil. A lot of the new investments can be part of a Sapard-project.

### **Vegetables and fruits**

The existing capacities and possibilities are strongly disutilized. The production of preserved foods has strongly decreased in the last ten years. This decrease

proves that the preferences of the consumers have changed and that the Romanian population chooses more and more often fresh and/or deep frozen vegetables. The big production facilities are very outdated and there is a great need for modern materials, technologies and packings. At the moment, there is an interest in investments for fruit productions, including berries. In Romania, there is a growing interest for the sorting, packing, storing and distributing of fruit. This development is mainly the result of the strong emerging retail sector, that is dominated by foreign super-market chains. Starting from the retail sector there is a growing demand for high-quality products and larger volumes. A lot of the new investments can be financed with support of the Sapard-programme.

*“If there is a crisis in the vegetable and deep frozen sector today, it is high time to look at Romania. It is only such a pity that minister Bourgeois has cut the Flemish support for equipment at a time that everyone is looking at Romania.”*

### **Fish**

Fishery products originate from the Romanian lakes, ponds, rivers, artificial lakes at hydro-electric power stations and from the Danube-delta. During the last years, the production of freshwater fish has declined strongly, while the consumption of fish (partly originating from abroad) has risen slightly. The utilization of fish processing capacities is not more than 70 percent. This is due to the fact that available facilities are outdated and because there is not enough fish available. The subsidies from the Sapard-programme can make investments in the aquaculture more interesting for this sector.

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