

Impact and Challenges of SAPS¹ on Romanian Agricultural Competitiveness

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Abstract. *This study investigates the influence of the Single Area Payment Scheme on the competitiveness of the agriculture sector in Romania. It also evaluates the impact of SAPS on farm productivity by examining data collected from a thorough survey of Romanian farmers. The survey employed quantitative methodologies to examine a wide array of agricultural enterprises, aiming to offer a comprehensive perspective on the impacts of SAPS. The findings provide vital insights into how SAPS influences agricultural practices and economic outcomes in Romania.*

*The study used statistical analysis to evaluate the impact of SAPS on important factors such as productivity, market positioning, and economic viability. It used the sample size formula $n = (Z^2 * p * (1-p)) / E^2$ to determine the sample size for the survey, where we estimated the proportion of the population with a certain characteristic (p) based on data collected from the Payments and Intervention Agency for Agriculture and the Z-score corresponding to the desired level of confidence. In this case, for a confidence level of 95% ($Z = 1.96$), a standard deviation of 0.5 and a margin of error of $\pm 5\%$ ($E = 0.05$), I estimated p at 0.5 (the characteristics of the researched population being quite heterogeneous, even if the size of the holding translates into the amount of the collected amount, nominal differences do not exist).*

Evidence suggests that Romania possesses one of the most extensive agricultural regions inside the European Union. However, the agricultural sector is marked by a fragmented organization, consisting predominantly of small-scale farms returning poor levels of productivity.

Keywords: common agricultural policy, competitiveness, multifunctionality, productivity, subsidies.

Introduction

Annually, the EU spends around €65 billion from the Common Agricultural Policy (CAP) budget to support farmers' incomes and the production of agricultural products. Most subsidies are paid in the form of direct payments decoupled from the EU budget to farms, which are not linked to current and future amounts of agricultural production but are strictly linked to size and crops. Within the CAP there are also subsidies that are linked to the production specific to agricultural and livestock holdings.

Direct payments have been analyzed in the context of the trade liberalization process within the WTO, where the main discussion has centered around the distorting impact of different types of subsidies on production, input use, consumption, trade, and prices. This may explain the fact that the scientific literature has mainly focused on the analysis of the direct impact of agricultural subsidies and neglected the indirect effects (Report on the Evaluation of CAP Reforms, 2017). Across various nations, leveraging agricultural grants is a strategic move toward several important aims – think elevating incomes among growers and producers alongside cultivating lands that are both productive and eco-friendly as well as ensuring those country roads stay bustling with

¹ The Single Area Payment Scheme (SAPS) was a subsidy program introduced by the EU as part of its CAP. Under the SAPS, farmers in the EU received direct payments based on the size of their agricultural land. The objective of the scheme was to provide income support to farmers while promoting sustainable agricultural practices and ensuring the stability of the agricultural sector.

employment activity. Less attention is paid to studying the impact of agricultural subsidies on the functioning of market institutions, as the relationship between market institutions and the performance of the agricultural sector is quite complex. Digging deeper into the effects of agricultural subsidies reveals their sneaky side - they can twist and turn how market institutions perform, influencing policies in unexpected ways. Even in the context of trade liberalization, the alteration of market institutions affects the long-term performance of the agricultural sector and the economy. The mechanism of how changing a subsidy type affects macroeconomic indices is relevant from a policy-making perspective, as this is crucial for increasing farm productivity in the long run.

Despite the efforts of certain specialists to highlight the distinctive features of agriculture as repercussions of its creation, it is undeniable that all governments have profited and gained from the foundation of the CAP. It was not merely a pact between France and Germany, the former making a CAP as payment for its admission into the industrial market, as the need was acknowledged by member states.

Curiosity leads us to investigate CAP's subtle sway over Romania - our focus sharpens on unveiling tales within SAPS. The goal here is simple yet ambitious: kickstart conversations around Agri-subsidies and marketplace dynamics by providing a well-rounded look at SAPS' role in elevating Romanian agriculture past mere monetary gains.

Literature review

Dive into what Cristea D. discovered in their latest study. S. In 2021, a team rolled out a clever plan that taps into machine learning and special models to really push the Common Agricultural Policy (CAP) forward. Their goal? To make sure it does an even better job at keeping our farms eco-friendly. Navigating through financial options for the Common Agricultural Policy (CAP), EU policymakers find solid support in this innovative framework. Picture this: an innovative framework designed around a dataset packed with twenty-two vital signs of success. Understanding Europe's farms and rural areas comes down to grasping four essential factors that explain their workings within the framework of the Common Agricultural Policy (CAP). From quiet rural life to crunching numbers in economy and finance—plus keeping an eye on our carbon footprint. When we beef up investment in agricultural innovation and boost employment in farming, we see a sharp drop in country-side poverty. Imagine transforming rural lives by simply investing in their farms; it's not just an idea but a practical way to fight poverty where it hits hardest. The GDP per capita in rural areas is determined by the magnitude of the agricultural employment rate. When it comes down to dollars and cents for everyone, green practices in farming—like smart fertilizer usage and cutting back on greenhouse gases—are big players. Hence, crucial variables for future assessments include direct payments, agricultural emissions, rural poverty levels, fertilizer usage, employment rate in agriculture, and labor productivity. It turns out, crunching these numbers helps farmers understand just how fruitful their farms are. The researchers underlined four elements that can predict outcomes effectively: how much cash goes directly to projects, the number of jobs in rural areas, employment rates in farming, and the overall financial health indicated by gross value added. When it comes to predicting how much farmers and business owners will make, total factor productivity takes center stage. Investing in ways to grow more food or improve farming techniques is closely tied to economic gains from agriculture and the bonuses paid directly to farmers.

In a recent article, Skostad G. (2009) explores the factors that prompted the change of the Common Agricultural Policy (CAP). He's of the mind that competition from other traders really pushed for those changes to happen. Amy Verdun acknowledges that the current revisions of the Common Agricultural Policy (CAP) can have detrimental effects, as they do not fit with the original aims of the policy.

In his work titled 'Competitiveness, Governance, and the Search for Legitimacy in the EU', Yves Tiberghien explores the reasons for the varying regulatory approach of the Common Agricultural Policy (CAP) throughout time, ultimately leading to it becoming the most stringent in the world. Amidst rival leaders' clashes, he carved out a solution that put him ahead. He points out an interesting tug-of-war between two major players – The council vs The commission. Each one eager not just to keep pace but actually leapfrog over ancient benchmarks through smarter regulation. Even now, Tiberghien finds himself in the thick of an ongoing argument about controlling genetically modified crops and funding them – no end in sight just yet.

Many authors, including Durand and Giorno (1987), have proposed the use of competitiveness indices. Practically, while assessing the competitiveness of an economic sector, one can rely on consumer price indices, unit values of production exports, and unit labor costs in production. Imagine crafting signs that help navigate the complex world of policymaking - that's what these articles teach us. However, they do not offer a rationale for the selection of each indicator, grounded in a shared theoretical framework.

Neculai-Cristian Șurubaru's research demonstrates that Romania saw substantial capital infusions during the initial ten years following its membership, which effectively alleviated the effects of the 2008 financial recession. However, empirical evidence and academic sources indicate that the effect of EU budget transfers on economic convergence is varied. The GDP growth has exhibited a significant rise at both the regional and national scales since attaining full-time membership. However, figuring out whether European funds and grants get most of the credit for this progress is tricky. Understanding the power of funding over economic expansion demands more than a glance—it asks us to join dots from grassroots initiatives all the way up to big-scale projects.

In their 2021 study, Petrea S. M. et al. investigated the sustainability of the European Union's agriculture sector in connection to the Common agriculture Policy (CAP) by employing a customized analytical framework. Diving deep into what makes our agrarian sectors tick involves a complex mix ranging over local economy snapshots via Gross Domestic Product indicators right through intricate details of farmer incomes including subsidy effects—all underpinned by employment patterns distinguishing agriculturally bound workers from their counterparts across wider rural locales amid evaluations around living standards plus strategic spending towards sustainable growth methodologies together with yield-enhancing techniques balanced carefully against ecological concerns. The main components of research and development investments in agriculture are agricultural factor income (0.23), direct payments (0.16), and total value added in agriculture (0.15). With an arsenal like multi-linear approaches and randomness on its side, the dataset from our latest adventure doesn't just hint at; it accurately maps out agriculture's path toward being more Earth-loving than ever before – proving itself as quite the tool in assessing environmental friendliness in farming. Observing patterns from fertilizer use to carbon dioxide release and even ammonia concentrations give us a sneak peek into future environmental conditions. Economic sustainability is attained through the amalgamation of agricultural factor income patterns and the extent of investment in agricultural research and development.

Şurubaru N. A 2021, wrote that "decade after joining the European Union, Bulgaria and Romania's use of EU funds got put under the microscope to see just how much bang for their buck these nations are getting". Their exploration mixes facts with personal accounts to really get into how European Union handouts impact economies as well as those calling the shots. For some time now, people with their noses in books as well as those running for office are all trying to crack the same nut - figuring out the fairest way for dividing up European Union funds across nations. Prior research has mostly examined challenges that emerge in the administration and execution of European Union assistance at the regional level, while giving comparatively less consideration to the economic and institutional consequences of EU funding. Here's an eye-opener on knitting economies tighter and the transformation triggered by channeling EU money across diverse administrative terrains.

In their 2021 study, Kryszak Ł. et al. Peeling back the layers on EU farming profits reveals a mix of weather patterns, land quality, savvy marketing strategies, and regulatory environments at play. Looking at numbers from the past decade or so (2007-2018), researchers sifted through economic details for farms big and small in the farming world's ledger. In this study, they analyzed the financial data and production levels and revealed how frequent equity changes can deliver sustainable outcomes. They used a clever profit-assessing method and deliver in-depth analyze of every piece of equipment or inch of soil on a farm holds potential profits — tapping into this efficiently can mean big wins for smaller agricultural outfits eager to compete and succeed. Also noted by the authors is the critical role of managing debts effectively. Farms find their bottom line taking a hit when they're weighed down by too much debt in comparison to their assets. According to recent research, if you increase subsidy rates, assets tend to pay off more. For giant farm estates, unfortunately, these variable spells trouble. Picture this: local spots where farmers can swing by for tips or deep dives into crop cycles, alongside a push for rules that bend not break when meeting varied farm needs – that's what our experts are gunning for. The reconsideration of investment support is necessary, as the correlation between higher investment in fixed assets and improved returns is no longer guaranteed.

Methodology

The study examines the influence of SAPS inside the Common Agricultural Policy CAP on the competitiveness and long-term viability of agricultural output. The research aimed to determine the extent to which SAPS serves as a legitimate aid to farmers and measured the impact on trade deficits. The study analyzed the production of agri-food commodities with little added value, taking into account the possibility of farmers shifting their attention from enhancing product quality to extending cultivated areas.

The researchers analyzed prior studies published in the European Review of Agricultural Economics and the Journal of Agricultural Economics to gain insights on the impact of SAPS on the quality of agri-food products and the advancement of high-value-added commodities. Multiple studies have indicated that SAPS can have negative effects on the production of value-added agri-food commodities.

In order to collect primary data, a questionnaire was created to inquire about the extent to which SAPS payments guarantee the profitability and viability of farms in the single market. The survey targeted farmers of different ages and farm size, taking into consideration that size matters and has a direct influence over the crop selection. The sample size was determined using a conventional formula, with the goal of achieving a 95% confidence level and a 5% margin of error.

The target demographic consisted exclusively of farmers who met the criteria for SAPS payments, with a wide range of farm sizes. The sample size, which accounted for approximately 3% of the population, was determined based on the number of SAPS beneficiaries and total applicants. It is assumed that the response rate will be similar. A total of 1131 replies were collected, forming a substantial foundation for studying the influence of SAPS on Romanian agriculture. Thus, addressing a population of about 800k farmers (Table 1), the questionnaire was disseminated to 10,879 farmers, organized as limited liability companies, Agricultural Cooperatives and Farmers Groups, via email and to 12,368 farmers, organized as authorized individuals, family farms and individual farms by SMS. Also, the questionnaire was sent to all the Local Action Groups in Romania to be disseminated to their affiliated farmers. Of the total number of holdings statistically registered in 2016 of 3,422,030, only 901,507 are SAPS applicants, the total area requested for payment being 9,177,354 ha. SAPS areas have increased annually, in 2019 reaching a total of 9,748,666 ha, with the decrease in the number of farmers, which also demonstrates a slight process of land consolidation. Thus, considering the number of SAPS beneficiaries in 2019 and the total number of applicants, the quantitative research sample is 3% with a similar expected response rate.

Table 1. Farmers who collect annually SAPS payments (2016-2019)

Year	Number of SAPS beneficiaries	Eligible surface
2016	901.507	9.177.354
2017	885.929	9.381.496
2018	869.185	9.477.767
2019	796.021	9.748.666

Source: Payments and Intervention Agency for Agriculture, 2023.

The study employed an analytical methodology that included a comprehensive examination of secondary data to match the primary survey findings. This involved a comprehensive examination of the existing literature and publications related to the execution of SAPS.

The research focuses on the implementation of SAPS, with specific attention to its effects on the competitiveness of the agricultural sector in Romania. The aim was to provide a complete representation that relies not only on primary data from the survey but also situates these findings within the broader scope of past researches.

To ensure the fidelity and strength of the analyzed data, a variety of statistical tools were employed. The choice of these tools was made based on their suitability for analyzing the collected data and addressing the specified research inquiries. The inquiry aimed to detect patterns and correlations that could lead to significant findings about the influence of SAPS.

Furthermore, the study utilized a comparative methodology to investigate specific characteristics, namely by assessing the evolution of SAPS's impact over a specific timeframe. This involved analyzing the patterns and changes in agricultural productivity and commerce before and after the implementation of SAPS.

In summary, the study proposes a comprehensive approach to understanding the various impacts of SAPS on the agricultural sector in Romania. The analysis combines quantitative data from a thorough survey with qualitative insights from existing literature to provide a comprehensive evaluation of the scheme's effectiveness and consequences.

Results and discussions

The analyze on the responses to question 1 of the survey, farm size variable, unveiled notable remarks regarding the structural makeup of the agricultural industry in Romania. The responses were methodically classified into four clearly defined farm size categories. The statistical examination of these categories revealed a well-proportioned distribution throughout the whole range of farm sizes. The majority of the participants were recognized as proprietors of small and medium-sized agricultural establishments, specifically those with less than 100 hectares (Figure 1). This finding is related with the general agricultural landscape in Romania, characterized by a predominance of small farms (under 5 HA). The data collected from this survey provides a better understanding of the agricultural landscape in Romania, which is vital for better adapting policies and actions that seek to enhance agricultural production and sustainability.

These findings are important for the management authorities, particularly in addressing the unique challenges and prospects presented by the prevalence of small and medium-sized farms in the Romanian agricultural sector. The collected data corresponds to the statistical data sheet for Romania supplied by the European Union, demonstrating a notable prevalence of small and medium-sized farms in the country. Based on this source, in 2020, the majority of agricultural holdings in Romania, specifically 68.9%, had an area of less than 5 hectares, while an additional 21.9% with an area ranging from 5 to 20 hectares.

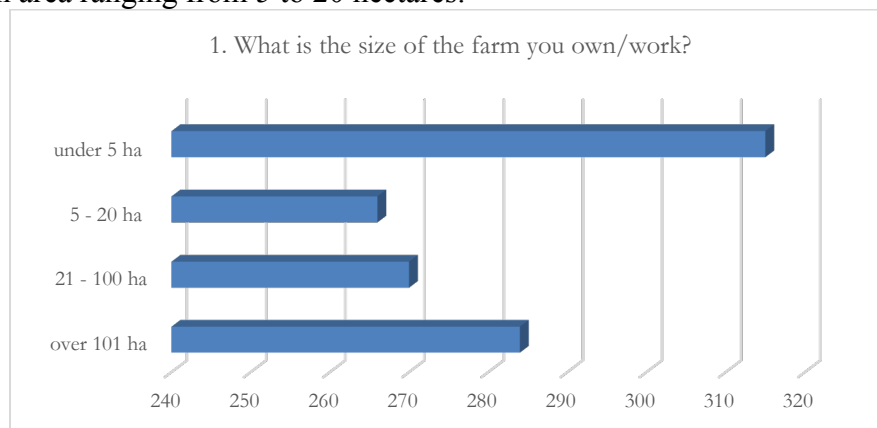


Figure 1. Farm size

Source: Author's own research.

The age of farmers variable provides a better perspective into the demographic composition of the agricultural sector in Romania. Employing a robust statistical approach, the data reveals a predominant representation of young and middle-aged farmers, with over 75% of respondents aged up to 50 years (Figure 2). The collected answers suggest a significant generational shift within the sector, a good indicator for an evolving market from old agricultural habits towards modern agricultural practices and technologization. Equally, the proportion of farmers over 66 years is minimal, at 3.27%, highlighting a potential decline in traditional farming knowledge and practices. This transition underlines the importance of mixing innovative agricultural techniques while preserving and treasuring the empirical knowledge of older farmers. The findings suggest a transformation of the agricultural sector, with implications that ensure a balanced incorporation of new technologies and traditional knowledge for sustainable development.

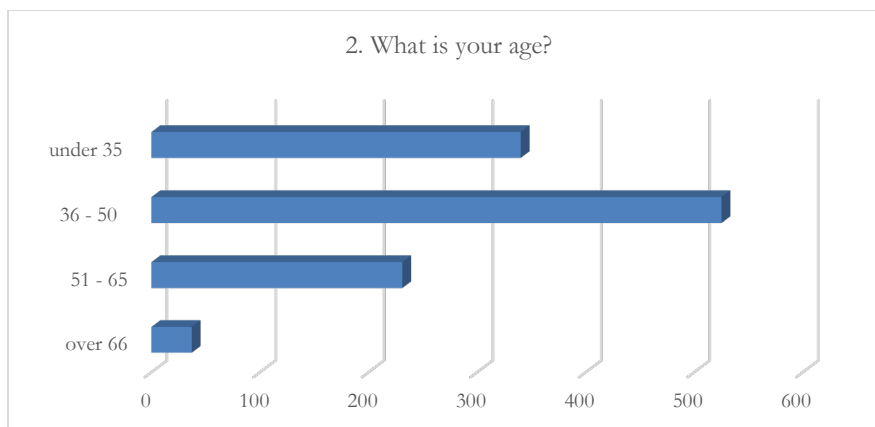


Figure 2. Age of farmers

Source: Author's own research.

The feedback addressing the advantages of the direct payment system for Romanian farmers demonstrates a multifaceted viewpoint on SAPS. This part of the study employed a thorough methodology to comprehend farmers' perspectives on the advantages of SAPS. The data suggest that there is a widespread perception among farmers, that SAPS largely functions as a financial support scheme, assuring a minimum income level for farmers despite their economical practices (Figure 3). Nevertheless, it is important to consider that these payments have a substantial impact on increasing the income levels of all farmers. This analysis of the farmers' perspectives offers a detailed comprehension of the importance of SAPS in the agricultural environment of Romania, indicating its crucial role in supporting smaller farms. This portion of the study is crucial for understanding the complex impact of direct payments on the economic sustainability of agricultural practices in Romania. Moreover, the primary objective of subsidies is to foster the enduring expansion and viability of agriculture within the shared market. SAPS aims to support farmers in adopting sustainable agricultural methods, protect the environment, and conserve biodiversity, all while promoting the competitiveness of the agricultural business. According to the feedback received from farmers in this question, SAPS is perceived as an effective method for fostering sustainable agricultural development in Romania.

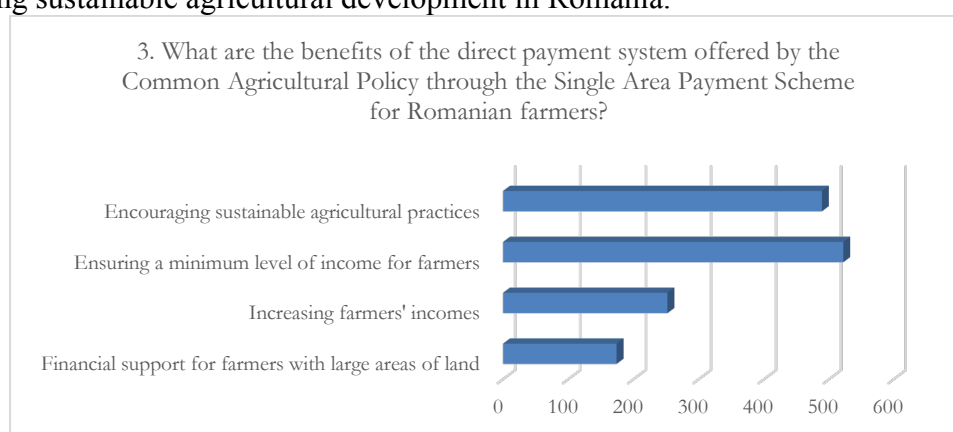


Figure 3. The benefits of the direct payment system for Romanian farmers

Source: Author's own research.

Regarding the impact of direct payments on Romania's trade balance, the questionnaire asked respondents to what extent these payments contribute to the increase in the trade balance of payments deficit. The results reveal that most farmers believe that direct payments contribute to Romania's trade balance deficit to some extent. More specifically, over 75% of respondents stated that these payments contribute to a small, medium, or large extent to the trade deficit. To assess the influence of direct payments on Romania's trade balance, farmers' perspectives were analyzed in depth. This study evaluated the economic impact of SAPS on national trade dynamics. Respondents strongly believe that subsidies contribute to the trade balance of payments imbalance, to different degrees. This perspective takes a critical look at Romania's direct payments system, observing its potential for economic imbalances and the complex influence on the economy. The answer to this question is crucial for understanding the impact of agricultural subsidies on national trade and economic health. Respondents were asked about how direct payments affect agricultural competitiveness in Romania. Most farmers in Romania believe that direct payments improve agricultural competitiveness. Figure 4 shows that over 55% of respondents expressed a favorable view of direct payments, whereas just 6.46% of respondents had a negative perception of their influence.

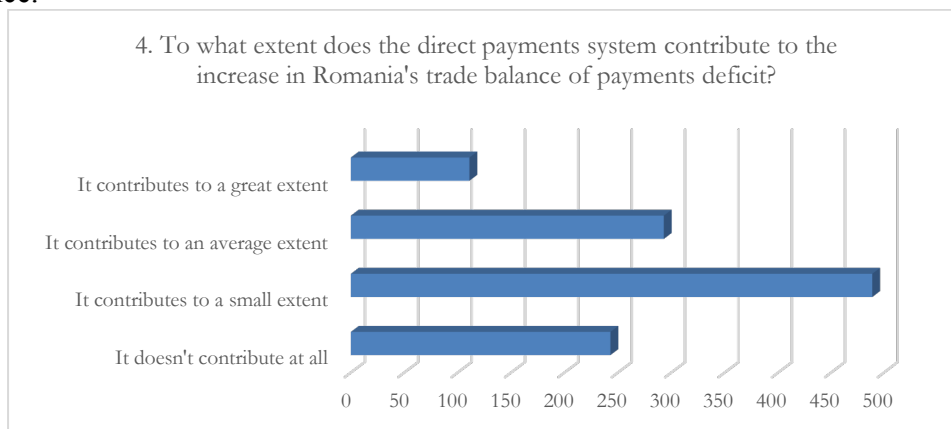


Figure 4. The impact of direct payments on Romania's trade balance

Source: Author's own research.

Collected data suggest that farmers perceive direct payments as a support to the agricultural sector which may improve its competitiveness in terms of prices and quality of products. Subsidies assure farmers the financial resources for modern agricultural technologies meant to increase productivity and improve product quality. It is important to note that there is also a significant number of respondents who do not know or did not answer the question about the impact of direct payments on agricultural competitiveness in Romania, representing over 24% of the total responses. Could be we're running low on info, or perhaps the topic isn't sparking much excitement.

Interestingly enough, digging into the data showed us a surprising twist - there's actually a mismatch between how folks responded to questions 5 and 6. Specifically, while most farmers believe that direct payments have a positive impact on agricultural competitiveness in Romania, 75% of them believe that they contribute to the increase in Romania's trade balance of payments deficit (Figure 5).

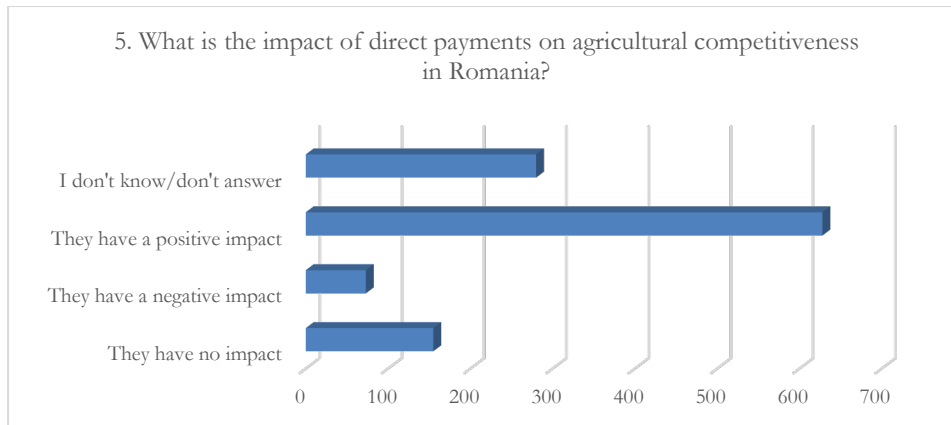


Figure 5. The impact of direct payments on Romania's competitiveness

Source: Author's own research.

Question 6 refers to the impact of direct payments on the sustainable development of Romanian agriculture and asks farmers to evaluate to what extent these payments can be considered an element of sustainable development. The collected data show that many farmers believe that direct payments can be considered an element of the sustainable development of Romanian agriculture, to a medium or high extent (58% of the total responses). Yet, a sizeable portion of farmers (12%) also think that direct payments aren't appropriate for a sustainable development component (Figure 6).

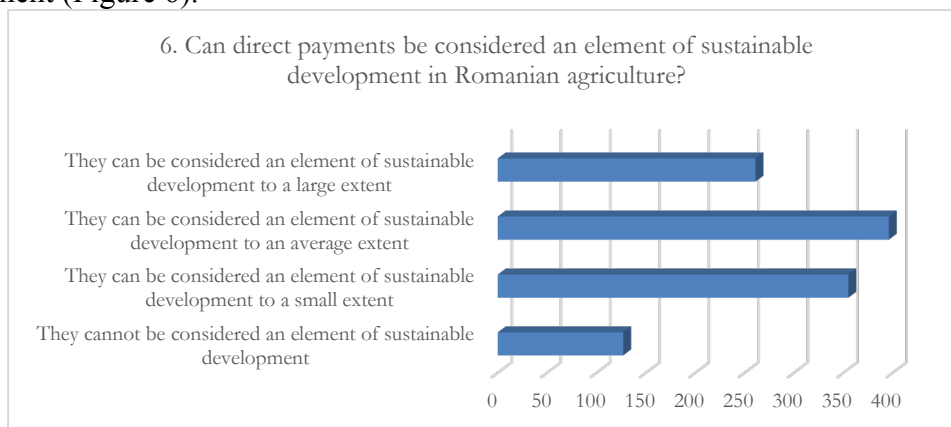


Figure 6. The impact of direct payments on the sustainable development of Romanian agriculture

Source: Author's own research.

For our nation's long-term strategies to truly make an impact, think of boosting farm competitiveness as hitting two birds with one stone; not only does it swell farmer earnings but also cradles our planet ensuring long-term bounty from fields nurtured today. Question 7 in the survey investigated the efficacy of alternate methods to the direct payment system in assisting Romanian farmers and improving agricultural competitiveness. This investigation was crucial in comprehending the farmers' viewpoint on alternative agricultural support systems that could potentially supplement or substitute the existing SAPS. The analysis of this subject entailed a thorough investigation of the preferences of farmers regarding various forms of subsidies and support, such as investments in advanced technologies or efforts aimed at developing markets. The results of this inquiry are essential for developing a comprehensive agriculture policy framework that not only solves immediate budgetary requirements but also promotes long-term sectoral

competitiveness and innovation. According to survey data, the majority of farmers (over 60%) believe that providing subsidies for investment in advanced technology and promoting the creation of new markets for agricultural products would be more beneficial than direct payments. The option with the lowest proportion is represented by vocational training programs for farmers (17%), the vast majority of those who chose this answer also ticking the development of new markets (35%) (Figure 7).

It is important to note that a significant proportion of farmers (27%) argue that support should only be given to farmers with small areas of land. Considering how tough things can be for small and medium-sized farmers—always seeming a step behind the larger operations—it's no wonder such opinions form. It should be noted that 97% of those who chose this option did not show their interest in another.

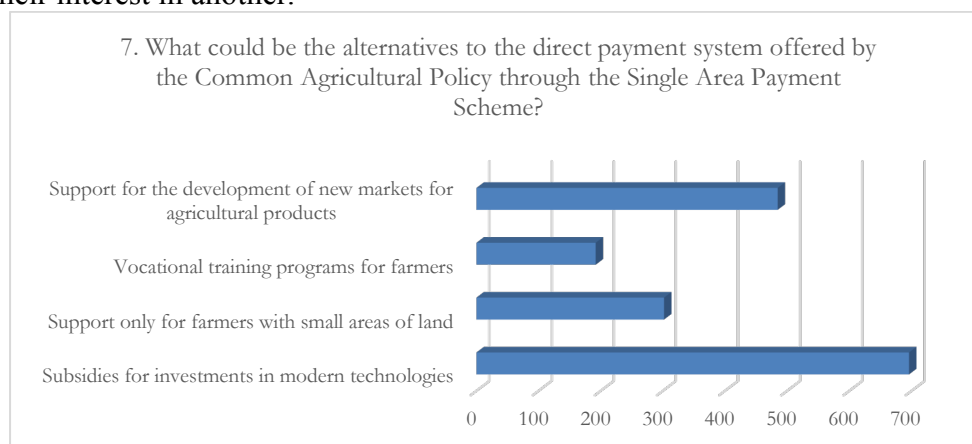


Figure 7. The effectiveness of alternatives to the direct payment system in supporting Romanian farmers and enhancing agricultural competitiveness

Source: Author's own research.

Question 8 refers to the impact of direct payments on crop diversity and biodiversity in Romania. The survey data shows that most farmers believe that direct payments have a positive impact on crop diversity and biodiversity. Specifically, more than 65% of farmers believe that direct payments have a medium or high positive impact on crop diversity and biodiversity, while only about 10% of farmers believe that direct payments have no impact or a negative impact (Figure 8).

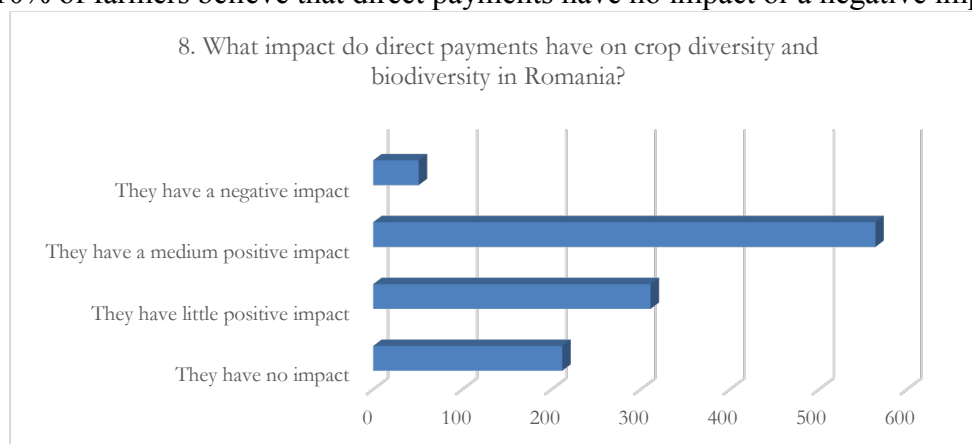


Figure 8. The impact of direct payments on crop diversity and biodiversity in Romania

Source: Author's own research.

The answers suggest that farmers are aware of the importance of crop diversity and biodiversity and believe that direct payments could help protect them. Also, the collected data could also reflect the fact that direct payments may be conditional on compliance with certain sustainable agricultural practices and environmental protection. However, there is still a significant proportion of farmers who believe that direct payments have no or a negative impact on crop diversity and biodiversity. The healthiest future involves embracing varied crops as much as safeguarding ecosystems by encouraging green farming strategies among growers—goals policymakers must strive towards by designing thoughtful regulations around agribusiness operations.

Question 9 aimed to evaluate the influence of direct payments on the process of expanding the variety and modernizing the structure of agriculture in Romania. The question was crucial in comprehending the impact of SAPS on the development of agricultural farm structures, namely in terms of technological progress and the acceptance of innovative farming methods (Figure 9). This study aims to determine whether SAPS supports or obstructs the move towards more efficient, sustainable, and competitive agricultural practices. The results of this inquiry are vital for policymakers and stakeholders to formulate strategies that promote the expansion and modernization of the agricultural industry in Romania, while also maintaining a balance between traditional methods and the imperative for innovation and sustainability.

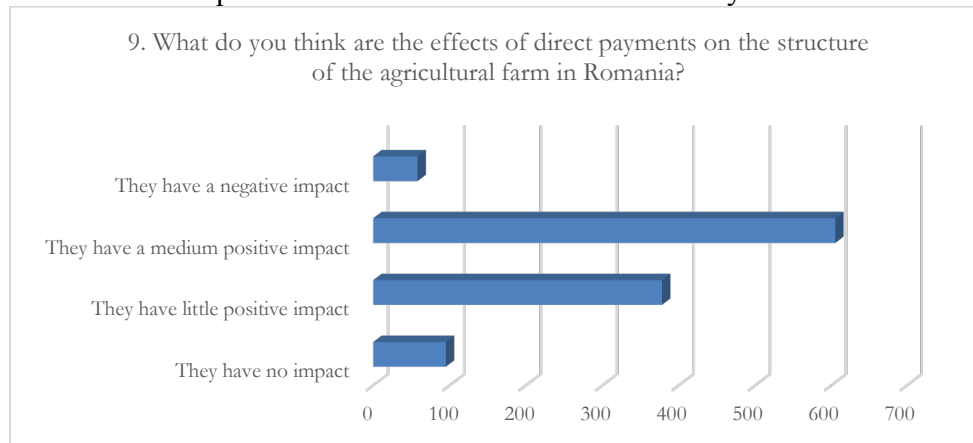


Figure 9. The impact of direct payments on the structural diversification and modernization of Romanian agriculture

Source: Author's own research.

Question 10 in the survey aimed to quantify the perceived contribution of direct payments to the sustainable development of Romanian agriculture. Respondents were asked to evaluate the extent to which these payments foster practices that align with sustainability goals. Approximately 59% of respondents believed that direct payments moderately or significantly support sustainable development. Conversely, about 42% perceived these payments as having little or no contribution to sustainability. The answers provide a better understanding for the correlation between SAPS and sustainable agricultural practices. They are also useful for guiding future policies modifications to enhance their effectiveness in promoting environmentally sustainable farming methods in Romania (Figure 10).

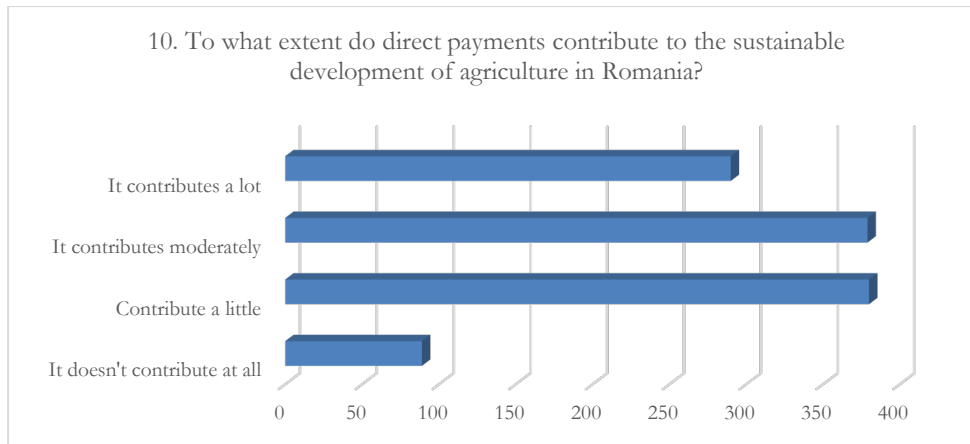


Figure 10. The perceived contribution of direct payments to the sustainable development of Romanian agriculture

Source: Author's own research.

Question 11 refers to the influence of SAPS on the competitiveness of agriculture. According to survey data, roughly 79% of farmers think that direct payments have a little too large positive impact on Romania's agricultural sector's competitiveness, while roughly 21% think that direct payments have no effect at all or a negative impact (Figure 11).

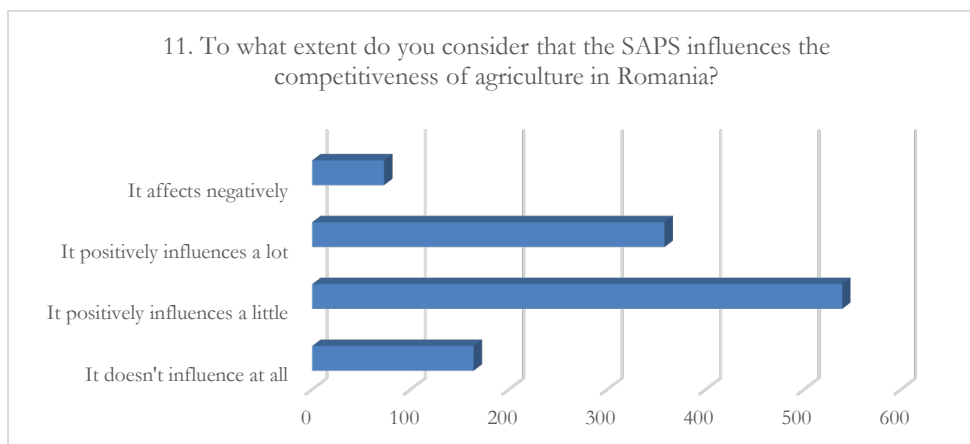


Figure 11. The influence of SAPS on the competitiveness of agriculture

Source: Author's own research.

The received answers suggest that many farmers believe that SAPS have a positive impact on the competitiveness of Romania's agricultural sector, maybe by granting access to financial sources needed for technologization granting farmers the means to expand their cultivated areas.

Still, a sizable portion of farmers think that direct payments either have no effect at all or hurt the competitiveness of Romania's agriculture industry.

The last question was meant to explore farmers perspectives on the main challenges they faced in implementing the CAP. The responses revealed that a significant 60% of participants identified excessive bureaucracy and difficult access to finance as primary obstacles. Meanwhile, issues related to the lack of professional capacity were noted by less than 23% of respondents (Figure 12). This question highlights, from the farmers point of view, the problems in implementing

CAP schemes in Romania. In summary, the findings from the analyze of this survey, highlight the necessity for future policy adjustments to streamline administrative processes and improve financial accessibility, ensuring the effective application of CAP measures in Romania.

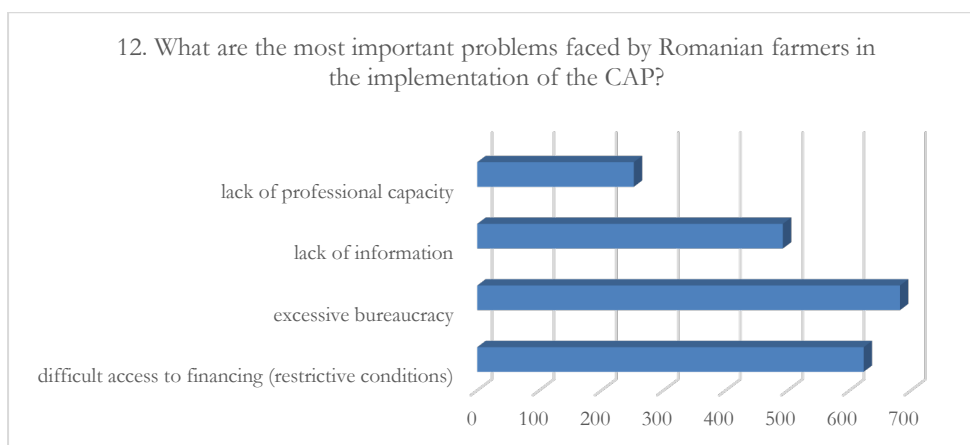


Figure 12. The farmers perspectives on the key challenges they face in implementing the CAP

Source: Author's own research.

Conclusion

This wide-ranging study, encompassing a sample size of 1131 respondents, approximately 5% of the total SAPS eligible farming population, offers a critical insight into the perceptions and impacts of the SAPS in the Romanian agricultural economy. A significant 40% of participants delineate SAPS as predominantly advantageous to larger-scale agricultural enterprises, primarily augmenting their financial revenues. Conversely, a notable 35% correlate these direct payments with an exacerbation of the trade balance of payments deficit. Importantly, only a minority (6.5%) identify a direct adverse effect of SAPS on agricultural competitiveness, while a considerable proportion (25%) demonstrate a lack of familiarity with the underlying conceptual framework of competitiveness. The data further reveal a dichotomy in perspectives based on farm size; 74% of smallholder farmers (farms less than 20 hectares) advocate for exclusive SAPS benefits, whereas 81% of larger farm owners (over 100 hectares) express a preference for SAPS to underpin investments in advanced agrarian technologies.

Gathered data from this research are in a direct correlation with a recent European Commission report (December 2021) and reveals a vivid picture of the problems farmers are confronting in Romania. Nevertheless, possessing one of the largest areas of cultivable land in the European Union, the Romanian sector is marked by low levels of productivity and a highly fragmented structure, where small-scale, low-yield agricultural units are prevalent.

Supporting Romanian agriculture means two things, better financial backing for farmers and ensuring solid growth opportunities for them in the future. To stand out in agriculture, especially in Romania, you've got to play by its rules, customizing approaches based on what this land specifically offers ensures a winning edge and future growth.

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