

**THE “PROFITABLE AGRI-BUSINESS” CONFERENCE / DANIEL CONSTANTIN,
THE MINISTER OF AGRICULTURE:**

“We need to leave self-sufficiency behind and to produce for the market”

Lately, the Ministry of Agriculture has taken several steps when it comes to rural development. One of them concerns encouraging small farmers that have less than 5 hectares of land to associate.

Daniel Constantin, the Minister of agriculture, said: „ We need to leave self-sufficiency behind and to produce for the market. That is why we want to introduce the redistributed payment for the first exploited hectares and we want to allocate a somewhat larger amount. The payment for the first hectares will be higher than the payment for the rest. The redistributed payment with greater allocations will be applied to those who own over 5 hectares. We want to stimulate the associations between the small farmers. And those who own less than 5 hectares will receive amounts 20-30% lower than those who own more than 5 hectares. This is how we want to stimulate the associations between the small farmers”.

He also said that the structure of exploitations is not the one sought by Romania because there are 800,000 farmers with up to 5 hectares of land out of a total of approximately 1.4 million farmers. The Ministry of Agriculture wants to encourage the small farmer associations, which would be able to attract more European funds, as well as have a greater eligibility for loans.

Daniel Constantin claims that small farmers are the favorites of the Common Agricultural Policy for the 2014-2020. They will receive a 25% higher surface-based subsidy if they own at least 25 hectares. „We want to introduce this measure for a period of five years, in order to incentivize young farmers to stay in the rural area. On the Second Pillar, the amount can go as high as 70,000 Euros, depending on the budget”, Mr. Constantin. The Ministry of Agriculture also said that for Romania, there is a final decision to increase the co-financing out of European grants from 75% to 80%. The current absorption rate on the Rural Development is 62.5%, he said.

The Minister of Agriculture also announced that the disbursement of a 50% advance payment for the subsidy per hectare to farmers would begin today: „We want to pay out about 600 million Euros in about two weeks, so we can receive the reimbursements from the European Commission in January. That money will come from the Treasury and we will get it back from the Commission. Starting next year, the subsidy per hectare will amount to approximately 160 Euros”.

For the Surface Based Unified Payment Scheme (SAPS) for 2013, the amount allocated to Romania out of the European Fund for Guarantees in Agriculture (FEAGA) is 1.403 billion Euros, and the maximum amount of the payments is 139.17 Euro/hectare. On top of that amount, the government has approved an additional payment of 21 Euros per hectare out of the national budget, which will raise the total subsidy per hectare to 160 Euros per hectare.

The Minister of Agriculture also said that this was the first time when the Agency for Payments and Intervention in Agriculture (APIA) pays out the advance payment for the Second Axis, namely for the agro-environmental measures, for which 275 million Euros have been paid out.

Recently approved was the reintroduction of the payout of the diesel fuel subsidy because farmers had problems with the low prices this year, the Minister of Agriculture also said.

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