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Policy Transfer of the EU Common Agricultural Policy (CAP): Political and Socio-Economic Realities in New Member States (NMS)

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The European Union (EU) has developed into an extensive, integrated network of inter-governmental institutions linked through a wide array of regulations and policies. These common laws, known as the *acquis communautaire*, constitute the rights and obligations of all members. Following the disintegration of the Socialist bloc, many former communist countries prepared themselves for future EU membership with the hopes that it would bring economic stability to their shattered economies. Given their unfavourable socio-economic and political realities however, implementing the acquis communautaire proved to be more challenging in certain policy areas than in others. Several Central and Eastern European (CEE) states struggled particularly with the harmonization of policies, or the process of policy convergence, in the agricultural sector.

In conformity with EU requirements, each member has to adopt the Common Agricultural Policy (CAP) into domestic legislation. Following an analysis of the different avenues of policy transfer, it will be clear that in the case of CAP, regulations are either transferred through negotiation, or most often through a hierarchical mode of governance which combines hard-laws, soft-rules which encourage policy learning, as well as financial conditioning. Even though the EU requires members to abide by the established agricultural rules, the EU has given new Member States (NMS) the necessary freedom to implement their own local strategies.

In order to demonstrate the merits of this argument, the paper will be presented as follows. First, a theoretical perspective on the different forms of integration will help familiarize the reader with the policy harmonization process taking place in the EU. Second, a brief history of the CAP, including the major reforms it has gone through, will familiarize the readers with the policy‟s requirements. Furthermore, the CAP‟s role in the enlargement process will be analyzed, in order to see how it has affected a group of states whose agricultural production levels are much lower than those of older, Western Member States. Third, a case study will be presented as an analysis of the present-day situation in a post-communist member state. Due to its large rural regions, Romania, which joined the EU in 2007, currently receives one of the largest shares of development monetary support. Three years after becoming an EU member, an analysis of the socio-economic situation of Romanians living in rural communities will shed some light on whether these people have benefited from their country‟s accession to the European Union.

EU Integration – A Theoretical Framework

A few scholars (Bache, 1998; Gorton, Hubbard, & Hubbard, 2009; Rosamond, 2000; Stone Sweet & Sandholtz, 1998; Radaelli, 2000) have offered some insight as to how, and under what conditions, legislation becomes harmonized across national governments. In the case of the EU, policy convergence, a process in which "policies grow more alike, in the form of increasing similarity in structure, processes, and performances" (Kerr, 1983), can occur through three distinct avenues, mainly hierarchical governance, negotiation and facilitated unilateralism.

Hierarchical Governance

Hierarchical governance ensures policy harmonization through the enforcement of treaties and other legislation, which requires all EU states to adopt specific common policies and regulations that are common to all members. This transfer process of EU rules and regulations (formal and informal) into domestic legislations has also been refered to in political science literature as convergence through penetration (Bennett, 1991). This top-down process consequently results in constraints being imposed on actors, ensuring that there is respect for a system in which supra-national institutions dominate.

Nevertheless, the degree of *imposed measures* varies[1], since hierarchical governance can be implemented in three ways (Gorton, Hubbard, & Hubbard, 2009). F irst, the EU enforces a set of imposed mechanisms in policy areas where political actions taken at the national level have a direct impact on the effective functioning of the EU system. Thus, the EU requires that certain regulations are strictly followed by all members. Second, a *softer form of hierarchical transfer* may occur in policy areas where the EU enforces supranational policies, but gives member states the time necessary to „learn" how to properly adjust to a policy. Thus, while demanding that a policy is implemented, the EU will sometimes give states a say over how they wish to implement it. Moreover, softer legal sanctions would be applied if necessary. This is particularly the case with many new member states who are given time to adjust to a complex set of rules and norms.

Finally, the EU may force a country to comply with a policy by imposing *financial conditions*. This negative reinforcement technique is in most cases effective and ensures that a member redresses its actions. Moreover, since states benefit from EU funds, a reduction in financial support is likely to affect them significantly. In other words, the EU system not only ensures that member states take the necessary steps to implement

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[1] The original term presented by Gorton et Al. is „coercion". This has been replaced here with „imposition", since it does not seem to have a physical connotation to it. Also, this theory of „imposing measures" does not imply that the EU forces member states to adopt policies. Rather, it is based on the premise that states wilfully join the EU, and harmonize their policies with those of other members for their own benefit.

common EU policies, but that they also have the financial means to apply them. New member states have particularly benefited from EU funds which have been, and continue to be used in order to decrease the gap between old and new members. Thus, EU funds are particularly critical for NMS, since they ensure economic growth, political stability, and social content.

Negotiation

The process of negotiation constitutes the second avenue of policy convergence in the EU. In this scenario, rules are either implemented with the common accord of all members, or through majority voting. EU legislation can thus be sometimes negotiated at the discussion table. A country‟s success in having its own interests taken into consideration by the EU may depend on the level of flexibility in a state‟s position. In other words, policy convergence depends on whether states will argue ardently for a specific vote outcome, or whether they are willing to hear alternatives.

New member states, in many situations, are more likely to consider external suggestions since they seek acceptance from more established members. Indeed, even as Weyland (2005) argues, countries, in a quest for legitimacy, will comply with legislation in order to "showcase their modernity by adopting policies similar to those of more economically advanced countries".

This outlook offers an enticing explanation as to why NMS are ready to comply with emerging policies proposed at the EU level of governance, but does not explain the overall, top-down system of policy harmonization requirements under CAP.

Facilitated Unilateralism

Lastly, facilitated unilateralism is present in policy areas where member states retain sovereignty, but co-ordinate policy via EU institutions[2]. In order to obtain more economic, political and social benefits, governments may reassess their domestic policies based on ideas acquired from foreign exemplars. For instance, heads of state, ministers and other government representatives, while attending EU meetings and other events have the opportunity to interact with other members. Consequently, they are more prone to exchange ideas, as well as policy measures which may serve to benefit domestic interests.

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[2] This may include domestic policy areas such as employment, social inclusion, education, pensions, etc.

This in turn may lead to a diffusion of policies across borders, causing members to adopt similar policies, and eventually leading to a bottom-up harmonization of policies. In this scenario, non-enforceable rules or guidelines may also come from the EU. However, they would only be suggested in order to persuade actors to re-evaluate their policy practices. Although the facilitated unilateralism mode of governance is very limited in relation to the Common Agricultural Policy, and does not explain policy harmonization in this case, it may nonetheless provide an avenue through which domestic institutions may become more effective in implementing agricultural regulations.

TABLE 1: SOURCES OF POLICY HARMONIZATION IN THE EUROPEAN UNION *Cristina Onose
Hierarchical Governance 1. Treaties 2. Softer Rules (members given more leeway to 'learn') 3. Financial Conditionality
Negotiation 1. Qualified Majority Voting (QMV) or unanimous voting 2. Self-interest or common accord
Facilitated Unilateralism 1. Learning from other members 2. Advice from EU

E.U. Enlargement and the Common Agricultural Policy (CAP)

The CAP evolved as a system of subsidies guaranteeing high market prices for agricultural products (European Commission, 2008). Financial assistance was provided for the restructuring of the agricultural sector, so that farmers could adapt to the economic and social conditions of the time. Moreover, the Community[3] also intervened to buy farm output when the market price fell below an agreed target level (BBC News, 2008). In addition, the EU taxed imports and subsidized agricultural exports, which ensured that most consumers would buy domestic products. Even though prices remained high, these policies served to develop a stable agricultural sector.

[3] The EU was known as the European Community prior to 1992.

Until the CAP system was drastically reformed however, this complex support system also provided farmers with the opportunity and incentive to produce more. As a result, beginning in the early 1990s a series of reforms have aimed to reduce subsidies, and efforts were made to diversify the rural economy by moving it away from agriculture. Although reforms took place even before this decade, the first major alteration to the CAP system emerged in 1992. Known as the *MacShary Reform*, it addressed critical issues such as budgetary deficiencies, failure of certain CAP policies, and pressures from the World Trade Organization (WTO) to reduce EU interventionist policies (Pelkmans, 2006). Although it was realized that funding had to be cut for production, an alternative source of income had to be provided for those who could not compete in an increasingly deregulated market (Rizov, 2006). Thus, the EU abandoned its support for market measures and introduced instead direct payments to farmers. Interventionist measures such as storage and withdrawals of surplus products, funds to facilitate export, as well as support prices for cereals and beef, were reduced (Sheingate, 2000).

If the 1992 reform was meant to address the existing problems of the CAP system, the Agenda 2000 paid particular attention to the potential problems that may have arisen as a result of future accessions. Seeking to redefine the role of CAP, the reform of 2000 introduced – in addition to the policy`s traditional aims of sustaining the agricultural sector – a programme to encourage rural development (Gorton, Hubbard, & Hubbard, 2009). Pillar II, known as the Rural Development Regulation (RDR), introduced a new set of measures particularly focused on funding four types of initiatives, or axis (see table 2). These include increasing the competitiveness of the agricultural and forestry sector, improving the environment and countryside, diversification of the rural economy, as well as providing financial support for local initiatives (European Commission, 2008).

TABLE 2: AGRICULTURAL SUPPORT AND RURAL DEVELOPMENT STRATEGIES * Source: European Commission – Agriculture and Rural Development	
Agricultural Support	\ **Rural Development**

Training in new farming techniques and rural crafts Assisting young farmers to set up on farms Assisting older farmers to retire Modernising farm buildings and machines Assisting farmers to meet demanding EU standards, e. g. environmental, animal welfare and public health Helping establish food processing facilities on the farm so that farmers can earn more income from farm products by adding value to them Improving product quality and marketing of quality products Setting up of producer groups in the new Member States Support for farming in mountainous areas and other areas with handicaps	**Axis 1: Improving the competitiveness of the agricultural and forestry sector**: schemes promoting the establishment of young farmers, early retirement for farmers, advisory services for farmers and forest holders, assist farmers in adapting to the demanding rules laid down in EU legislation, encourage farmers to participate in schemes that promote quality food, etc. **Axis 2: Improving the environment and the countryside**: preserving the natural environment and landscape, protecting and improving natural resources, protecting water and soil. **Axis 3: Improving the quality of life in rural areas through diversification of the rural economy:** support for non-agricultural activities, funds for micro-businesses, promotion of tourism, renovating and developing villages, etc. **Axis 4: LEADER:** the implementation of local development strategies through public-private partnerships called "local action groups".

By 2003 however, a further set of CAP reforms was introduced. The Fischler reform created a Single Farm Payment (SFP) system which introduced the „de-coupling" measure, meaning that subsidies would not be provided anymore for specific agricultural products (Agriculture Council, 2003). Additionally, farmers now had to comply with nineteen „statutory management requirements", including environmental quality and animal welfare programmes. In order to provide more funds for rural development, the reform also called for a reduction of direct payments provided to bigger farms.

The Agenda 2000 and 2003 reform would particularly benefit the 2004 and 2007 acceding countries, which presented different development patterns in comparison with the established fifteen member states (EU-15). With the exception of the Mediterranean islands of Malta and Cyprus, this group comprised ten countries that were once part of the communist bloc which disintegrated after 1989. [4] Consequently, their political, economic, and social realities differed significantly from those of the established members. To be sure, even in the wake of accession, many were still struggling with the transition process, including market liberalization and privatization, reformation of governing structures and laws, as well as reassessments of social welfare policies. Nevertheless, the aspiration of joining the EU created many incentives for continued reforms. Most importantly, following accession, NMS would have access to EU"s common markets, providing them with better opportunities for economic growth.

As a result of EU enlargement, or territorial widening, new member states were also expected to integrate. This was to be achieved through a process of *deepening,* or a

[4] Acceding in 2004 were Hungary, Poland, Latvia, Lithuania, Estonia, Czech Republic, Slovakia, and Slovenia. Romania and Bulgaria joined in 2007.

transfer of EU policies into domestic legislation. Thus, along with the envisioned benefits of becoming a member of the European Union also came the responsibility of implementing a collection of complex, supra-national treaties. One of these treaties is the Common Agricultural Policy (CAP), which developed in response to the food shortages experienced across Europe following World War II (McGiffen, 2005).

In an effort to reduce national trade barriers for food products, as well as restructure the unproductive, domestic farming sector (Petrick, 2008), the CAP became, and still is, the most integrated and costly of all EU policies. In 2006, the CAP accounted for 45.4 percent of the EU's budget (BBC News, 2008). Due to the high importance given to the agricultural sector, the EU provided financial support to the applicant countries even in the pre-accession period. This would help them undertake the necessary measures that would facilitate implementation of CAP policies upon accession.

More specifically, two financial mechanisms were put in place. The Instrument for Structural Polices for Pre-accession (ISPA) was established to improve transport infrastructure and environmental protection, while the Special Accession Programme for Agriculture and Rural Development (SAPARD) facilitated the long-term adjustment of agriculture and the rural areas of the applicant countries (European Commission). The SEPARD incorporated fifteen measures from which candidate countries could select, in order to develop their own national seven-year agricultural and rural development plan for the 2000-2006 time-frame. Overall, these programmes, alongside other measures, were entrusted to narrow the development gap between the EU-15 and the twelve new Member States (EU-12) much quicker than it otherwise would have.

Socio-Economic Realities and CAP Implementation in NMS

The latter reforms of the CAP were particularly beneficial for the agricultural areas of acceding countries. As a result of the two most recent waves of enlargement, another seven million farmers were added to those of the EU-15. As such, more than 91 per cent of EU territory is now considered rural (European Commission, 2010). In terms of agricultural land, the EU-12 added about fifty-five million hectares (a 40 percent increase) to the one hundred and thirty million hectares of the EU-15. Despite this increment however, agricultural production in the EU- 27 only expanded by about ten to twenty percent.

Indeed, stark overall differences exist between the EU-12 and EU-15. As opposed to the more established members, land use in NMS is very fragmented (see Image 1 and Table 3). Following the privatization of collective farms in many of the post-socialist states, most agricultural land was divided into small scale farm units[5] (Toma, 1998). Nowadays, the unproductive size of small farms, combined with a lack of technical capacity, inefficiency, and poor access to loans, makes small and vulnerable farms much more ill-suited in adapting to the modern competitive markets. In contrast, the farms within the more established member states have better access to loans, are much better equipped, much larger, and thus more productive.

To make matters worse, many NMS have opted for a CAP policy which restricts funding for small farms. In the pre-accession process, countries were offered the option of implementing a system known as the Single Area Payment Scheme (SAPS)[6]. This meant that farmers would receive a flat-rate, per-hectare payment irrespective of what is produced, as long as their land was maintained in good agricultural condition (Dimireva, 2009). Moreover, each subscribing country had to choose the minimum land size that could be considered eligible for a direct payment. Even though the EU suggested a threshold of 0.3 hectares (ha), all CEE countries chose 1 ha as the minimal size (Gorton, Hubbard, & Hubbard, 2009). While this provides more funding for larger farms, it does not make available a much need income supplement to numerous small farms which are already struggling to survive.

Consequently, poor and unproductive agricultural farms have also led to limited rural development. This inadequate economic growth has also been hindered by the difficulty in establishing private co-ownership farms that could increase production, efficiency and competitiveness. On the one hand, this hesitation has been exacerbated by rivalries, jealousies

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[5] Czech Republic, Slovakia, and Hungary are an exception

[6] All of the new members, except Slovenia and Malta, chose SAPS (Europa, Press Releases 2004)

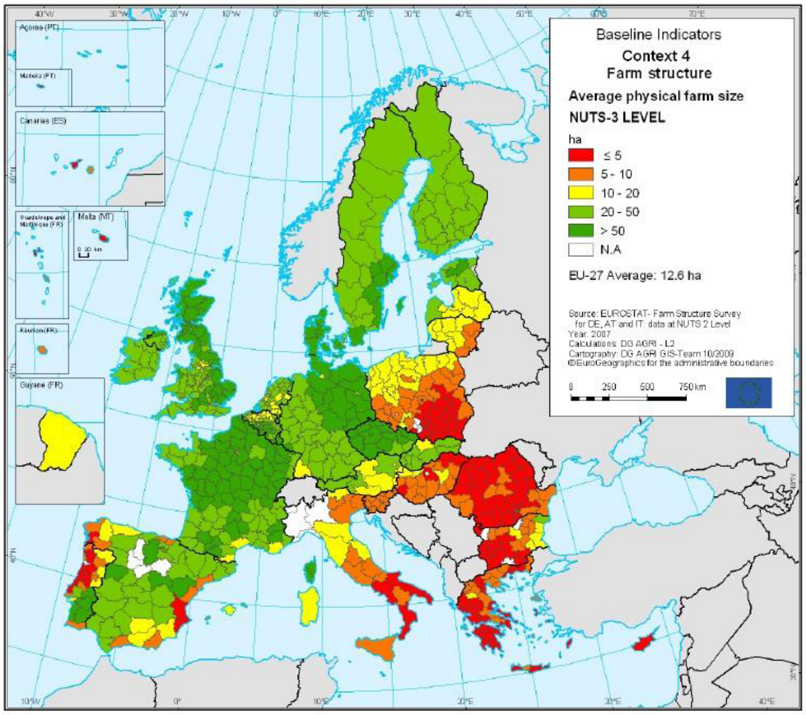

Image 1: Map indicating average farm size in EU states

Source: European Commission Rural Development Report 2009

Table 3: Average physical farm size in EU States

Source: European Commission Rural

	Table 3.3.4.3.1	Table 3.3.4.3.2		
Indicator	Context 4 Farm Structure			
Sub-Indicator	**Average Physical Farm Size**	**Physical Farm Size Distribution**		
Measurement	average physical farm size	% of farms in different size classes		
Source	Eurostat Farm Structure Survey	Eurostat Farm Structure Survey		
Year	2007	2007		
Unit	ha	% of farms		
Subdivisions		% farms < 5 ha	% farms >= 5 - < 50 ha	% farms >= 50 ha
Country				
Belgium	28.6	25.4	56.3	18.3
Bulgaria	6.2	94.9	3.9	1.3
Czech Republic	89.3	50.4	33.0	16.7
Denmark	59.7	3.7	62.0	34.2
Germany	45.7	22.6	54.4	23.0
Estonia	38.9	36.1	52.8	11.1
Ireland	32.3	6.5	75.7	17.7
Greece	4.7	76.2	23.0	0.8
Spain	23.9	52.8	37.5	9.7
France	52.1	24.7	37.9	37.4
Italy	7.6	73.3	24.3	2.4
Cyprus	3.6	86.5	12.6	1.0
Latvia	16.5	40.9	54.4	4.7
Lithuania	11.5	60.5	36.5	3.0
Luxembourg	56.8	17.9	34.0	48.1
Hungary	6.8	89.4	8.6	1.9
Malta	0.9	97.4	2.6	0.0
Netherlands	25.0	28.0	57.5	14.5
Austria	19.3	33.5	59.7	6.8
Poland	6.5	68.5	30.5	1.0
Portugal	12.6	72.6	23.9	3.6
Romania	3.5	89.8	9.8	0.4
Slovenia	6.5	59.0	40.4	0.5
Slovakia	28.1	87.2	8.6	4.2
Finland	33.6	9.7	69.6	20.7
Sweden	42.9	15.0	60.3	24.7
United Kingdom	53.8	39.8	35.5	24.7
EU27	12.6	70.4	24.5	5.1
EU15	22.0	54.5	34.6	10.9
EU12	6.0	81.6	17.4	1.0

and antagonisms stemming from the socialist years and the privatization process of cooperation and state assets. At the same time, many of these farmers usually lack skills in business cooperation (Rizov, 2006). Instead, they prefer to enter into verbal contracts.

Aknowledging these realities, the EU allocated a larger share of CAP funding to rural development projects (Dwyer, 2005). However, RDR funds are provided indirectly. In most cases, it is the ministries of Agriculture that overlook this process, in collaboration with the European Commission (EC), and a domestic central paying agency. Through cooperation with regional and municipal public institutions, the funds are administered accordingly to the approved projects.

In many cases however, large portions of the reserved funds are not even accessed. This puzzling reality can be explained in two ways. First, ministries are faced with technical barriers in drafting up the required strategic plan, which outlines rural development strategies. For example, this report needs to include information as to how much money will be reserved for each of the axis. Moreover, a detailed plan needs to explain the strategic choices selected from a wide range of options from within each category. Under the third axis, for instance, a country may select, among others, option "321- Basic services for the economy and rural population", or "322- Village renewal and development" (Directorate-General for Agriculture and Rural Development, 2009).

Second, NMS domestic institutions are sometimes corrupt. In most cases, immediate pay-offs are more important than long-term economic development. They are thus more likely to focus on providing direct subsidies to people they know. For example, it was noted in Poland – yet true of other states as well - that farmers who were closely related to the political parties which represent agricultural interests have benefited more from the CAP direct payments (Bavarova, Hockmann, & Peiniadz, 2004). This may serve to explain why non-farming-related projects are, in general, marginally addressed by ministries of Agriculture, and why, in many cases, agri-environmental and non-farm measures have been dropped from most plans (Friends of the Earth Europe, 2004).

Even the European Commission`s Regular Report (2002) on Progress Toward Accession indicated that the most troubling problems affecting EU-12 are related to three aspects: poor management, lack of information, and poor control systems for payments. First, domestic institutions are generally under-staffed, which means that they are largely inefficient. Second, many farmers, who find it difficult to understand CAP measures and their implementation, rely on their local public institutions to provide them with comprehensive explanations. As a case study in Bulgaria has shown, staff in NMS are usually well trained, but the low wages draw them to other jobs. Naturally, re-training new employees takes time, creating a shortage of experts. Lastly, the poor implementation process is largely to be blamed on local agencies which were entrusted with the financing and implementation process (Gorton, Hubbard, & Hubbard, 2009). For example, Romanian Payment Agencies, which are nonetheless criticized for being set-up in haste to meet EU accession criteria, still have a high rate of errors. In comparison with the EU average of two percent, Romania, along with Bulgaria and Greece, have a national average rate of over ten percent (HotNews.ro, 2010).

Given the low administrative capacities of these countries, and their socio-economic realities, more supra-national technical assistance should be provided. As for institutional inefficiencies and corruption, the EU should consider stricter control measures which may provide an avenue for encouraging a more effective domestic governance system. In some cases, the EU has taken penalizing action measures, thus reinforcing the idea that the EU acts through the hierarchical theory of imposed measures. For example, in 2008 the Commission asked several states[7] to pay back "unduly spent money on illegal agriculture subsidies" (Rizea, 2008).

[7] Including Germany, Spain, France, Great Britain, Greece, Italy, the Netherlands, Poland and Sweden.

Therefore, the EU has re-enforced CAP‟s superiority through negative reinforcement and financial conditionality. Nonetheless, the EU has also ensured policy transfer through a controlled learning system. For example, in order to control cases of unaccountable over-spending, NMS were set to receive considerably lower initial financing rates than their more established counterparts. In their first year of accession, their funding budget was set at only 25 percent of the EU-15 level (Gorton, Hubbard, & Hubbard, 2009). The budget was to increase by five percent each year, until the two acceding groups would reach the hundred percent level in 2013, and 2016 respectively. Nevertheless, in order for the NMS to obtain more individual benefits from the CAP, the EU allowed members to supplement these funds with national ones, to a maximum of 30 percent[8], thus reaching the full funding level earlier (Baker, 2003).

Even though the EU has tried to control for potential problems in the implementation of the CAP in NMS, the institution‟s sympathy towards their domestic realities have caused it to be rather lenient at times when the rules have not been followed or properly implemented. It is this particular approach to policy transfer that has been ineffective in many of the new member states. The following case study will present readers with a concrete example as to why the benefits envisioned to result from the Common Agricultural Policy have not reached the majority of farmers and rural communities. Moreover, it will illustrate how the lack of a more stringent monitoring EU system has led to inefficient domestic institutions.

Case Study: Romania

The agricultural sector is particularly important to Romania. With a population of over twenty-two million, Romania employs forty-four percent of its population in the agricultural sector (Lungescu, 2004). At first glance, this large percentage would suggest that the country is agriculturally self-sustainable. According to a report of the European Commission (2008) however, Romania, along with Bulgaria, has the lowest agricultural production in the European Union. Indeed, the Romanian rural economy, widely dominated by agriculture, is still weakly integrated within the market economy. Considering that it houses a third of EU farmers (Nistor, Nan, & Borza, 2009), it is troubling that Romania does not work thirty to forty percent of its agricultural land, importing instead seventy percent of its food (HotNews.ro, February 23, 2010).

8 Thus, in the first year of accession, a country may have the 25% + 30% = 55% of EU-15 level. With an increase of an annual 5%, a country would be able to reach the 100% mark by 2010.

In Romania, there are three types of farms; generally, small farms are those less than five hectares (ha), medium ones are between five and fifty ha, and large are over fifty ha (Vidican, 2008). Medium farms form only 12 percent of the total, even though they could provide a much needed balance between agricultural production, as well as the rural development and environmental strategies outlined in Pillar II. In contrast, more than half of the farms in Romania are small, family run entities whose crops and livestock are either used for individual household consumption, or sold locally in small amounts. The problem is that since most farms are under one hectare, they are ineligible for EU funds (EurActiv, 2007). The big farms on the other hand, are prospering particularly in the southern part of the country where some of the biggest farms in Europe can be found (Mardell, 2010). Since more land means more EU funding, these farms are also able to expand and are increasingly taking over smaller ones [9].

The grants provided by the EU also make it easier for large farm owners to buy new technology and hire more people, leaving smaller farms unable to compete (EurActiv, 2009). Most importantly, by not being able to access EU funds, poorer farmers cannot invest in measures which would help them to conform to strict EU standards, such as for farm hygiene and food safety. For example, most Romanian farmers milk the cow by hand, whereas EU regulations prohibit this. Traditional methods of cheese production are also under scrutiny, thus requiring a switchover to machinery. Even though the EU has given them time to adapt, these farmers are threatened with fines if they choose to sell these products on the market.

Although CAP policies may be blamed for not providing effective measures for improving the socio-economic situation of small farmers and rural communities, domestic governance problems are largely to blame. Indeed, even the „Complementing EU Support for Agricultural Restructuring Project for Romania" offered in 2007 focused on providing domestic guidance by assisting the government in completing property title registration of rights, providing socio-economic guidance to the agricultural population, and assisting the government to improve its management strategies (World Bank, 2007). Even EU Agricultural Commissioner, Dacian Ciolos, said that Romanian agriculture suffers because of political considerations. He explains that Romanian Payment Agencies, set up in haste to meet EU accession standards, continue to make many errors (HotNews.ro, February 23, 2010).

In an interview, Commissioner Ciolos stated that, despite being selected for getting European money, over 1,000 projects from the National Program of Rural Development are blocked because banks refuse to co-finance projects. As a remedy

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9 Many farms are also being bought by foreign farmers who purchase land in Romania because it is much cheaper.

to this problem, payment agencies should become more effective in revising these initiatives, so that they are as similar as possible with the banks` criteria. In most cases, however, banks will only give out loans (until EU money comes in) if they believe that the project will bring them returns, or if the person applying has a good standing bank account which ensures that the amount will be paid back. Thus, it is easy to see how those with money (the large farms) are able to access the EU`s money easier, than those owning smaller farms (Tapalaga, 2009).

Considering the extremely large number of small farms, a potential solution for Romania, aside from governance improvements, is to invest more money in organic farming. The growing demand for organic products in other European markets, combined with Romania's low-cost labour and plentiful arable land means that organic cultivation and production could be extremely successful for local producers and outside investors. Moreover, it would help advance the environmental protection goal of Pillar II. For example, a World Wildlife Fund (WWF) report indicated that large scale intensive agriculture in Romania, combined with extensive fertilizer use, harms habitat and plant life (Act Media News Agency, 2009). Thus, aside from being more productive and competitive, small scale organic farming would also serve environmental and food safety concerns.

Conclusion

The purpose of this paper has been two-fold. First, it has provided a theoretical framework through which readers were better able to understand the different modes of CAP policy harmonization in the new Member States. Following this analysis, it is clear that the CAP has been implemented through a top-down, hierarchical policy transfer which requires the NMS to conform to EU agricultural regulations. Several examples have shown that these states have also been given the opportunity to implement individually suited policies through a process of negotiation. While CAP policies are considered to be equally enforceable among all members, new members were able to negotiate a phase-in period in which they could opt for a set of regulations that would only apply to them until they were ready to take on the same responsibilities as the more established members. As such, even though membership required agricultural policy convergence through a hierarchical mode of governance, the EU also provided some negotiating power to NMS in recognition of their structural, political and socio-economic realities.

Second, this analysis it has investigated how the CAP system of agricultural and rural development policies have benefited or disadvantaged the rural communities of new Member States. Evidence from the Romanian case study – as is the case in many other NMS - suggests that a proper incorporation of the two CAP pillars into domestic policy goals has been hindered by a collection of post-socialist realities such as poor governance, lack of technical knowledge, and an inadequate system of accountability.

Overall, in order to address these problems, the European Union needs to provide more technical assistance to those states who struggle to adapt to a new, more complex agricultural system. Moreover, it should also create more incentives, and sometimes penalties, in order to encourage conservative governments to adopt the necessary reforms which would create a more productive and efficient rural economy, while improving the socio-economic situation of many people.

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