

**IMPLEMENTATION OF COMMON AGRICULTURAL POLICY PROVISIONS  
ON DIRECT PAYMENTS. CASE STUDY ROMANIA****ANDREA FEHER, MIROSLAV RAICOV**

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**ABSTRACT**

The concept of "common policy" faithfully reflects one of the defining features of the Common Agricultural Policy. Currently, CAP is built around two pillars: Pillar I- Agriculture and Pillar II- Rural Development. The main way to support agriculture is represented by direct payments. The Regulation (EU) 1307/2013 establishing rules for direct payments to farmers during the programming period 2014-2020 provides uniform payment schemes applicable in all Member States. Some of these schemes are compulsory (such as basic payment scheme or single payment area; payment scheme for farmers using agricultural practices beneficial for the climate and environment), others are optional, leaving it to countries if they want to apply these schemes or not.

The proposals for payment schemes applicable in Romania during the period 2015-2020 are: Single Area Payment Scheme (SAPS); Payments for Agricultural Practices Beneficial for the Climate and the Environment; Redistributive Payment; Payments for Young Farmers; Transitional National Aids and Simplified Scheme for Small Farmers.

**Keywords:** CAP, direct payments, strategy, economic growth

**INTRODUCTION**

For the rich countries of the world food security was and still it is a national priority that stimulated different methods of agricultural support and farmers protection. Within the European Economic Community, shortly after the signing of the Treaties of Rome in the year 1957 took place the Conference of Stress (1958) which, analyzing the state of agriculture in member countries of EEC, established a common strategy for the development of agriculture recorded, a few years later, within the Common Agricultural Policy (CAP) valid today as well, obviously, in a form adapted to current conditions in the European Union. (FEHER, 2009; GOȘA et al., 2014)

The provisions of the European Commission regarding the Common Agricultural Policy for the programming period 2014-2020 are in line with Europe 2020 Strategy, where is stipulating that in the future the economic growth in the European Union should be smart (based on knowledge and innovation), sustainable (according to the long term needs of the planet) and inclusive (beneficial to the whole society) (EUROPEAN COMMISSION, 2010).

Adopted in the year 2010, the strategy generically entitled "Europe 2020" includes the common objectives of the Member States in the view of a smart, sustainable and inclusive growth. Although launched at a time of economic crisis, the aim of the strategy was to contribute at improving the competitive position of the European Union at the horizon of the year 2020, maintaining the model of social market economy in parallel with the efficiency of resources use. In line with these priorities there were established the following objectives to be achieved by the horizon of the year 2020 at European Union level regarding the Common Agricultural Policy (*Figure 1*)(EUROPEAN COMMISSION, 2010):

**Objective no 1: Viable food production**

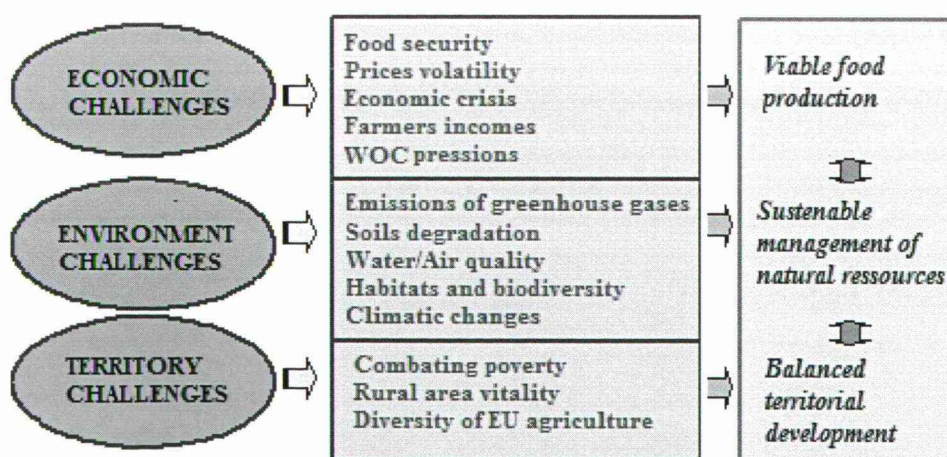
- to contribute at farm incomes and to limit their variability, given the prices and incomes volatility, as well the natural risks are more pronounced than in most other sectors and the incomes and profitability levels of farmers, are on average, lower than the rest of the economy;
- to improve competitiveness within agricultural sector and to increase the share of its value in the food chain, due to the fact that the agricultural sector is highly fragmented compared to other sectors of the food chain which are better organized and have therefore a higher bargaining power. In addition, European farmers are facing competition on the world market, they must also meet the high standards demanded by European citizens, in relation to environmental condition, food safety, food quality and animal welfare;

**Objective no 2: Sustainable management of natural resources and climate policies**

- to guarantee sustainable production practices and to ensure the improved provision of environmental public goods as many of the public benefits generated by agriculture are not remunerated through the normal functioning of markets;
- to encourage green growth through innovation which requires adopting new technologies, developing new products, changing production processes, and supporting new patterns of demand, especially in the context of the emerging bioeconomy;
- to move to actions of climate changes mitigation and of adaptation at these, allowing agriculture to respond to climate changes. Due to the fact that agriculture is particularly vulnerable to the impact of climate changes, by creating the needed conditions for the sector to better adapt to the effects of extreme weather fluctuations there can reduce the negative effects of climate changes as well.

**Objective no 3: Balanced territorial development**

- to support employment in rural areas and to preserve the social structure of rural areas;
- to improve rural economy and to promote diversification, in order to allow the local level to develop their potential and to optimize the use of additional local resources;
- to allow structural diversity of farming systems, to improve the conditions for small farms and to develop local markets, for agricultural structures and heterogeneous production systems to contribute at the attractiveness and identity of rural regions of Europe.



Source: Processing based on “The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future”, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2010

**Figure 1. The objectives of the Common Agricultural Policy for the period 2014-2020**

The European Commission has released the draft regulations package of the new Common Agricultural Policy in the European Parliament on 12<sup>th</sup> October 2011. With their presentation in the European Parliament, they have become the object of public debate, following by the end of 2013 the approval procedure and regulation of projects within the competent European bodies.

In December 2013 the European Commission has published the Regulations representing the legislative Package regarding Common Agricultural Policy for the period 2014-2020, namely:

- European Parliament Regulation (EU) no. 1305/2013 and Council Regulation of 17<sup>th</sup> December 2013 related to the support for rural development granted by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) no. 1698/2005;
- European Parliament Regulation (EU) no. 1306/2013 and of the Council Regulation of 17<sup>th</sup> December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) no. 352/78, (EC) no. 165/94, (EC) no. 2799/98, (EC) no. 814/2000, (EC) no. 1290/2005 and (EC) no. 485/2008;
- European Parliament Regulation (EU) no. 1307/2013 and Council Regulation of 17<sup>th</sup> December 2013 of establishing certain rules regarding the direct payments to farmers under support schemes within the Common Agricultural Policy and repealing Council Regulation (EC) no. 637/2008 and Council Regulation (EC) no. 73/2009;
- European Parliament Regulation (EU) no. 1310/2013 and Council Regulation of 17<sup>th</sup> December 2013 establishing certain transitional provisions related to the support for rural development granted by the European Agricultural Fund for Rural Development (EAFRD) and repealing European Parliament Regulation (EU) no. 1305/2013 and Council Regulation in what concerns the resources and their distribution for the year 2014, repealing Council Regulation (EC) no. 73/2009 and European Parliament Regulations (EU) no. 1307/2013, (EU) no. 1306/2013 and (EU) no. 1308/2013 and Council Regulations in terms of their implementation in the year 2014.

Regarding the Common Agricultural Policy, the European Commission provisions aim at preserving the two pillars architecture of the CAP with a budget for agriculture comparable to the level as in the previous programming period, a mechanism regarding direct payments redistribution between Member States and restructuring market measures. It is intended the Common Agricultural Policy to support sustainable agricultural activity in Europe by improving its competitiveness, by ensuring a proper supply and secure food provision, by preserving the environment and rural space while providing in the same time a fair standard of living for the agricultural community. "As such, it replaces the 27 different national agriculture policies and represents virtually "savings" for national budgets due to the fact that the direct support to farmers is provided through the EU budget without the need for national co-financing. It notes that the new CAP should lead to a more right and equitable system of support across the whole EU, by linking agriculture with the environment policy in the sustainable management of rural space and by ensuring of the fact that agriculture continues to contribute to a dynamic rural economy" (EUROPEAN COMMISSION, 2010).

## **MATERIAL AND METHOD**

The materials that were the basis for the present research were taken from official documents (EU and national legislation in the field, reports, press releases), statistical documents (Romanian Statistical Yearbook, Statistical Yearbook of the European Union Eurostat - both available as well online) and data obtained within the research from

database of certain public institutions (we mention here Ministry of Agriculture and Rural Development and the Agency for Payments and Intervention in Agriculture). The methods used were analysis, synthesis, comparison method, deduction and induction.

## RESULTS

Through the new financial package there are mainly allocated the financial resources to support CAP for the budget cycle 2014-2020:

- 1) € 296.0 billion for Pillar I (EU Regulation no. 1307 and no. 1310 of 17<sup>th</sup> December 2013 on Direct Payments);
- 2) € 95.7 billion for Pillar II (EU Regulation no. 1306 of 17<sup>th</sup> December 2013 on the support for rural development).

The allocations for direct payments to Member States in the form of national net ceilings, are presented in *Table 1*.

**Table 1. Annual national ceilings for direct payments**

Member countries	Annual national ceiling (millions €)				
	2015	2016	2017	2018	2019-2020
Austria	693.1	692.4	691.8	691.7	691.7
Belgium	536.1	528.1	520.2	512.7	505.3
Denmark	916.6	907.1	897.6	889.0	880.4
Finland	523.3	533.4	523.5	524.1	524.6
France	7553.7	7521.1	7488.4	7462.8	7437.2
Germany	5144.3	5110.4	5076.5	5047.5	5018.4
Greece	2039.1	2015.1	1991.1	1969.1	1947.2
Ireland	1215.0	1213.5	1211.9	1211.5	1211.1
Italy	3902.0	3850.8	3799.5	3751.9	3704.3
Luxemburg	33.6	33.5	33.5	33.5	33.4
Netherlands	780.8	768.3	755.9	744.1	732.4
Portugal	566.0	574.1	582.2	590.9	599.5
United Kingdom	3555.9	3563.3	3570.5	3581.1	3591.7
Spain	4842.7	4851.7	4866.7	4880.0	4893.4
Sweden	696.9	697.3	697.7	698.7	699.8
<b>Total EU-15</b>	<b>33247.9</b>	<b>33108.9</b>	<b>32955.7</b>	<b>32837.5</b>	<b>32719.2</b>
Bulgaria	721.2	792.4	793.2	794.8	796.3
Czech	874.5	873.7	872.8	872.8	872.8
Cyprus	50.8	50.2	49.7	49.2	48.6
Croatia	130.6	149.2	186.5	223.8	261.1
Estonia	121.9	133.7	145.5	157.4	169.4
Latvia	195.6	222.4	249.0	275.9	302.8
Lithuania	417.9	442.5	467.1	492.0	517.0
Malta	5.0	4.9	4.9	4.8	4.7
Poland	2987.3	3004.5	3021.6	3041.6	3061.5
<b>Romania</b>	<b>1629.9</b>	<b>1813.8</b>	<b>1842.4</b>	<b>1872.8</b>	<b>1903.2</b>
Slovakia	380.7	383.9	387.2	390.8	394.4
Slovenia	138.0	137.0	136.0	135.1	134.3
Hungary	1271.6	1270.4	1269.2	1269.2	1269.2
<b>Total EU-13</b>	<b>8927.5</b>	<b>9281.4</b>	<b>9427.7</b>	<b>9582.8</b>	<b>9737.9</b>
<b>Total EU-28</b>	<b>42175.4</b>	<b>42390.3</b>	<b>42383.4</b>	<b>42420.3</b>	<b>42457.1</b>

Source: Regulation (EU) no. 1307 Annex III and Regulation (EU) no. 1310 Annex II 2013

Based on the data presented, it results that in the year 2017 the maximum ceiling allocated annually is achieved for each Member State. It notes also the decrease of annual ceilings for a group of states (generally the old member states of EU) and the increase of annual ceilings for the group of new member countries of EU.

Comparing national ceilings on the utilized agricultural area of each Member State, the amplitude of differences (inequalities) is even more obvious (*Table 2*).

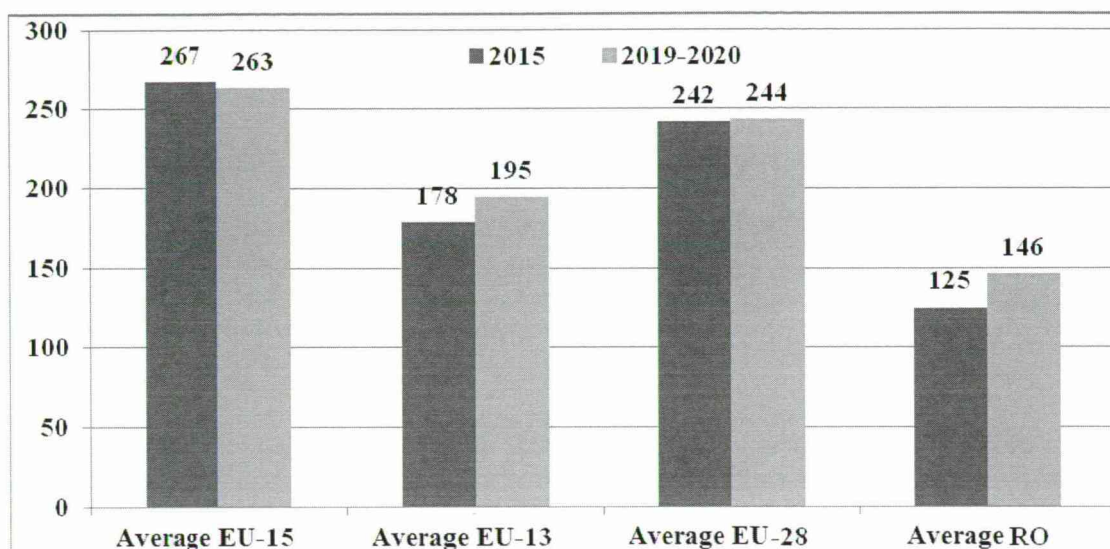
**Table 2. The situation of national ceilings (mil. €) and direct payments per UAA (€/ ha)**

Country	UAA (thsd ha)	2015		2019-2020	
		Nat. ceiling (mil. €)	€/ ha UAA	Nat. ceiling (mil. €)	€/ ha UAA
Austria	2727	693.1	254	691.7	254
Belgium	1308	536.1	410	505.3	386
Denmark	2619	916.6	350	880.4	336
Finland	2258	523.3	232	524.6	232
France	27739	7553.7	272	7437.2	268
Germany	16699	5144.3	308	5018.4	301
Greece	4857	2227	459	2135	440
Ireland	4959	1215	245	1211.1	244
Italy	12098	3902	323	3704.3	306
Luxemburg	131	33.6	256	33.4	255
Netherlands	1848	780.8	423	732.4	396
Portugal	3642	566	155	599.5	165
United Kingdom	17096	3555.9	208	3591.7	210
Spain	23300	4903.6	210	4954.4	213
Sweden	3029	696.9	230	699.8	231
<b>TOTAL EU-15</b>	<b>124310</b>	<b>33247.9</b>	<b>267</b>	<b>32719.2</b>	<b>263</b>
Bulgaria	4651	723.6	156	798.9	172
Czech	3491	874.5	251	872.8	250
Cyprus	109	50.8	466	48.6	446
Croatia	1571	130.6	83	261.1	166
Estonia	957	121.9	127	169.4	177
Latvia	1878	195.6	104	302.8	161
Lithuania	2861	417.9	146	517	181
Malta	11	5.1	464	4.7	427
Poland	14410	2987.3	207	3061.5	212
<b>Romania</b>	<b>13056</b>	<b>1629.9</b>	<b>125</b>	<b>1903.2</b>	<b>146</b>
Slovakia	1902	380.7	200	394.4	207
Slovenia	485	138	285	134.3	277
Hungary	4656	1271.6	273	1269.2	273
<b>TOTAL EU-13</b>	<b>50038</b>	<b>8927.5</b>	<b>178</b>	<b>9737.9</b>	<b>195</b>
<b>TOTAL EU-28</b>	<b>174348</b>	<b>42175.4</b>	<b>242</b>	<b>42457.1</b>	<b>244</b>

Source: Own calculations based on Regulation (EU) no. 1307 Annex III, and Eurostat for UAA 2013

From the table and the chart from below (*Figure 2*) there are noted significant differences in terms of support per hectare due to each Member State. The differences are maintained

due to the use of historical references (yields per hectare during the period 2000-2002) which further generates major imbalances, unfair competition or discrimination, with obvious negative effects, unbearable by the poorer countries of the European Union as it is Romania too.



**Figure 2. Support for direct payments relative to UAA in the years 2015 and 2019-2020 (Euro/ha)**

The largest subsidies will receive farmers from Cyprus, Greece and Netherlands, and the lowest subsidies will receive the first farmers from Romania, Latvia and Croatia.

Since 2015, according to Regulation (EU) no. 1307/2013, GO no. 3/2015, MARD Order no. 619/2015 and MARD Order no. 620/2015 of establishing rules related to direct payments granted to farmers, payment schemes that can be accessed by Romanian farmers are the followings:

- Single Area Payment Scheme;
- Transitional National Aid – TNA;
- Redistributive Payment;
- Payment for agricultural practices beneficial for the climate and the environment;
- Payment for young farmers;
- Coupled support scheme;
- Simplified scheme for small farmers.

The financial support will be granted only to active farmers, natural or legal persons or groups of natural or legal persons who can prove legal right to use the holding and are carrying in their farms an agricultural activity – are cultivating land or livestock, are maintaining the agricultural area by usual technologies under suitable conditions for grazing or cultivation or performing minimal activities on agricultural areas typically kept in a state suitable for grazing or cultivation.

The farmers who in the year prior to payment have received direct payments not exceeding the amount of EUR 5,000 are considered active farmers. To the list of exclusions from payments imposed at EU level, Romania proposed to include some businesses or similar non-agricultural activities- enterprises/ construction companies, National Forest, managers of private forests, prisons, UAT (villages, cities, towns, counties).

In the case when beneficiaries in the year prior to payment have received direct payments exceeding the amount of 5,000 euro and are found on the list of exclusions from payments, they can become active farmers if they prove that the agricultural activity carried on their exploitation represents their main activity, as follows:

- annual amount of direct payments is less than 5% of its total revenue derived from non-agricultural activities in the most recent fiscal year for which such evidence is available, or
- total revenues within the exploitation derived from agricultural activities represent at least one third of the total revenue in the latest fiscal year for which such evidence is available;

Ministry of Agriculture and Rural Development is the competent authority that manages European Union funds for agriculture and rural development, namely the European Agricultural Guarantee Fund (EAGF), being in line with the annual ceilings and budgetary commitments, agreements or agreed between the European Commission and the Romanian Government, as well as funds from the national budget.

Agency for Payments and Intervention in Agriculture is the institution responsible for the implementation of direct payment schemes for agriculture, having as financing source the European Agricultural Guarantee Fund (EAGF).

To benefit of granting direct payments, farmers must be enrolled in the Unique Register of Identification managed by APIA, to submit the single application for payment on time and to meet the following general conditions:

- to exploit an agricultural land with an area of at least 1 ha, the agricultural parcel area to be at least 0.3 ha and if greenhouses, solariums, vineyards, orchards, hops crops, nurseries, shrubs, the agriculture parcel area must be at least 0.1 ha;
- for the crops or plantations to be established starting with the year of demand 2018, to prove that is using seed/ seedlings officially certified in accordance with Law no. 266/2002 regarding the production, processing, quality control and certification, marketing of seeds and seedlings, as well as testing and registration of plant varieties, published in the Official Gazette of Romania, Part I, no. 239/2014, with the exception of farmers participating in the small farmers scheme;
- to declare all agricultural parcels, except those having an area less than 0.1 ha and those aggregated do not exceed 1 ha, as well as ecological focus areas that contribute at applying beneficial practices for the climate and the environment;
- to declare, when submitting the single payment application, the updated identification data and contact and notify APIA about changing them within 15 calendar days of the change;
- legal entities must notify APIA within 15 days about changes occurred in the records of the National Trade Register Office regarding: administrator/ administrators, registered office, scope of activity;
- any changes of the date stated in the single payment application, as well within supporting documents that occurred in the period between the submission date of demand and the date of payment granting shall be communicated within 15 days in writing to the APIA;
- to comply with cross compliance rules established through national legislation based on art. 93 and Annex II to Regulation 1306/2013, on the entire agricultural area of the holding;
- to present, when submitting single payment request or changes occurred, the needed documents proving the legal use of agricultural land, including of lands containing ecological focus areas and animals. These documents must be completed before the application of the single payment request and must be valid at least until 1<sup>st</sup> December of the application year;
- to allow performing checks by APIA or by other institutions certified in this regard;
- to mark the used parcel limits, when is cultured with the same culture with neighboring parcels. In the case when the limits of commonly used parcels are not marked on the land,

farmers can be penalized proportionately for overstatement and/ or for failure of cross-compliance rules;

- to identify, declare and define precisely the agricultural parcels in the GIS "IPA-ONLINE" electronic application made available by APIA and to use the available cadastral data. Starting with the year 2018 identifying and delimiting of all agricultural parcels is obligatory based on cadastral data.

Single Payment applications shall be submitted by 15<sup>th</sup> May of each calendar year at APIA centers. Single payment applications may also be submitted after 15<sup>th</sup> May, within 25 calendar days, with a reduction of 1% for each working day of the amounts to which the farmer would have been entitled if the single payment application had been submitted until 15<sup>th</sup> May.

1. Single Area Payment Scheme consist of providing a single payment per eligible hectare declared by the farmer, payable annually and decoupled from production. To receive this payment, farmers must meet as well other conditions to those listed above, among which we mention:

- to apply for payment request with correct and complete data, together with all documents requested by the Agency for Payments and Intervention in Agriculture;
- to comply with cross-compliance rules;
- the farmers who in the year preceding the year of application for payment request, have received direct payments of over 5000 euros, to state at least the quality of self-employed person, individual or family businesses.

For this scheme Romania allocates minimum 47% of annual national ceiling EAGF.

2. The transitional national aids represent additional payments to be granted from the national budget to farmers from vegetal and livestock sectors that benefited from complementary national direct payments in the year 2013. The conditions of granting transitional national aids are identical to those authorized to grant payments related to the year 2013.

3. Redistributive payment is an annual payment intended for farmers who are entitled to the single area payment. Redistributive payment is additional to single payment, it is payable annually and it is decoupled from production. There can not benefit of redistributive payment farmers who created artificial conditions to receive support or those who have divided their holdings only after October 18<sup>th</sup>, 2011 only in the purpose to qualify for redistributive payment, or farmers whose holdings are the result of the concerned division. Redistributive payment shall be granted for the first 30 ha, irrespective of farm size and is allocated gradually on two levels - for the first 5 ha and for the remaining 25 ha.

For this payment Romania allocates about 5.3 - 5.7% of the national ceilings EAGF 2015-2020.

4. Payment for agricultural practices beneficial for the climate and environment (payment for greening) is a payment that is granted to farmers who are entitled to the single area payment and who are compulsory applying on all their eligible hectares the following agricultural practices beneficial for the climate and the environment :

- a) diversification of crops;
- b) the maintenance of existing permanent pastures;
- c) the presence of an ecological focus area on the agricultural land.

The payment for agricultural practices beneficial for the climate and the environment, it shall apply to all farmers who are applying all practices that are set depending on the specific of holding and/ or crop structure. Farmers who practice organic farming system and hold a supporting document issued by an inspection and certification body approved by the Ministry of Agriculture and Rural Development benefit by default of the payment



for lands in conversion or certificates of the holding, used for organic production. Farmers who have the entire holding of permanent crops benefit of payment by default. In order to finance the payment for greening is using 30% of the annual national ceiling set out in Annex II to Regulation 1307/2013.

The amount of payment for greening per eligible hectare is calculated annually by dividing the related ceiling by the total number of eligible hectares. Crop diversification consists of the existence of different cultures on arable land, based on area as follows:

- a) at least two different crops on areas between 10 to 30 hectares and the main crop to cover maximum 75% of the arable land;
- b) at least three different crops on areas of over 30 hectares and the main crop to cover maximum 75% of arable land, respectively the two main cultures to cover together maximum 95% of the arable land;
- c) by exception, where arable land area is covered in proportion of over 75% with grass or other herbaceous plants or fallow, the main crop on the remaining arable land area occupies maximum 75% of the remained arable land.

Farmers whose holdings are larger than 15 hectares shall ensure that, starting with the year 2015, minimum 5% of the arable land declared includes one or more of ecological focus areas as below:

- a) terraces;
- b) elements of landscape - hedgerows, woodland strips; isolated trees, trees in groups, clumps of bushes in the plains area or trees in alignment; field edges; ponds; gutters;
- c) buffer zones located on the edges of flowing or standing water;
- d) areas with forestry species of short production cycle;
- e) wooded agricultural fields;
- f) areas with topsoil;
- g) areas with nitrogen-fixing crops;

5. Payment for young farmers includes giving an annual payment to farmers eligible for the single area payment.

Young farmers means those individuals who:

- a) are established for the first time within an agricultural holding as leaders of the exploitation or who were already established in one of the five years preceding the first submission of an application under the single area payment scheme;
- b) have a maximum age of 40 years in the mentioned application year;
- c) submit the proof of graduation at least certain training courses of short duration.

The payment for young farmers shall be granted to each farmer for a period not exceeding five years. From that period is subtracted the number of years that have passed between the mentioned establishing and the first application for payment for young farmers.

The legal persons applying for the single area payment, irrespective of their organization form are receiving the payment under the scheme for young farmers if the following conditions are fulfilled:

- a) are effectively and sustainably controlled in terms of management decisions, of benefits and financial risks by at least one young farmer in the first year when the legal entity applies for the single payment under the scheme for young farmers;
- b) the young farmer complies with the related conditions.

The payment for young farmers is granted to legal persons only as long as at least one of the individuals who exercised the control over the legal person in the first year of its application for payment under the scheme maintains the control.

In order to finance the payment for young farmers, there are using maximum 2% of annual national ceiling set out in Annex II to Regulation 1307/2013.

The amount of the payment per hectare is 25% of the amount of the single payment area per hectare and it is granted for maximum 60 eligible hectares declared by the farmer.

6. Coupled Support Scheme is granted only in sectors or regions where particular types of farming or specific agricultural sectors which are particularly important for economic, social or environmental reasons undergo certain difficulties. The sectors and productions concerned are: protein crops, grain legumes, hemp, rice, grains, hops, sugar beet, fruit and vegetables, milk, mutton and goat meat, beef meat and silkworms.

For this scheme, Romania allocates 13.7% in the year 2015 and 14.9% in the year 2020, of the annual national ceiling EAGF.

7. Small Farmers Scheme involves providing an annual payment to farmers eligible for the single payment with the compliance of the following rules:

- The farmer receives an amount of direct payments equal to the total amount of payments to which the farmer is entitled each year (single area payment, ANT, redistributive payment, payment for greening and, where applicable, the payment for young farmers and coupled support) but no more than 1250 euros;

- During participation in the scheme, small farmers:

a) are exempted from using the agricultural practices beneficial for the climate and the environment;

b) does not apply administrative sanctions for non-compliance with cross-compliance rules;

c) keep at least a number of eligible hectares corresponding to the number of eligible hectares declared in 2015.

After at least one year, farmers may opt to move to the small farmers scheme of RDP, scheme that provides granting of 120% of direct payments level to which the farmer is entitled, if he undertakes to permanently transfer his entire holding to another farmer.

Considering all these payment schemes we simulated direct payments (*Table 3*) which can charge farmers depending on the area they hold and depending on the category to which each farmer is part of.

**Table 3. Direct payments to farmers during the period 2015-2020 (EUR/ ha)**

		2015		2016		2017		2018		2019-2020	
1-5 ha	SAPS	Max	74	Max	82	Max	84	Max	85	Max	85
	Greening	170	49	181	54	183	55	184	56	184	57
	Redistributive		5		5		5		5		5
	Young farmer	Min	23	Min	23	Min	23	Min	23	Min	23
	Vegetal TNA	128	19	141	17	144	16	146	15	148	13
5-30 ha	SAPS	Max	74	Max	82	Max	84	Max	85	Max	86
	Greening	210	49	221	54	223	55	224	56	224	57
	Redistributive		45		45		45		45		45
	Young farmer	Min	23	Min	23	Min	23	Min	23	Min	23
	Vegetal TNA	168	19	181	17	184	16	186	15	188	13
30-60 ha	SAPS	Max	74	Max	82	Max	84	Max	85	Max	86
	Greening	165	49	176	54	178	55	179	56	179	57
	Redistributive		0		0		0		0		0
	Young farmer	Min	23	Min	23	Min	23	Min	23	Min	23
	Vegetal TNA	123	19	136	17	139	16	141	15	143	13
>60 ha	SAPS	Max	74	Max	82	Max	84	Max	85	Max	86
	Greening	142	49	153	54	155	55	156	56	156	57
	Redistributive		0		0		0		0		0
	Young farmer	Min	0	Min	0	Min	0	Min	0	Min	0
	Vegetal TNA	123	19	136	17	139	16	141	15	143	13

Source: own calculations, taking into account the annual ceilings granted by the EAGF and allocations for each payment scheme

It appears that the biggest grant is possible to be charge by farmers holding between 5-30 ha, due to the fact that for this category of farmers redistributive payment is granted. So, a farmer who owns between 5-30 ha can benefit in the year 2015 of maximum 210 euros/ ha and the year 2020 maximum 224 euros/ ha. The smallest grants can be obtained by farmers who own more than 60 hectares (RAICOV ET AL., 2014; GOŞA ET AL., 2014).

## CONCLUSIONS

It has become increasingly difficult to justify the substantial differences between the level of support per hectare granted to Member States resulting from the use of historical references, further distorting agricultural products market with public money. The right given to Romania and Bulgaria to contribute from national budgetary resources to complement national ceilings, merely confirms the existing inequalities between old EU member countries and new EU Member States. Romanian farmers will receive the lowest subsidies from the EU together with the farmers from Latvia and Croatia.

For the period 2015-2020 Romanian farmers have seven new payment schemes that they can access through the Agency for Payments and Intervention in Agriculture. Entering the multiple payment schemes causes complication, not simplification of the Common Agricultural Policy. This fact will lead at hindering the process of grants allowance to farmers.

The conditions for granting direct payments for the period 2015-2020 are making much harder due to: (i) the Agri-Environmental conditions that must complied by farmers (crop diversification, maintenance of existing permanent pastures and the presence of an ecological focus area on agricultural land); (ii) unequivocally identification of agricultural parcels that allows a tolerance of only 0.75 meters to their identification within IPA online system.

Farmers who in the previous year of payment received grants exceeding EUR 5,000 must become active farmers. Those who received grants of less than 5000 euros are automatically considered active farmers.

The amounts received by each farmer will be influenced by the size class of the farm, by the farmer's age and the application of certain agri-environmental conditions.

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