

## POTENTIAL RURAL DEVELOPMENT ANALYSIS IN WESTERN AND CENTRAL REGIONS THROUGH COMMON AGRICULTURAL POLICY

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**Abstract:** *Common Agricultural Policy (CAP ) is considered to be one of the most complex and controversial agrarian policy of all time (Stead, 2007). Between 2007- 2013, almost 34% of total EU budget were directed to CAP (Marchiş, 2011). Regarding the development potential of the Western and Central regions there are significant differences concerning the geographic location and demographic characteristics. . Thus, the Western Region (V) is characterized by the large share of agricultural land/inhabitant, in and around Arad and Timisoara area, large areas of forests, especially in Caras-Severin county. The Central Region (VII) is characterized by the existence of numerous resorts and spa centers (Poiana Brasov, Predeal, Păltiniş, Sovata, Tusnad etc.) and a large numbers of protected areas, national parks, natural monuments and reservations.*

**Key words:** CAP, rural development, Western Region, Central Region

### INTRODUCTION

Since 2007, the CAP has invested almost 10 billion euro in agriculture and rural areas of Romania, aiming to stabilize farmers' incomes, modernize and increase the sustainability of romanian farms and ensuring safe and quality food supply for its citizens.

Through the PNDR 2007-2013 over 76 000 farmers and more than 3 000 non-agricultural SMEs received European support. Also, about 13,000 young farmers have access EU funds for their installation in rural areas. Within the projects implemented, were created about 40 000 jobs, of which about 5500 for women, and in projects under implementation will be created another 61,000 jobs. In addition, through the measures of rural infrastructure modernization, renovation and modernization of villages have benefited over 3 million rural residents.

### MATERIALS AND METHODS

#### **The main objectives for this study are:**

- Evaluation of rural development potential of Western (V) and Center (VII) Regions;
- Advantages and disadvantages of administrative, demographic, geographic development of the two regions;
- Identification the opportunities to exploit development potential by using funding sources of CAP.

To achieve the above objectives is necessary to collect primary and secondary data. Primary data will be collected from farmers, and the secondary ones will be collected mainly from the National Institute of Statistics, Agricultural Department, Agency for Payments and Intervention in Agriculture. The main method of data recovery will be represented by the SWOT analysis.

**RESEARCH RESULTS**

• **Central Region**

Central Region economy has a balanced structure, the highest share is represented by industry.

A recent economic process is the emergence of economic clusters. In the Central Region were developed clusters in the field of wood, biomass, electrical engineering, food industry, and this process is expected to grow in other fields also.

According to the Romanian Statistical Yearbook (ch. 15, The enterprise activity), small and medium enterprises have been developed since 1990, so in 2011 accounted for 73% of the number of staff and 63% of the turnover of local industry, construction and services.

<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• The location of this region in the center of the country, with direct links to the other six regions</li> <li>• The presence of large areas of forests and forestry framework which helps to preserve the ecosystem of the region</li> <li>• High degree of urbanization - Central Region has the most urban areas: 57 cities, three of them have over 100,000 inhabitants</li> <li>• The existence of a growth pole (Brasov) and two urban development poles (Targu Mures and Sibiu)</li> <li>• The proportion of employed persons who have completed higher education is increasing</li> <li>• There are 13 universities, research centers in almost all fields of science</li> <li>• Network of public highways is crossed by the main European highways (E81, E68, E60) and the European Corridor IV</li> <li>• The economic structure is relatively balanced</li> <li>• Significant volume of foreign direct investment (2nd place after Bucharest-Ilfov)</li> <li>• Significant agricultural potential, including organic farming</li> <li>• The existence of numerous resorts and spa centers (Poiana Braşov, Predeal, Păltiniş, Sovata, Băile Tuşnad etc.)</li> <li>• The presence of numerous protected areas, national parks, nature parks, natural monuments and reservations.</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Mountainous relief require road and rail access only on certain gangways</li> <li>• Only half of the watercourses in the Central Region have a good ecological status</li> <li>• Large number of villages aren't connected to public utilities infrastructure</li> <li>• Demographic decline and aging population, especially in rural areas</li> <li>• Unemployment rate is higher than the national average</li> <li>• Inadequate local transport infrastructure, particularly in the mountainous northwestern region</li> <li>• Lack of highways and high capacity roads</li> <li>• Old Railway Infrastructure circulating with very low speeds, is incompatible with Union requirements</li> <li>• Poor health and educational infrastructure in small towns and rural areas</li> <li>• Educational issues of poorest population groups, particularly of roms, have increased the number of institutionalized children</li> <li>• Economical connection of the region with the European Union market is relatively low</li> <li>• Insufficient valorisation of tourism resources in the Region</li> </ul>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Utilisation of renewable energy sources (biomass, micro-hydro, solar)</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Increased negative impact of climate change and the irrational exploitation</li> </ul>

<ul style="list-style-type: none"> <li>• Advantageous position of the Region in relation to European projects oriented to transport infrastructure</li> <li>• Elaboration of development plans between cities (Brasov, Sibiu)</li> <li>• Moderate improvement of demographic indicators</li> <li>• Training on labor market</li> <li>• Improving and expanding transport infrastructure</li> <li>• Ensuring quick links between the Central Region and other regions of Romania (aviation, highways)</li> <li>• Research development potential and transfer the research results to the economy</li> <li>• Increase funding for research - development - innovation, with the support of European policies in the field</li> <li>• International increased demand for cultural tourism, eco-tourism, health tourism</li> <li>• Creating viable economic alternatives in rural areas</li> </ul>	<p>of natural resources</p> <ul style="list-style-type: none"> <li>• Increasing disparities between large urban centers and small and medium cities</li> <li>• Increase the aging population and demographic decline, causing depopulation and disappearance of some localities</li> <li>• Educational issues of poorest population groups, particularly in RRoms</li> <li>• Degradation of road transport infrastructure by overloading European and national roads</li> <li>• Increasing environmental pollution on new transport areas, due to the lack of protection measures</li> <li>• Unfavorable external economic developments may negatively affect the economic future of Central Region</li> <li>• Decreasing the level of investments for this region</li> <li>• The danger of flora and fauna degradation in protected areas, due to uncontrolled tourism in this region</li> <li>• Irrational exploitation of forests</li> </ul>
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• **Western Region**

In terms of economic development, Region 5 West is considered a developed region with an economic potential above the national average.

Territory West Region can be divided into two subregions, facing distinct structural problems and levels of development.

First, includes Caras-Severin and Hunedoara county, plus Nădrag city and its adjacent area located in the Timis county. Here have developed since the 19th century, extractive industries, steel, metallurgical and allied industries. After 1990, this area has experienced a great decline, due to restructuring and reorganization, resulting a high number of unemployed people.

The second sub-region includes territory of Timis and Arad counties. This subregion with early diverse industrial development is currently the favorite area for foreign productive investments in Romania.

<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Favorable location of the Region in the western part of Romania, on main roads and railway from EU countries to Romania</li> <li>• GDP/capita of the region is higher than the national average, occupied the second place after Bucharest Ilfov</li> <li>• Diversity areas of activity of companies in Arad and Timis</li> </ul>	<p style="text-align: center;"><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>• The existence of mono-industrial areas, undergoing restructuring and facing major social problems (in Petrosani Basin and the southern of the region)</li> <li>• Disparities between region counties regarding the economy</li> <li>• GDP of Harghita and Caras-Severin counties is below the national average</li> </ul>
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<ul style="list-style-type: none"> <li>• Woodworking sector is well developed in Caras Severin and Harghita</li> <li>• Diversified industrial structure and range of raw materials for industry</li> <li>• The existence of major multinational companies in the IT and automotive field</li> <li>• Large number of foreign investors in agriculture</li> <li>• The Region has four airports, two of which are international (Arad and Timisoara)</li> <li>• The Region is crossed by three international railway lines</li> <li>• Traditional centers of higher education in medicine, economy, agriculture and mechanics (universities and institutes concentrated in Timisoara and Arad)</li> <li>• Long experience in research university, applying the results in economy, industry, agriculture</li> <li>• Ideal alpine areas with peaks over 2500 meters, summer tourism and winter sports developed (Straja, Semenic, Little Mountain, Parâng)</li> <li>• Natural heritage, the region offers many cultural attractions</li> <li>• Existence of a large number of spas resort (Baile Herculane, Geoagiu Bai, Moneasa, Lipova, Buziaș)</li> <li>• Reservations and protected areas (national parks – Cheile Nerei-Beușnița, Cheile Carașului, Semenic, Valea Cernei, Retezat, Zarand, natural parks - Iron Gates, Orăștiei Mountains - Dacian Fortresses, dendrological parks - Simeria, Gurahont)</li> <li>• High degree of urbanization (63.7% urban population in the region, with 76.9% in Hunedoara);</li> <li>• Developed urban centers: Timisoara, Arad</li> <li>• The existence of a large number of NGOs providing social services to beneficiaries</li> <li>• The large share of agricultural land/capita in Arad and Timisoara area</li> <li>• Large areas of forests, especially in Caras</li> <li>• High percentage of business tourism market and transit (international traffic corridors: Nădrag-Deva and Timisoara - Herculane)</li> </ul>	<ul style="list-style-type: none"> <li>• Small share of high tech industry in the Caras and Harghita areas</li> <li>• Reduced number of SMEs in rural and disadvantaged regions</li> <li>• High level of unemployment in Caras-Severin and Harghita counties</li> <li>• Business support infrastructure is inadequate and unevenly distributed in the region</li> <li>• The decline of steel and mining industries</li> <li>• Modernized road density is low compared to the national average</li> <li>• Small number of highways compared with demand</li> <li>• Decrease of research personnel and abolition of some major research institutes</li> <li>• Poor cooperation between administrative authorities, industry and CDI structures</li> <li>• Linking Poor's labor market between supply and demand</li> <li>• Low investment in human resources of SMEs</li> <li>• Number of young people working in research is low, they prefer other better paid jobs</li> <li>• Alpine areas used below their potential (Zărand, Poiana Ruscă, Godeanu-Cernei, Metaliferi, Parâng, Masivul Găina etc.)</li> <li>• Low quality of tourist services offer</li> <li>• Inadequate infrastructure access to sights</li> <li>• The progressive degradation of the natural and cultural heritage</li> <li>• Lack of education of the population in rural areas, necessary to promote tourism in these villages</li> <li>• Lack of facilities in villages located at higher altitudes</li> <li>• Tourism offer is poor (poor quality of tourism products offered, low qualification of personnel, lack of networks).</li> </ul>
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<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Increase the number of investors in Caraş_Severin and Hunedoara counties through their migration from Arad and Timisoara</li> <li>• SMEs are generating new jobs, especially in services and investments</li> <li>• Access of the Structural and Cohesion Funds of the EU</li> <li>• The involvement of foreign investors in technological innovation activities or to establish innovation centers in the region's economic units</li> <li>• Specialization od industrial parks on different fields depending on the characteristics and potential of the area</li> <li>• Construction of motorways Nădlac-Arad-Timişoara, Deva-Sibiu and Timișoara-Belgrad have an impact on the development of companies and increase attractiveness for foreign investors</li> <li>• Providing scholarships can stimulate young people to stay in research institutes</li> <li>• Existence of Multidisciplinary Research in West Association ACMV</li> <li>• Attract major international tourism investors in the Region and integration into international tourist circuits the West Region</li> <li>• Develop thematic tourism circuits in West Region</li> <li>• Introduction of the Danube area and isolated alpine regions in local tourism offers</li> <li>• Existence of Union funding programs and financing human resources</li> <li>• Increase the number of investors in Caras-Severin and Hunedoara counties</li> <li>• Increase the competitiveness of enterprises through investment in research – development - innovation programs</li> <li>• Informing the population in terms of business opportunities in the Region, including those in disadvantaged areas</li> </ul>	<ul style="list-style-type: none"> <li>• Low adapting of businesses and local investors to the conditions imposed by the EU</li> <li>• Market invasion with imported products, to the detriment of locals</li> <li>• Reduced specialization in industry areas and the lack of consistent retraining programs</li> <li>• The attractiveness of these areas for investors is reduced</li> <li>• Labor force employed on black market</li> <li>• Improper development of business infrastructure</li> <li>• Degradation of social and health services infrastructure</li> <li>• Poor transport infrastructure, over demand</li> <li>• Insufficient investment in regional tourism</li> <li>• Region's tourism offers are not competitive on the international market</li> <li>• Social problems due to the restructuring of the mining sector (Petroşani Basin)</li> <li>• Decrease and aging of population</li> <li>• Migration of young and specialized labor force to EU countries</li> <li>• Lack of jobs in rural and isolated areas</li> <li>• Inappropriate recovery of agricultural production</li> <li>• Negative balance between birth - death</li> <li>• Excessive agglomeration of urban areas (Timisoara, Arad) cause degradation of urban life.</li> </ul>

## CONCLUSIONS

Each region represents development opportunities depending on its location, geographical distribution, landforms and existing infrastructure. Thus:

- In the Central Region the main resources that can be exploited through CAP are the sources of renewable energy, biomass, and highlighting the potential of agro-tourism areas especially ones located around major resorts

- The main resources of Western region that can be used through the CAP are: agrotourism, particularly in mountainous Banat (Caras-Severin) and extensive exploitation of agricultural areas in Timis and Arad

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