

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

# Romania

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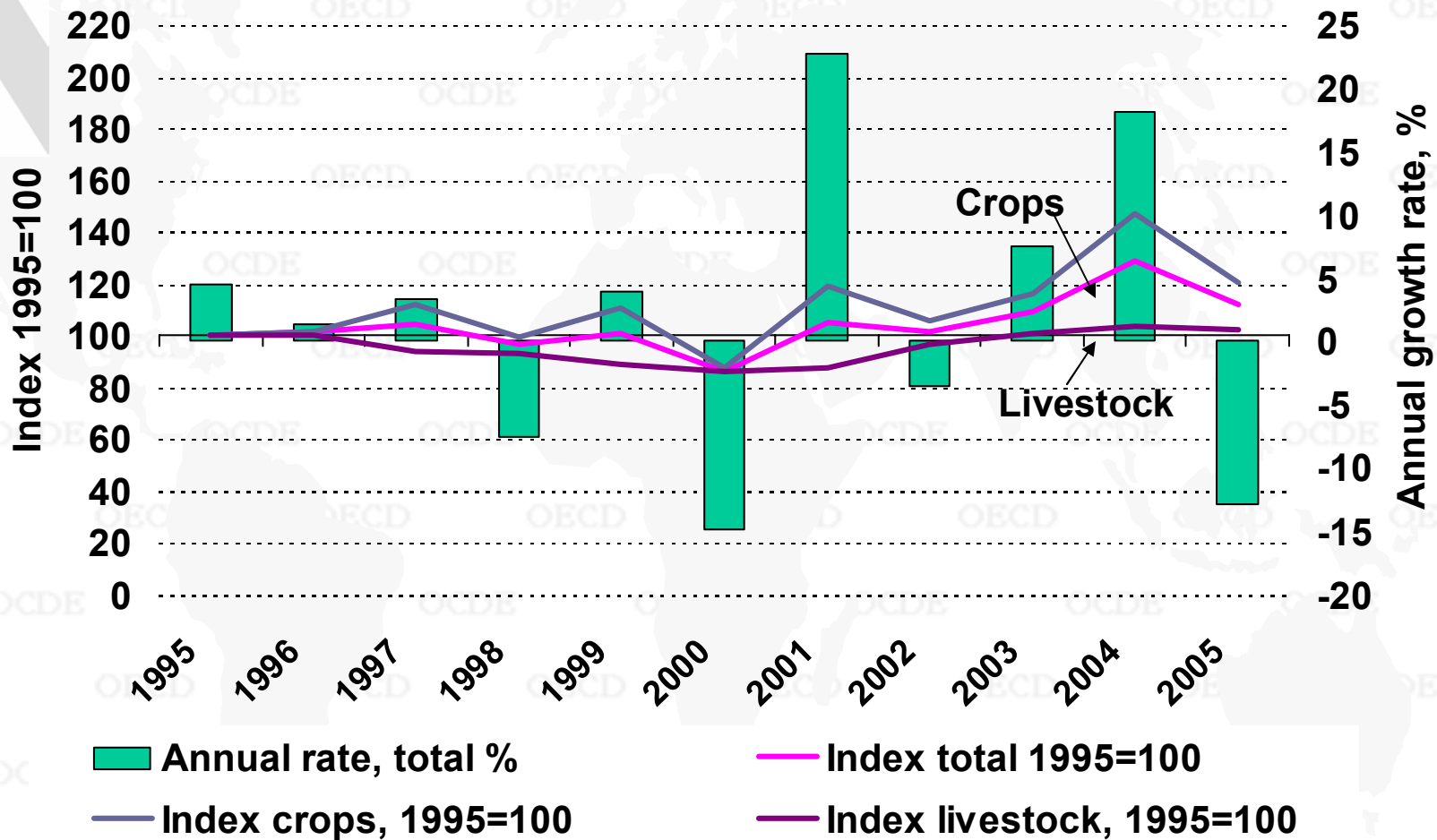
Global Forum, 20-21 November 2006



## Policy context

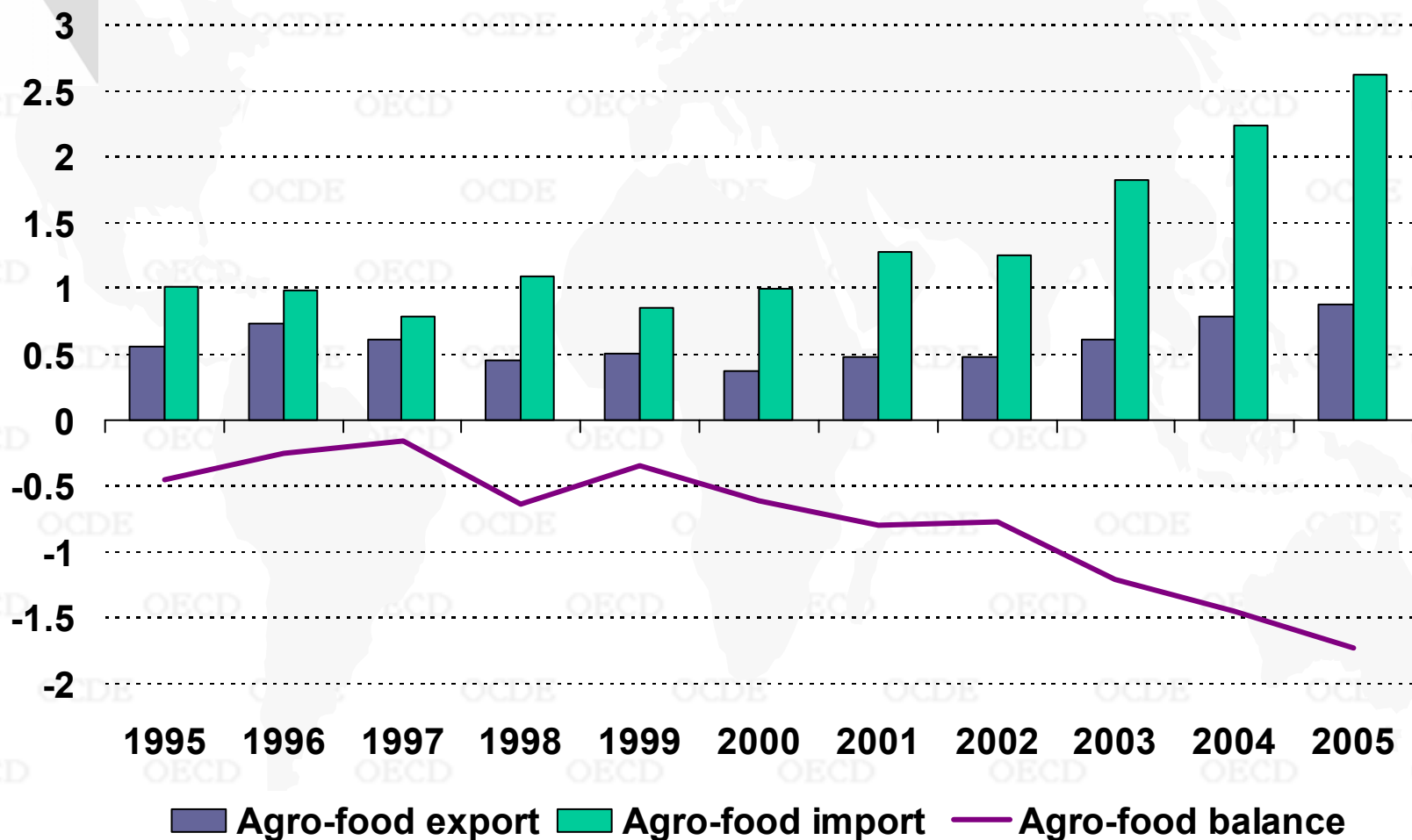
- Agriculture accounts for one-third of total employment but...
- ...its contribution to GDP is less than 10%
- ...and its share in total trade is 3% for exports and 7% for imports.
- Large gap in labour productivity between agriculture and the rest of economy
- Agriculture less integrated with global markets than the rest of economy

# Agricultural output is highly variable, reflecting mainly variation in crop yields



# Agro-food trade deficit increased

USD billion

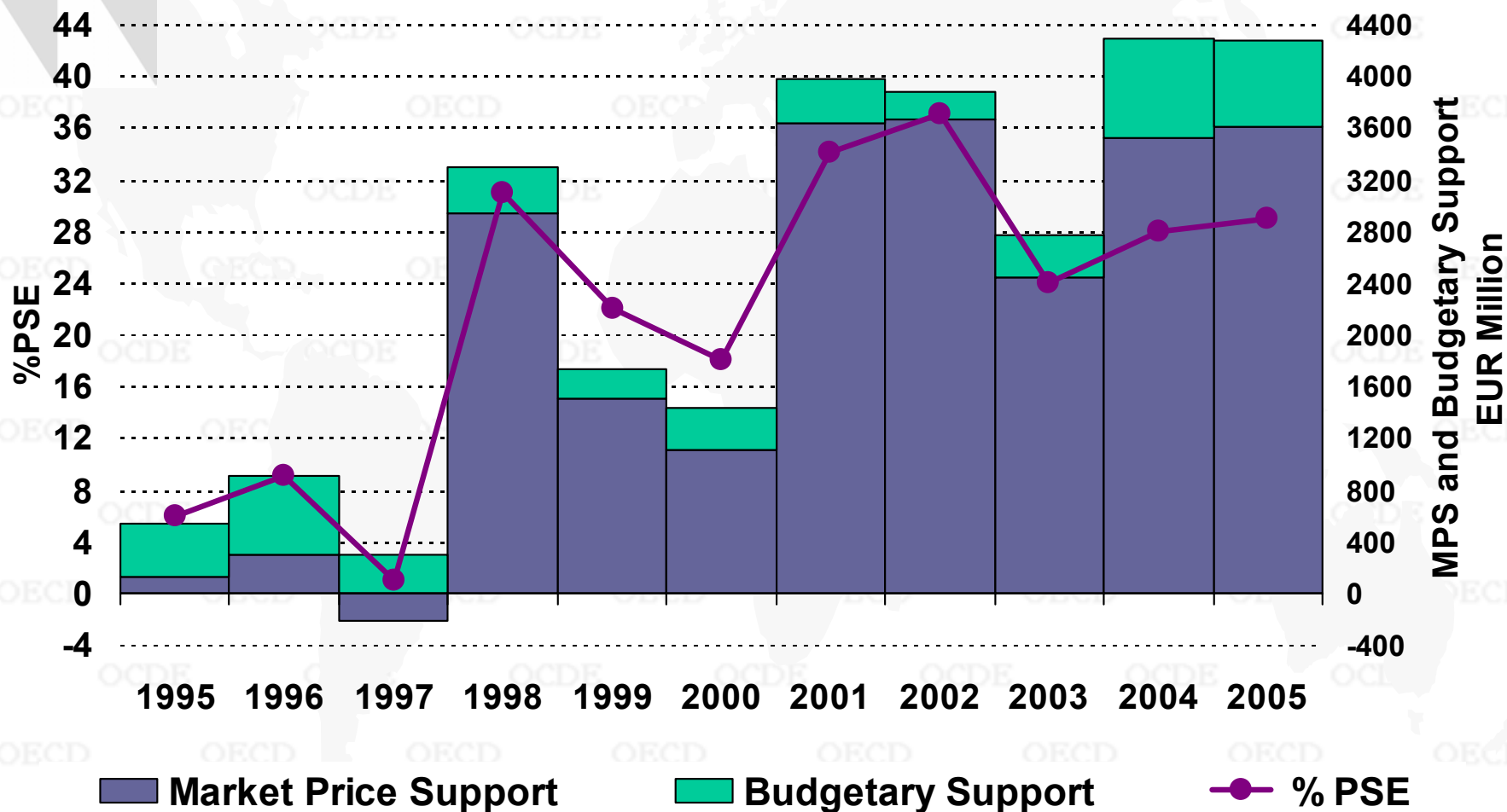




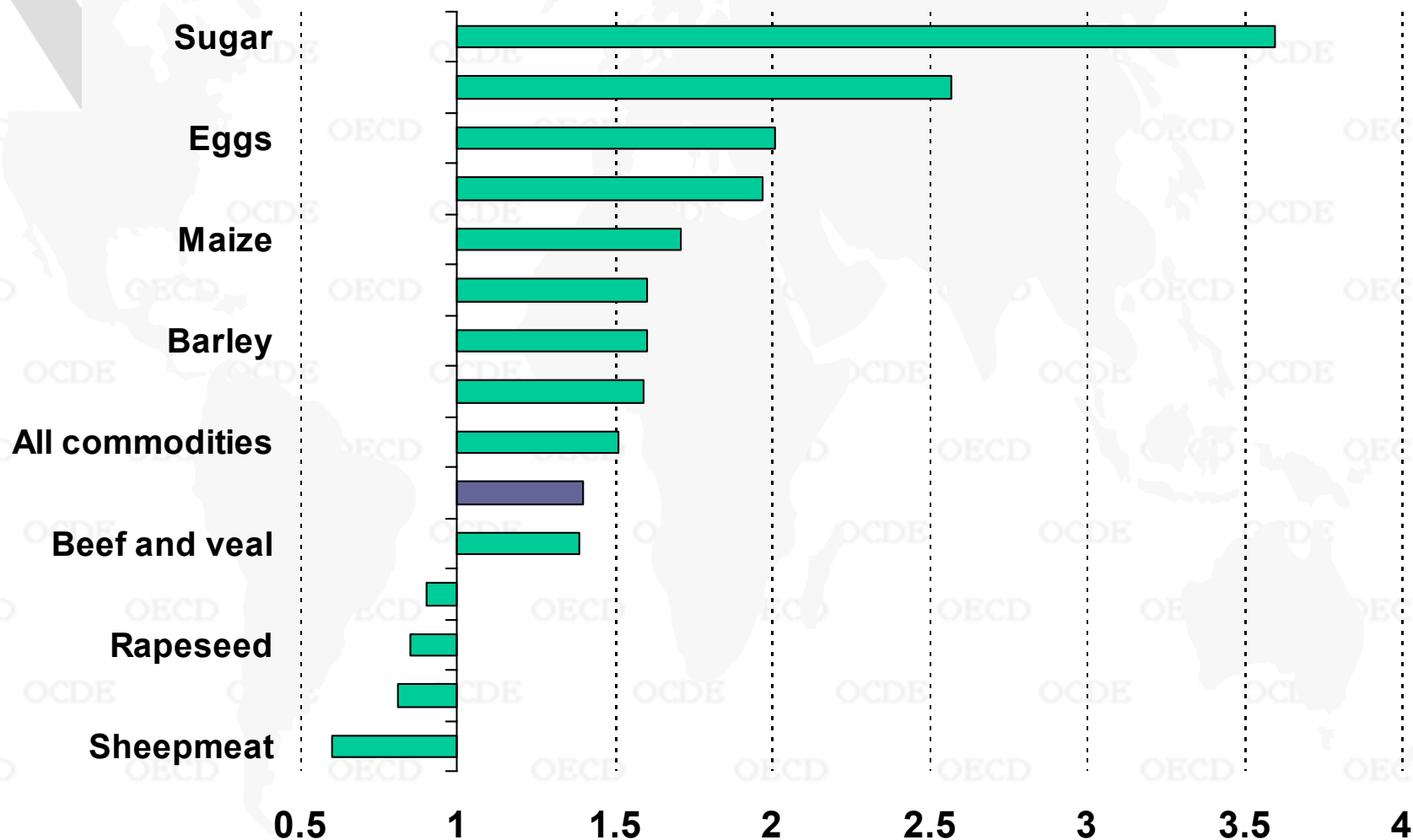
## Recent policy developments

- Price support maintained through trade barriers (which increased significantly in the last decade), but the use of export subsidies is well below WTO entitlements
- Payments per hectare of crops increased from 2002
- Payments per tonne of meat or milk were replaced by payments per head in 2006
- Various input subsidies continue to be used
- Implementation of SAPARD accelerated in 2006

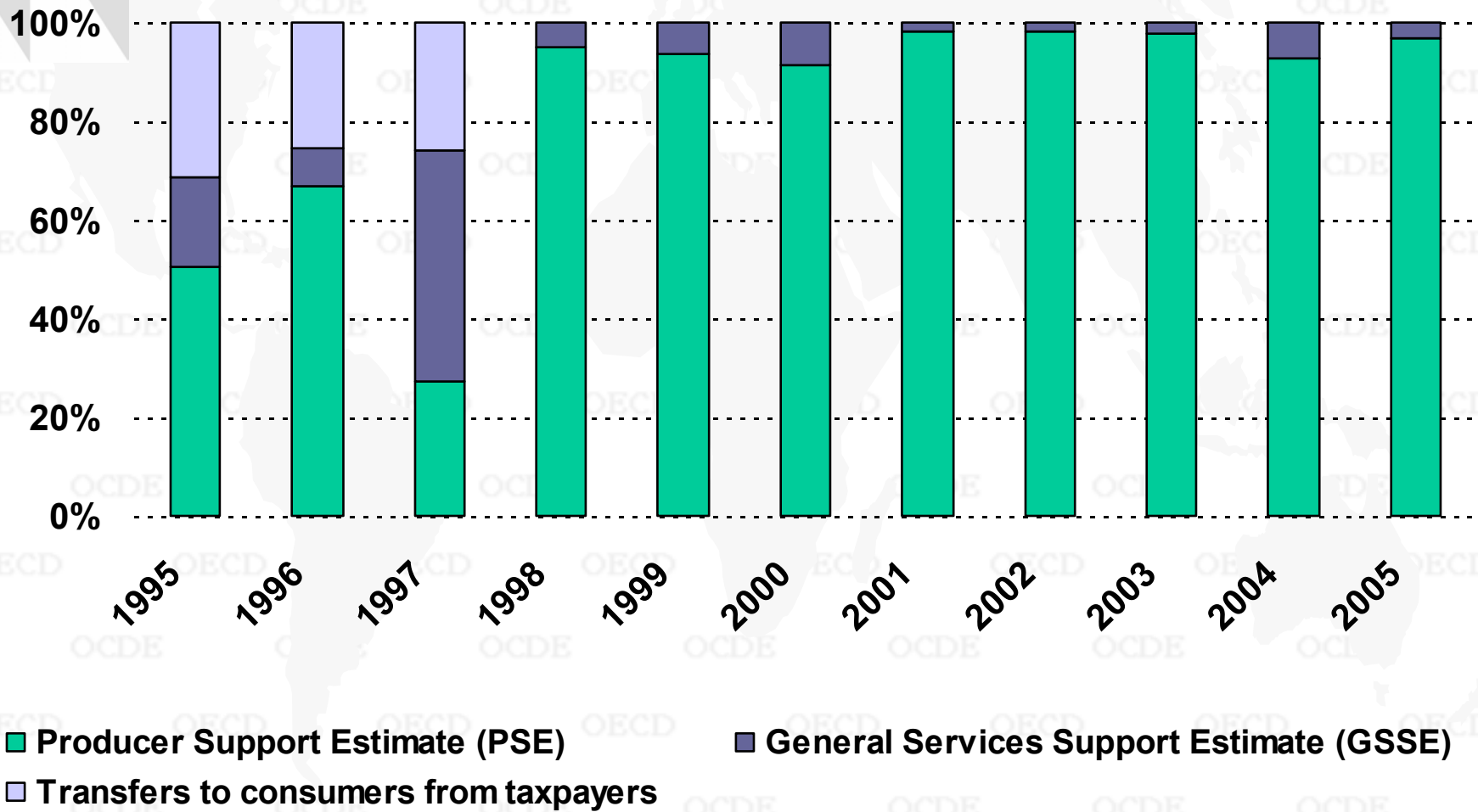
# PSE level and composition over time



# Producer NPC by commodity 2003-05 average



# TSE composition over time





## Policy evaluation and recommendations

- When Romania joins the EU on 1 January 2007, it will enter the Common market and apply the Common Agricultural Policy
- Within the flexibility offered by the CAP, opting for the most decoupled options should improve the market orientation of the sector, and targeting policies to specific objectives should improve the efficiency of agricultural policy