

ROMANIA: ESTIMATES OF SUPPORT TO AGRICULTURE

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DEFINITION AND SOURCES

Country Total Support Estimate (TSE) and derived indicators in **Table 1** cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programmes applied in the country. For the Producer Support Estimates (PSE) and Consumer Support Estimates (CSE), where relevant the description of policy measures indicates where the policies are related to specific commodities. "MPS commodities", which vary across countries, are those for which market price support is explicitly calculated in Table 4.

Table 2 provides a breakdown of the total PSE into four categories reflecting the flexibility given to farmers regarding which commodity to produce within the various policy measures. These categories are: Single Commodity Transfers (SCT); Group Commodity Transfers (GCT); All Commodity Transfers (ACT); and Other Transfers to Producers (OTP). All data sets in Table 2 come from Tables 1 and 3 where definitions are included.

Producer Single Commodity Transfers (PSCT) by commodity in **Table 3** are calculated only for the commodities produced in the country within a common set of commodities (wheat, maize, barley, oats, soybeans, sunflower, rapeseed, sugar, milk, beef and veal, pigmeat, poultrymeat, sheepmeat, eggs and other single commodities), provided that the value of production of that commodity exceeds 1% of the total value of production in the country concerned. All data sets in the calculation of PSCT by commodity come from Tables 1 and 4 where definitions are included.

Market Price Support (MPS) and Consumer Single Commodity Transfer (CSCT) by commodity in **Table 4** are calculated for the following commodities: wheat, maize, barley, oats, soybeans, sunflower, rapeseed, sugar, milk, beef and veal, pigmeat, poultrymeat, sheepmeat, and eggs. Definitions are provided only for basic data sets from which all the other data sets in this table are derived, following the formula indicated in each commodity table.

Definitions of the indicators, criteria of classification of programmes included, and methods of calculation can be seen in OECD, Methodology for the measurement of support and use in policy evaluation [<http://www.oecd.org/agr/policy>].

The description of budgetary measures in Table 1 covers the period 1995-2006.

Table 1. Romania: Total Support Estimate

Definitions:

I. Total value of production (at farm gate): total agricultural production valued at farm gate prices, i.e. value (at farm gate) of all agricultural commodities produced in the country [1].

1. Of which share of common commodities (%): share of commodities for which MPS is explicitly calculated (in Table 4) in the total value of agricultural production.

II. Total value of consumption (at farm gate): consumption of all commodities domestically produced valued at farm gate prices, and estimated by increasing the value of consumption (at farm gate) of the MPS commodities according to their share in the total value of agricultural production $[(II.1) / (I.1) \times 100]$.

1. Of which MPS commodities: sum of the value of consumption (at farm gate prices) of the MPS commodities produced in the country as indicated in Table 4.

III.1 Producer Support Estimate (PSE): associated with total agricultural production, i.e. for all commodities domestically produced (Sum of A to G, when negative, the amounts represent an implicit or explicit tax on producers).

A. Support based on commodity outputs

A1. Market Price Support: on quantities domestically produced (excluding for on-farm feed use -- *excess feed cost*) of all agricultural commodities, estimated by increasing the MPS for the common commodities according to their share in the total value of agricultural production $[(\sum \text{MPS commodities}) / (I.1) \times 100]$.

A2. Payments based on output

Premium for milling wheat (1998-2001): payment per tonne of wheat.

Transfers included in the Wheat SCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Storage cost compensation for wheat (1997-99, 2003, from 2005): budgetary expenditures on support to compensate farmers for the costs of wheat storage. Storage support is limited to 1.5 million tonnes and RON 32 million.

Transfers included in the Wheat SCT.

Production limits: Yes because of quantitative limits on support; Variable payment rates: NO; Input constraints: NO.

Premium for milk (from 2000): payment per litre of cow or buffalo cow milk. The payment is granted to agricultural producers selling milk to economic operators specialized in milk processing and having an appropriate producing license.

Transfers included in the Milk SCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Premium for sheep milk (2004, 2006): payment per litre of sheep milk.

Transfers included in the Sheep SCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Supplementary price payments for production to be sold (from 2002): payments per tonne of wheat and rye, barley, maize, rapeseed, sunflower, soybeans, sugarbeet, and other crops (fruits and vegetables, tobacco). Budgetary expenditures are identified for each eligible commodity. The list of eligible commodities changes every year. There are quantitative production limits to support.

Transfers included in the Wheat, Barley, Maize, Rapeseed, Sunflower, Soybeans, Sugar and Other SCTs.

Production limits: Yes because of quantitative limits on eligible production; Variable payment rates: NO; Input constraints: NO.

Production subsidies for livestock (from 2002): payments per tonne of beef, poultry, pig, eggs, without production limits or constraints on input use. Budgetary expenditures are identified for each eligible commodity. There are quantitative production limits to support.

Transfers included in the Beef, Pigeat, Poultry, and Egg SCTs.

Production limits: Yes because of quantitative limits on eligible production; Variable payment rates: NO; Input constraints: NO.

B. Payments based on input use

B1. Variable input use

Soil improvement subsidy (until 1995): budgetary expenditures on support for amendment of acid and alkaline soils used for crops.

Transfers included in the ACT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Fertiliser subsidy (1991-97): budgetary expenditures on coupons, paid per hectare, for purchasing fertilisers for wheat.

Transfers included in the Wheat SCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Subsidies for imported fodder (1992-96): budgetary expenditures on support to imported soybeans and wheat.

Transfers included in the Livestock GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Seed subsidy (from 1994): budgetary expenditures on a subsidy paid to authorised seeds producers and dealers, covering 40% or 50% of the price, depending on the crop. The agricultural producer purchases those seeds at 50% or 60% of the nominal price. Expenditures identified for wheat, maize and barley. Maize is no longer eligible from 2004.

Transfers included in the Wheat, Maize, Barley SCTs and in the Crop GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Transfers (1993-99): budgetary expenditures on coupons, paid per hectare, for purchasing inputs.

Transfers included in the ACT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Vouchers allocations (1997-98): Budgetary expenditures on coupons paid per ha for purchasing various inputs, such as seeds, fertilisers and pesticides for crop production.

Transfers included in the Crop GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Vouchers allocation (1999-2000, from 2002): Budgetary expenditures on coupons paid per ha for purchasing various inputs used for all crops and milk production.

Transfers included in the Crop and milk GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Natural disasters (from 1993): budgetary expenditures on support to farmers, who have suffered losses from natural disasters, to buy inputs for the next crop.

Transfers included in the Crop GCT.

Production limits: NO; Variable payment rates: Yes because the payment is triggered by yield reduction; Input constraints: NO.

Diesel subsidy: fuel vouchers (1999, 2001, 2003, 2005): budgetary expenditures on coupons paid per hectare for purchasing diesel fuel.

Transfers included in the Crop GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Short term interest concession (1992-2001): budgetary expenditures on interest concessions to crop, pigmeat and poultrymeat producers for short loans to purchase variable inputs. Expenditures are identified for crop producers and for non-ruminant producers

Transfers included in the Crop GCT and in the non-ruminant GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Short-term credit debt write-off/restructuring (1992-96): budgetary expenditures on the write off or rescheduling of debt by crop, pigmeat and poultrymeat producers. Expenditures are identified for crop producers and for non-ruminant producers

Transfers included in the Crop GCT and in the non-ruminant GCT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Insurance (from 2003): budgetary expenditures on insurance subsidies for all commodities.

Transfers included in the ACT.

Production limits: NO; Variable payment rates: YES because payment is triggered by a change in yield; Input constraints: NO.

Animal breeding (from 2000): budgetary expenditures on support for artificial insemination of cattle, pigs and poultry. The price of the selected seminal material is subsidised 100%.

Transfers included in the Beef, Pork and Poultry SCTs and in the Other livestock and the Livestock GCTs.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

B2. Fixed capital formation

Capital grants (1990-99): budgetary expenditures on grants to farmers.

Transfers included in the ACT.

Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Capital grants for machinery (2000-01): budgetary expenditures on grants for farm machinery. Transfers included in the ACT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Capital grants for livestock facilities (2000): budgetary expenditures on grants to purchase breeding animals and livestock facilities. Transfers included in the Livestock GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Long term credit concession (from 1995): various budgetary expenditures on interest concession for investment loans. Specific expenditures are identified for pig and poultry producers. Transfers included in the ACT and the non-ruminant GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Interest concessions and debt write-off for pig and poultry producers (1992-96): budgetary expenditures. Transfers included in the non-ruminant GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Support for purchasing domestic machinery (investment) (from 2002): budgetary expenditures. Transfers included in the ACT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Credit subsidy and subsidised credits (from 2004): various expenditures to grant interest concessions to farmers. Transfers included in the ACT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

SAPARD farm investment support (from 2004): support from SAPARD on investments in farm holdings. Transfers included in the ACT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

B3. On-farm services

Phytosanitary services (before 1999): budgetary expenditures. Transfers included in the Crop GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Veterinary services (before 1999, 2002-2005): budgetary expenditures. Transfers included in the Livestock GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

C. Payments based on current area planted/animal numbers/receipts/income, production required

C1. Single commodity

Pig premium (from 2003): payments per head of pig. Transfers included in the Pork SCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Premium for sheep (2005): payments per head of sheep.
Transfers included in the Sheep SCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

C2. Specific group of commodities

Area payments (from 2001): payment per hectare of crops.
Transfers included in the Crop GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Payments for keeping not less than 3 cows for at least one year (1995-96): Payment per cow.
Transfers included in the Milk and Beef GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Beef premium (1994-98, from 2002): payment per head of cattle.
Transfers included in the Milk and Beef GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

Calf Premium (1986-90): payment per calf.
Transfers included in the Milk and Beef GCT.
Production limits: NO; Variable payment rates: NO; Input constraints: NO.

C3. All commodities

D. Payments based on non-current area planted/animal numbers/receipts/income, production required

E. Payments based on non-current area planted/animal numbers/receipts/income, production not required

F. Payments based on non-commodity criteria

F1. long-term resource retirement

F2. a specific non-commodity output

F3. other non-commodity criteria

G. Miscellaneous payments

Material expenditures (until 1997): residual expenditures.

III.2 Percentage PSE [(III.1) / ((I) + (Sum of B to H)) x 100]

III.3 Producer NAC [1 / (100 - (III.2)) x 100]

IV. General Services Support Estimate (GSSE): total budgetary expenditure to support general services provided to agriculture Sum of H to N.

H. Research and development

Research and development (1991-2001, 2004): budgetary expenditures.

I. Agricultural schools

No information available.

J. Inspection services

Test and certification of seed varieties (until 2001): budgetary expenditures.

Agricultural veterinary laboratories (until 2001): budgetary expenditures.

Pest and disease control (until 2001): budgetary expenditures.

K. Infrastructure

Investments in infrastructure (until 2001): budgetary expenditures.

Land reclamation (from 1986): budgetary expenditures for maintaining land reclamation systems (dams, dikes and embankments), irrigation and drainage systems, the necessary electric power to bring water to pumps in the irrigation systems and evacuating the water from the drainage systems belonging to the National Company for Land Reclamation.

Water users association (from 2002): budgetary expenditures.

SAPARD rural infrastructure support (from 2003): support from SAPARD on investments in rural infrastructure.

SAPARD diversification support (from 2004): support from SAPARD on diversification of economic activities in rural areas.

L. Marketing and promotion

SAPARD marketing promotion support (from 2003): support from SAPARD on marketing promotion.

M. Public stockholding

N. Miscellaneous

V.1 Consumer Support Estimate (CSE): associated with agricultural production, i.e. for the quantities of commodities domestically produced, excluding the quantities used on-farm as feed – *excess feed costs* [(P) + (Q) + (R) + (S); when negative, the amounts represent an implicit tax on consumer].

O. Transfers to producers from consumers: associated with market price support on all domestically produced commodities, estimated by increasing the transfers calculated for the common commodities according to their share in the total value of production [(O.1) / (I.1) x 100]

1. Of which common commodities: sum of the values of transfers from consumers to producers associated with market price support on the common commodities produced in the country as calculated in Table 4.

P. Other transfers from consumers: transfers to the budget associated with market price support on the quantities imported of domestically produced commodities, estimated by increasing the transfers calculated for the common commodities according to their share in the total value of production $[(P.1) / (I.1) \times 100]$

1. Of which common commodities: sum of the transfers to the budget associated with market price support on the quantities imported of the common commodities produced in the country as calculated in Table 4.

Q. Transfers to consumers from taxpayers

Various consumer subsidies for single commodities existed until the mid 1990s.

R. Excess Feed Cost: associated with market price support on quantities domestically produced and used on-farm as feed as calculated in Table 4.

V.2 Percentage CSE $[(V.1) / ((II) - (Q)) \times 100]$

V.3 Consumer NPC: For all agricultural commodities the Consumer NPC is estimated as a weighted average of the consumer NPC calculated for the individual MPS commodities and shown in Table 2. For each commodity Consumer NPC = domestic price paid by consumers (at the farm gate)/ border price (also at the farm gate).

VI. Total Support Estimate $[(III.1) + (IV) + (R)]$ and $[(T) + (U) - (V)]$

S. Transfers from consumers $[(P)+(Q)]$

T. Transfers from taxpayers $[(III.1)-(P)+(IV)+(R)]$

U. Budget revenues (Q)

Source:

Ministry of Agriculture.

TABLE 2. Romania: Breakdown of PSE by commodity specificity and other transfers

All data sets in Table 2 come from Tables 1 and 3 where definitions are included.

Definitions:

I. Single commodity transfers (SCT): the annual monetary value of gross transfers from policies linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes broader policies where payments are specified on a per-commodity basis. SCT is also available by commodity. [Sum of commodity SCTs from Table 3]

Percentage SCT: is the commodity SCT expressed as a share of gross farm receipts for the specific commodities (including support in the denominator). This indicator can be expressed for the total SCT (Table 2), or for a specific commodity (Table 3).

$$\%SCT = 100 * SCT / (\text{value of production}_{COM} + A2_{COM} + B_{COM} + C1_{COM} + D_{COM})$$

Share in Total PSE (%): $SCT_{SHARE} = 100 * SCT / PSE$

II. Group commodity transfers (GCT): the annual monetary value of gross transfers from policies whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer can choose among a set of allowable commodities to produce and receive a payment that does not vary with respect to this decision. [$GCT = B_{GROUP} + C2 + D_{GROUP}$]

Share in Total PSE (%): $GCT_{SHARE} = 100 * GCT / PSE$

Transfers to specific groups of commodities: The GCT involves the following groups of commodities:

- **All crops:** This includes any policy that is available to producers of any crop, such as short term credit to purchase seeds and other crop inputs, expenditures for pest control and payments per hectare of crops
- **All crops and milk:** This includes voucher allocation to crop and dairy producers.
- **All livestock:** This group includes policies directed at producers of livestock, including cattle, sheep, pigs, dairy, and poultry. Examples are measures for disease control and breeding improvement.
- **Ruminants:** This includes payments to improve pastures.
- **Non-ruminants:** Payments or interest concessions to pig and poultry producers.
- **Milk and beef:** This includes payments to mixed breed cattle, which cannot be associated to either milk production or meat production.
- **Other animal:** This includes payments to animals other than cattle, pigs and poultry e.g. for breeding improvement.

- **Livestock except poultry:** This includes payments to livestock other than poultry, e.g. a subsidy to purchase high quality animals.

III. All commodity transfers (ACT): the annual monetary value of gross transfers from policies that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice. [ACT = C3 + B_{ALL} + D_{ALL}]

Share in Total PSE (%): $ACT_{SHARE} = 100 * ACT / PSE$

IV. Other Transfers to Producers (OTP): the annual monetary value of gross transfers made under policies that do not fall in the above three cases (SCT, GCT, ACT). That is, payments that do not require any commodity production at all. [OTP = E + F + G]

Share in Total PSE (%): $OTP_{SHARE} = 100 * OTP / PSE$

V. Total PSE: $PSE = A+B+C+D+E+F+G = SCT + GCT +ACT + OTP$

Percentage PSE: $\%PSE = 100 * PSE / \text{value of agr. production} + A.2. + B + C + D + E + F + G)$

TABLE 3. Romania: Producer Commodity Specific Transfers by commodity

Tables 3.1 to 3.12, provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: wheat, maize, barley, oats, soybeans, sunflower, rapeseed, sugar, milk, beef and veal, pigmeat, poultrymeat, sheepmeat, eggs and other single commodities. All data sets in the calculation SCT by commodity come from Tables 1 and 4 where definitions are included.

Definitions:

I. Level of production: Data from Table 4 (Market price support table)

II. Value of production (at farm gate): Data from Table 4 (Market price support table)

III. Producer Single commodity transfers: Sum of transfers to specific commodity in categories A, B, C1 and D.

A. Support based on commodity outputs

A1. Market Price Support [Data from Table 4]

A2. Payments based on output

Data from Table 1 – see the policies providing payments based on output (A.2) to the specific PSE commodity, in the definitions in Table 1.

B. Payments based on input use [B1+B2+B3]

B1. Variable input use

Data from Table 1 – see the policies providing payments based on variable input use (B.1) to the specific PSE commodity, in the definitions in Table 1.

B2. Fixed capital formation

Data from Table 1 – see the policies providing payments based on fixed capital formation (B.2) to the specific PSE commodity, in the definitions in Table 1.

B3. On-farm services

Data from Table 1 – see the policies providing payments based on on-farm services (B.3) to the specific PSE commodity, in the definitions in Table 1.

C1. Payments based on current A/An/R/I, production required, single commodity"

Data from Table 1 – see the policies providing payments based on current A/An/R/I, single commodity (C.1) to the specific PSE commodity, in the definitions in Table 1.

D. Payments based on non-current A/An/R/I, production required

Data from Table 1 – see the policies providing payments based on non-current A/An/R/I, production required (D) to the specific PSE commodity, in the definitions in Table 1.

IV. Percentage SCT : $\%SCT = 100 * (III) / ((II) + (A.2) + (B) + (C.1) + (D))$

Table 4. Romania: Market price support and consumer support estimate by commodity

Definitions:

I. Level of production

Wheat, Maize, Barley, Oats, Potatoes, Rapeseed, Sunflower, Soybean, Sugar beet: Total production in calendar year. (1)

Milk: Cow and buffalo milk production. (2)

Beef and Veal: Total production in carcass weight equivalent. (2)

Pigmeat: Total production in carcass weight equivalent. (2)

Poultry meat: Total production in carcass weight equivalent. (2)

Eggs: Total production of eggs expressed in thousand tonnes using the coefficient of 19.5 eggs per kg. (1)

II. Producer price

Producer prices at farm gate level: The domestic producer prices used were: (1)

(i) between 1986 and 1989, the weighted average producer prices received by state farms and prices registered on peasant market, with weights based on marketed output.

(ii) between 1990 and 1993, the prices derived from the GAO calculations using unit value of each commodity.

(iii) as of 1993, the unit values of marketed output calculated from the the producer commodity balances.

iv) in 2006 producer prices from EUROSTAT were used for crops, and for livestock products, their growth rate was used to extrapolate existing series.

IV. Level of consumption

Wheat, Maize, Barley, Oats, Potatoes, Rapeseed, Sunflower, Soybean, Sugar beet: Total domestic use defined as production plus imports minus exports minus net change in stocks. (3)

Beef and Veal, Pigmeat, Poultry meat: Total domestic use in carcass weight equivalent, defined as production plus imports minus exports minus net change in stocks. (3)

Eggs: Total domestic use of eggs expressed in thousand tonnes using the coefficient of 19.5 eggs per kg. (3)

VII. Reference prices

Wheat: EU export price of commercial quality wheat. (4)

Maize: EU import price. (4)

Barley: EU export price for feed barley. (4)

Oats: EU import price. (4)

Potatoes: German price at farm gate. (4)

Sunflower: EU import price. (4)

Rapeseed: EU import price. (4)

Soybean: EU import price. (4)

Sugar beet: EU export price of white sugar. (4)

Milk: EU border prices of butter and SMP converted into a milk equivalent border price using technical coefficients minus a processing margin, calendar year. The border price of butter is the “Butter f.o.b. export price, 82% butterfat, N.E.” (4), the border price of SMP is “Non fat dry milk f.o.b export price, extra grade, Northern Europe” (4). The processing margin is the average of processing margins in Australia, European Union, New Zealand and the United States. (4)

Beef and Veal: Hungarian unit export value for carcasses. This price is expressed in carcass weight and recalculated from the Hungarian carcass coefficient (0.56) using the Romanian carcass coefficient. (4)

Pigmeat: Hungarian unit export value for carcasses. This price is expressed in carcass weight and recalculated from the Hungarian carcass coefficient (0.79) using the Romanian carcass coefficient. (4)

Poultry: Extra-EU unit export value. (4)

Eggs: Extra-EU unit export value. (4)

Sources:

- (1) National Commission of Statistics of Romania.
- (2) FAOstat collection database, Ministry of Agriculture and Food for 1998 data.
- (3) FAOstat collection database, Ministry of Agriculture and Food network database.
- (4) OECD PSE/CSE databases for European Union and for Hungary.