

AGRICULTURE AND GLOBALIZATION, ECONOMIC DIPLOMACY'S ROLE

Speranța Liliana NEAGU
European Integration Ministry
sperantaneagu@yahoo.com

Substract

The key feature of the agriculture's globalization is the mere fact that some countries successfully integrated their agriculture and food industry, while others failed to do it. Globalization is a manifestation of the world market's force whose main consequence is the fact that the State's economic power is more and more transferred to the private business milieu. It has emerged economic corporations and areas having territorial or municipal autonomy, as well as foundations and associations playing an ever more important part. Farmer groups make agriculture to be more efficient. A sustainable development of the rural space is required as climate changes in the natural resource basins and even major political changes have lately occurred. The rural development's main goals are to reorganize the territory and to improve the land, to set up new communication networks and enlarge the existing ones, along with the resources conservation and renewal and to preserve the environmental balance, and the landscape improvement and the development of the countryside tourism and leisure facilities and upgrading the rural public conveniences and utilities system. Emphasis is put on IT and the continuous training of the producers. The markets are better and better organized and it is advisable to join a vocational group or association in order to enter them, otherwise you risk to put out products for self-consumption only. It is developing an economic diplomacy more and more willing to understand the farmers and their representatives, who can indirectly have, a wider lobby opportunity, this way, and a go-between capacity among farmers enabling them to contact more skilful and trained ones or ever more globalizing international organizations and institutions.

Agriculture in the globalization context

Globalization is a manifestation of the world market's force and it means gradually depraving the State of its economic power, which is more and more transferred to the private business environment. Nations cannot avoid the process. Both Romania and the other European countries have to face an ever more obvious and stronger competition on behalf the United States, Japan and the so called BRICK group, namely Brazil, Russia, India and China. At the G 7 meeting of the most industrialized countries (western countries, at present G8 meaning G7 plus Russia) in Lyon, in June 1996 France's President Jacques Chirac was pleading for a **controlled globalization**. Authors of the work „The Global Trap: Globalization and the Assault on Prosperity and Democracy” say that euro EU single currency plays the part of the key of Europe's political unity and it could lead to the split up from the US domination. The European Union¹ (EU) has responsibility as a global economic actor to the poor countries, like those in the Sub-Saharan Africa. Farming and food produce outlets are more and more organized. We all know now Camembert, Coca Cola, Pepsi, and Marlboro. Italian Pizza, Hot-Dog; Cabernet, some food and beverage sorts have been globalised some time before.

Since the end of the Cold War and the switch from the logic of dipolarism to a mono-polar world tempered by the accession of the regional powers, agriculture has undergone changes. The challenges of this period come from the competition, especially the economic one, namely we can notice the proliferation of the non-state actors that started having business activity in agriculture and food industry. Economic corporations, territorially autonomous or municipal areas, foundations and NGOs have been set up.

¹ 1 debates: IER guests at Infoeuropa Romania, EU Enlargement and its implications for the European Union, special guest Helen Wallace, Bucharest, May 16, 2006

Media is more and more influential in shaping the public opinion, I have in view the power of brands and marks. The technological progress, especially in IT&C and transportation led to an ever more globalized commerce. Globalization generates both opportunities and risks. Powerful actors localize and exploit cheap manpower and/or make use of advanced technologies, which is not at all neglectful when comparing productions any kind, the agricultural one included

Grains production in 2003 was the following: Asia 48%, North America 21%, Europe, 17.1 %, Africa 6.1%, South America 5.9% and Oceania 1.9%, National Statistics Institute (INS)² data say. Romania put out 12,964 thousands tones grains, which means 0.62 % of the world production, in 2003. It also put out 2,850 thousands tones potatoes (Europe supplied 42.1%); 765 thousands tonnes sugar (70.6% in Europe); 234 thousands tones sunflower (Europe: 58.3 %); 3,515 thousands tones vegetables (Europe: 11.4 %; Oceania:0.4%, Africa:5.8%; north America: 6.6%, South America:2.4%andAsia:73.4%); 2,029 thousands tonnes fruit (Europe:15,7%; Oceania: 1,3%; Africa: 13%; North America: 12,4%; South America: 14,2% and Asia: 43,4%). World Animal statistic figures are the following: 1,542 million cattle, 956 million swine; 1,024 million sheep; 768 million goats. Romania grew 2,878 thousand heads. In 2003 it earned 1.10 % of the world cow milk production, namely 5,588 thousands tonnes (Europe: 41,5%; Oceania: 4,9%; Africa: 4,2%; North America: 19,6%; South America: 9,1% and Asia: 20,7%); and it put out 0.54 % of the world egg production.

WTO has been debating the topic of direct subsidies for farmers, the cut in the customs duties for farming produce and food industry products. Whereas the United States and Brazil as well as other farmers expect EU to curb customs fees, but Washington is still criticized for the too poor subsidies it grants to the farmers.

Sustainable development

The Sustainable Rural Development (SRD) concept was first reported in the media through World Conservation Strategy (1980). Later, it was World Commission on Environment Development (WCED) report, and the Brundland Report, and the World Bank publication, *The Environment, Growth and Development*, in 1987. The World Bank describes the Rural Development as the economic growth, poverty eradication and the health environment management that are joint objectives, many times. RD involves the reasonable use of non-renewable resources, especially coal and crude. Robert Allen defines sustainability³ saying that “the sustainability criterion requires equal access to the basic resources to be valid for each generation”⁴. The RD concept entered the agriculture and went round the world as the agricultural economy doctrine. Concisely, the president of the International Association of Agricultural Economists, the Australian John Langworth defined the concept (Tokyo 1991) as having three elements, he economic growth, the market and the environment. In 1996 Phillipe Vasseur describes the sustainable agriculture as an economically available, environmentally health and socially fair agriculture that have in view satisfying the human needs without destroying the natural resources.

² *World Economy in Figure, INS, 2004*

³ *sustainable use is a simple idea; we have to use the species and the ecosystems at the levels and in the manners that allow them to get renewed by themselves to any practical purpose*

⁴ *David Pearce*

Rural space was defined, during the Third European Forum in Verona, 1995, as the inland and costal area includes the villages and the small towns where the largest part of the land is used for farming and forestry, arrangement of mountain areas for leisure activities, wildlife reservations, residential areas, crafts, services or industrial activities. Rural space has 3 functions⁵ (5) the economic, the environmental and the social-cultural one. SRD is not only Romania's target but also a goal the entire international state community strives for. The tenant the Rio Declaration of Rio on Environment and Development (1992) reads that "peace, development and environmental protection are interdependent and inseparable. UNO staged, on the same topic of Rural Development, the first International Conference on financing the development, in Monterrey, Mexico, on March 21-23, 2003. The summit for the Earth's sustainable development held the World Rio Conference plus ten years in Johannesburg, on August 28, 2002'

Rural space covers 85 percent of Europe's surface, considerably topping the urban one as regards ensuring the life quality. In Europe's outlook the village fulfils the following functions: 1) the economic function providing *food, revenues comparable to liberal professions, the environment protection*; 2) the ecological function focused on *conservation of natural resources such as water, soil, air, biotypes (village greens), environment, landscape, biodiversity*; 3) the social-cultural function aimed at ensuring and enlarging the local associative life.⁶

Yujiro Hayami defines a community as a group of people related by mutual confidence based on strong personal interactions. The same author describes the economic system as a combination among economic organizations coordinating several economic activities with a view to achieve an optimal social division of labour. The market is the organization coordinating individuals, seeking for profit through the competition under the sign of parametrical change in the prices. The State is the organization that compels the people to adjust resources allotment to the Government's demand. On the other hand, the community is the organization guiding the community members to a voluntary cooperation based on close personal ties and mutual confidence. In other words, the market, with the competition's help, based on selfishness, the state by means of command based on a legitimate coercive force and the community, through cooperation means based on mutual consent, coordinate the labour division among people towards the socially striven for direction. The fact that governments must abstain from offering incentives perturbing the market is of great importance for the rural entrepreneurs' support. If markets are competitive, the private rural entrepreneurs seeking for profit will do their best to benefit from the community's relations to drop costs and improve the services' quality in order to top competition. In the organizations the **farm contract** plays a decisive part because there is a labour specialization and the goods' outlet is ensured through an appropriate management. It is for sure that the producers groups, the inter-professional associations have a significant part to play. Governments and NGOs can provide support by research activities in fields such as the agriculture, development and extension as well as through an education and training aimed at upgrading the technologies of farmers and the managerial capability more than special privileges, grants, through mechanism and financial and commercial means.

⁵ *Dezvoltarea rurala (Rural Development)*, Corneliu Dan HANCU, MATRIX ROM, Bucharest, 2004

⁶ Yujiro Hayami

Romania in the context of EU accession and within the large trend of globalization

Starting with the collapse of its political administration in 1989 the Romanian society undergoes a transition period aimed to streamline the economic and the social structures which emphasize the tendency to **Europeanization and globalization**.

As for the agriculture, INS data say, the and in 2003 was divided as follows: 66.4 percent cropland, 22.85 pastures, 10.1% hay fields, 3.1% vineyards and orchards. As for the human capital, statistics say that only 1 % of the working farmers are high school or collage graduates, as against 9 percent in the city. Romanian Center for Economic Policies opines that Romania’s rural economy has a highly prevalently subsistence agriculture, where farms mainly produce for self-consumption, and sell only marginally.

Over 1999 -2004 the number of countryside dwellers dwindled from 10.155 to 9.778 million people. Rural population stood at 45.1%, on July 2004, slightly less than 45.4 % as in 2001. Agriculture’s contribution declines both to the gross added value (GAV) dropping from 16.2% (1998) to 13.3 % (2003), and to the Gross Domestic Product (GDP) dropping by 2.7 % namely from 14.4% to 11.7%.It is worth mentioning that the Agriculture contributes relatively poorly, namely 2.6%, to the GDP, in Q1, 2006 (INS data say). Agriculture, forestry and fishery contributed 1,686.5 RON as against the total of 61,034 RON.

Over-parceling the cropland and the lack in exploitation capital has got worse due to the separation between property and exploitation, which adds to the fact that farmers lack training and skills into modern technologies and economic management. The EU assets the exploitation contingent of the revenues and the US asset it relatively to the turnover. Although farmers are reluctant to getting organized in groups, these production groups could lead to the development of the agriculture. This would improve the logistics and supply more production elements, would improve the processing, the storage or the sales, the loan system, the services and the risk insurance. EU asses’ exploitation size contingent of the size of he revenues, but US asses it depending on the turnover and sales.

Table 1

Higher education rate in farming, live-stock and veterinary medicine

		URBAN	RURAL	TOTAL
Farming	A	71.35%	28.6%	100%
Live-stock experts	B	68.68%	31.32%	100%
Vets	C	75.88%	24.12%	100%

Provided by the INS data base of inhabitants and dwelling census, on March 18, 2002

Romania concluded the negotiations on Chapter 7 - Agriculture in June 2004. It has fully agreed on the EU law in the field and it will be able to enact it at the date of its EU entry.

The normal route of the developments in drawing up the EU Sustainable Development Strategy (SDS), meant to set up the interministerial Committee on drafting National Strategy of Sustainable Development (SNDD). The working group is also made of unions officials and intellectuals.

Trade deficit in farming and food produce attained 78.1 million euros by April 2006, on rise by 32.1 percent, namely 140.5 million euros, as against the same time span

in 2005, MAPDR data say. Farming products and food exports grew by round 22 % than over the same period in 2005. Exports posed for only 184.8 million euros late in April 2006 staying much lower than the imports. Main imports consisted in cigarettes, tobacco and pork whose value amounted to 169.8 million euros, meaning 22.3 % of the total imports. A solution to overcome such shortcomings would be activating possibilities to support **farmers groups**, in order to streamline farming. But **vocational reconversion** of the farmers must be also considered.

According to the Regulation 1698 on September 20, 2005 on the support for rural development through the European Agricultural Fund for Rural Development (EAFRD) issued in JOEU No. L 277 on October 21, 2005), the farmers associated in groups may be funded for setting up and making operational producer groups for: adjusting production and yields to the market demands, selling the products including preparations for sale, centralizing the sales and support the wholesalers, establishing joint rules on information about the production, especially on the crop and availability

Chapter on *Agriculture*⁷ covers a large number of rules most if them directly applicable. Their correct enactment and their effective implementation by an efficient public administration are essential for the functioning of the Common Agricultural Policy. This involves creating management systems such as a payment agency and the Integrated Management and Control System as well as the capability to implement activities the rural development requires. To join the EU a country has to join several common market organizations for a wide range of products such as crops, sugar, meat and animal products and special crops. Eventually this chapter covers detailed rules of the veterinary sector, essential to keep the animal sound and for the food safety on the home market and for the phytosanitary sector including seeds quality, pests, and plant protection products. The main functions off the payment agencies are the following: to authorize payments, to keep the books on payments. Direct cash payments and market measures are established according to a reference quantity system such as regional average productions, quotas, basic surfaces. Cash payments will become gradually operable, within 10 years, at a start level of 25 % of the applicable level in EU-15 (before the 2004 enlargement wave).

Romania decided to set up two **Payment Agencies**, one in charge with the rural development measures within the current agency implementing the Special Accession Programme for Agriculture and Rural Development (SAPARD) and the second in charge with cash payments and the measures market policy requires. The authority accrediting payments agencies was founded with the Agriculture, Forestry and Rural Development Ministry while the coordination body of the two agencies is set up within SAPARD Agency.

Commercial mechanisms have registered considerable progress through the government's approval of the laws on implementation. The Agriculture Ministry and its territorial directorates are in charge with the quality policy. Romania must endeavor more to enact laws and get an optimal administration especially for inspections. Progress was also scored in land crops through passing the relevant laws in august 2005. It was also enacted the control system of the standards for fruit and vegetables trade. Nevertheless it has nit been established the gears to report input prices and no producers organizations

⁷ *EU Commission's comprehensive Monitorization Report on Romania, 2005*

have been set up yet. In wine and spirits production Romania registered significant progress in as regards the wine registry and took all required measures to prohibit growing grafted grapevines, but there is no OCP for wine yet, mainly as regards the market and the registry of grape sorts. The necessary laws to enact the EU laws on the key mechanisms of the common milk and dairy products market have been passed but they are not enacted yet. The laws on beef, mutton and pork are largely adjusted but no administration structures managing carcasses and the price report systems are available so far.

As for the veterinary sector, considerable effort is required to ensure a correct transposition of the laws on imports and home market control. The National Sanitary Veterinary Authority for Animal Safety has competence in the whole food chain, and Third country imports included. Romania concluded harmonization of its laws on animals identification and registration and their movement in the territory, namely 62 % of the cattle have been already identified and registered. It has been finalized the transposition of the EU laws on financing veterinary inspections and check, but EU fees re not yet applied. The adjustment of the laws on trading live animals and animal products is in progress. It has been adopted the laws on animal health care including that on upgrading or shutting down the units trespassing rules of animal products processing.

To summarize the Romanian agriculture's state is the following: it avails of a great farming potential, it needs a long-term strategy and it has to become a key payer on the European market. We must understand that Romania will be an important competitor to the European partners in relevant fields such as ecological (bio) agriculture and winegrowing.

A warning signal is needed in order to take management steps for increasing the Romanian products competitiveness that implicitly have to lead to the rise of the living standing of the Romanian farmers. It is also required the sustainable development of the small farms and their streamlining.

2. The role of the economic diplomacy

The disintegration of the dipolar system of international relations and its political and economic consequences made the foreign policies and the economic diplomacy of the countries take different courses, depending on their interests. Today, when the international relations, the economic ones included represent a system related to the political and the economic power, a new system comes to influence the political and the economic players. The economies are losing their national nature and become more and more global, which leads to a transnational production system based on the international division of labour. Despite this trend, more and more manifest in the political and the economic relations, the part the states and the diplomacy play as means of promotion and protection of the countries' interests (I mean the economic diplomacy) keeps being relevant especially in the international relations. Most of the developed countries relying on economic superiority, military and production supremacy transfer more and more their foreign policy priorities to the economic field and relate them to it adjusting their interests and the interests of the parties, through powerful economic diplomacy. The fact that the developing and the transition countries join the traditional international bodies such as the WTO and other world integration, economic and commercial organizations and blocs such as EU NAFTA, ASEAN, etc demands a new pattern of approaching the

diplomatic activities by a better protection of the economic and political interests in the process of the globalization of the nowadays economic relations.

The diplomatic diplomacy is a concept striving more and more for getting operational as it represents the foreign political function relating the foreign policy demarches and the well-being and prosperity of the citizens of a country. To this respect, all the foreign policy instruments are made use of, one hand, and the entrepreneurs and the State's interests are promoted, on the other hand. The **Economic Diplomacy Directorate** is the relevant structure the Romanian Foreign Ministry created for the purpose, as an interface among Romania's diplomatic representation offices abroad, the business environment and the other institutions with economic tasks so that the Directorate promotes Romania's economic interests abroad, cooperates with the international economic organizations, cooperates with the other institutions in economic field, supplies economic expertise within the Romanian Foreign Ministry. It makes public economic information, enables dialogue among business people and helps with streamlining the lobby for the expansion of Romanian companies abroad.

The cooperation with the international economic organizations consists in the coordination of the activities Romania carries out with the Organization for Economic Cooperation and Development (OECD), and along with other institutions, in the promotion of Romania's interest with other international economic organizations such as the European Bank for Reconstruction and Development (EBRD) the World bank, the international monetary Fund (IMF), the European Investments Bank (EIB), the World trade organization (WTO), CEFTA, etc.

It is quite likely that abnormalities are removed in the run of the international relations through economic sanctions, embargoes even in the agricultural and food markets of the world. The nowadays system of international economic relation and the globalization and integration process requires the development and the intensification of the activity and the objectives of the economic diplomacy in order to protect the economic interests and priorities;

The deepening of the global interdependence requires a new democracy and the building of new global institutional cooperating system which minimizes the power's asymmetries and enables most of the people to get access to public goods and assets. The political normative end is a new non-hegemonic democracy and a new constitutional order to promote equity at the global level⁸.

Conclusions

Agriculture could be revived and bring more benefit to the farmers if the economic diplomacy would play a more intense part.

Unfortunately Romania and Bulgaria hoping to join the EU in January will enter as the poorest EU states economically speaking, agriculture included. It is hard to admit that Romania's agriculture is one of the most inefficient in Europe. According to the report on Romania's food and agriculture in a European perspective issued under the World Bank's aegis, in June 2005, the Romanian agriculture's efficiency is one of lowest in the area. The land's productivity expressed in gross ha production amounts to 500-700 euros, which means less than 30 percent of the EU productivity (2,200 euro/ha), the same report reads on. Statistics clearly point to a low productivity along with an extremely low

⁸ Geoeconomie Magazine, No.. 30, 2004

labor productivity of averagely 1,600 euro per worker, about 7 percent of the labour productivity in the EU (22,600 euros per worker).

Romania's agriculture requires a drop in its number of workers, alternative employment and revenues solutions, valid economic exploitations, a less fragmented cropland, a rise in the administrative institutional capacity of attracting sources and make the best account of the local ones.

Some writers assiduously criticize globalization because it would forecast a negative action on the manpower. They are discussing the events in end September 1995 when the world power elite namely 500 politicians, heads of corporations, scientists were talking behind the closed doors about the 21st century. They were raising the following questions: is it in store for us the society of the 20 percent of the world population who would have a job, whilst 80 percent of them would be left jobless? How are we to avoid the trap between the economy, the politics and the environment?⁹ Globalization brings about interdependence. Interdependence brings along the necessity to create a system of joint values to make it functional (...). Our values guide us. We must be prepared to anticipate and act faster in order to defend these values (...), UK Prime Minister Tony Blair has recently told the Zia daily.

Bibliography

- „Tratat de drept international public”, volumul III, dr. Ion Diaconu
- „The Global Trap: Globalization and the Assault on Prosperity and Democracy”, Hans Peter Martin, Harald Schumann
- „Communities and Markets in Economic Development, Aoki, M., and Hayami, Y., Oxford University Press eds. (2001),
- Hayami, Y. (2002). “Family Farms and Plantations in Tropical Development,” *Asian Development Review*, 19 (2): 67-89.
- „Disparități regionale în România 1990-1994 (Regional disparities in Romania, RAMBRL, Programul Phare – Politici Regionale (PHARE programme- Regional Policies, Bucharest, 1996, „Carta Verde. Politica de Dezvoltare Regională în România, Guvernul României și Comisia Europeană”, Programul Phare, București, 1997; Green Paper, Regional Development Policy in Romania, Romania's Government and the EU Commission, PHARE programme, Bucharest, 1997
- „Sociologia tranziției. Valori și tipuri sociale în România” (Sociology of Transition, Social Values and Types in Romania), Sandu, Dumitru, Staff Publishing House, Bucharest, 1996, p. 10.
- „Economia mondială în cifre (World Economy in Figures)”, National Statistics Institute, 2005, Chapter III, Agriculture and Environment
- Romanian Agriculture and Food Sector in An European Perspective a Study issued under the World Bank's aegis, June, 2005
- „Economic Sanctions: Which is the political efficiency? Which are the humanitarian consequences?” / international Colloquium organized for Choseul Institute for International Politics and Geoeconomy, June 14, 2004 (*Geoeconomic Magazine*, No. 30, 2004)
- David Pearce, "Optimal Prices for Sustainable Development." in D. Collard, D. Pearce, and D. Ulph (eds) Economics, Growth and Sustainable Environment. London: MacMillan, 1988
- <http://www.dw-world.de/>
- www.insse.ro/www.insse.ro
- http://www.insse.ro/anuar_2004/zip_r2004/cap5-agr.pdf
- <http://www.neon-project.org/>
- www.mae.ro; www.mie.ro; www.infoeuropa.ro; www.gov.ro; www.maap.ro
- http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/Y4252E/Y4252E00.HTM
- www.euractiv.ro www.europeana.ro
- http://siteresources.worldbank.org/INTRANETTRADE/Resources/WBI-Training/288464-1121442594964/Hayami_revision.doc
- http://www.transcend.org/t_database/pdfarticles/318.pdf#search='economic%20diplomacy'
- <http://faostat.fao.org/faostat/collections?subset=agriculture>

⁹ „The Global Trap: Globalization and the Assault on Prosperity and Democracy”, Hans Peter Martin, Harald Schumann