

RURAL DEVELOPMENT IN THE THREE SEAS INITIATIVE. CAN THE INITIATIVE BECOME AN AGRICULTURAL POWERHOUSE? CASE STUDY: ROMANIA

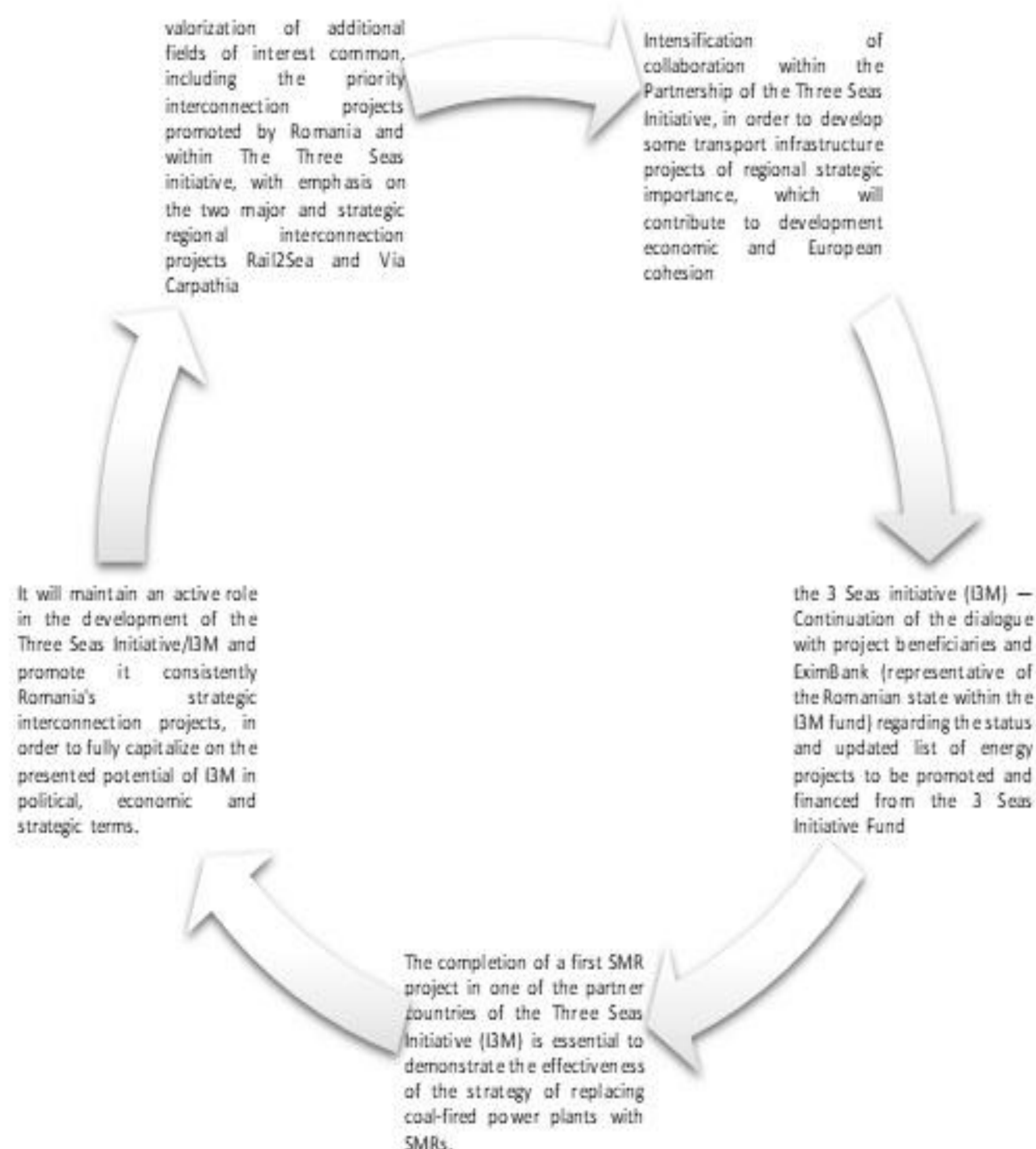
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Abstract:

The Three Seas Initiative (3SI) is a platform for improving connectivity between twelve EU Member States allocated between Baltic, Adriatic and Black seas. As the interconnectivity develops the need for a harmonised rural development become more stringent in order to boost the economic growth and resilience of the region. Add to this the food security challenges of the war in Ukraine and we are having before us a new and interesting research area. The paper would identify the trends in the agriculture in the region, the strengths and weakness of the rural development and the problems that need to be addressed. The paper would also map out the main agricultural and rural developments in the Initiative and their financing sources to see whether the regional actors are working together and if so, how they do that. A special interest would be given to Romania as a relevant case study as well as to the formulation of recommendations for the rural development in the Initiative.

Introduction

- Romania is going to host on 6 and 7 September 2023 the Three Seas Initiative Political Summit and also the Three Seas Initiative Business Forum. It is the first state from the Initiative that hosts this for a second time. It is both a sign of major interest on behalf of Romania's authorities as well as a sign of lack of involvement of other states members in the Initiative [1]. It is in this context that a new buzzword appeared in the area: the Three Seas Initiative. What it is? What can we do within this framework? And how it can help Romania's rural development?
- The Three Seas Initiative was created in 2015 at the initiative of Poland and Croatia and brought together 12 EU Member States from Central and Eastern Europe. It has a lot of untapped potential as it represents almost a third of the European Union and is home to 111 million people. As of 2018 the average GDP per capita was just 78% of the EU average while the average economic growth in the 12 countries from 2015-2019 was 3.5% compared to 2.1% in the European Union. [2] Also from a conceptual point of view we should be careful of not confounding it the concept of "Intermarium", an interwar concept meaning "some sort of alliance of the Central-East and South-East European states located between the Baltic, Black, Adriatic, Aegean and/or Caspian seas" that reappeared after the end of the communist period and is more general and wide than the Three Seas Initiative. [3]
- The Three Seas Initiative is a flexible and informal political platform, at presidential level, that brings together the 12 EU member states located between the Adriatic, Baltic and Black Seas (Austria, Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia). It aims to increase convergence and cohesion, in parallel with reducing the economic development gap between different areas and EU member states, by increasing interconnectivity in the region, in the fields of energy, transport and digital. The basic principles of the Three Seas Initiative are: promoting economic development, increasing cohesion at European level and strengthening transatlantic ties [4]
- The initial cartography of the Romanian Government Programme 2021 -2024 that serves as a basis for the Government and influences the subsequent public policies have revealed a series of interesting aspects. First from a strictly numerical point of view the Three Seas Initiative is mentioned for just 6 times.



Material and method

- The current research papers is based upon desk research as the authors studies the main official documents and websites, the academic literature pointing to the Three Seas Initiative and the topic of rural development in Romania and the region.
- It is meant to provide an initial analytical tool for both a general and academic audience as it tries to present and analyse the Initiative as a possible useful tool for the rural development of the countries in the region.
- The authors are interested to see in this preliminary research if the already assumed objectives of the Initiative (interconnectivity, energy, digital) may be enhanced in order to assist the agricultural development of Romania as well as they can be completed by a strong agricultural component.
- Given the limited scope of the research and the number of countries in the Three Seas Initiative the authors focused for a comparative approach on a limited number of states such as Bulgaria, Czechia, Poland and Romania.
- When addressing the factors that favour the regional cooperation the authors used the approach of Dimitar Bechev on the drivers of regional cooperation: regional interdependence, pressure for foreign actors and common identity politics. [5]

Results and discussions

- When we speak about agriculture the region and its member states have some common background and face similar challenges. The majority of the member states (with the exception of Austria) come from a centralised agricultural system that took place under the communist regime. All have face post 1989 a process of dematelement of the centralised agricultural system, have undergone a process of rural fragmentation as well as a process of demographic reduction in the rural areas.
- As they have joined the European Union in 2004 - 2007 (Austria excluded as it have joined the European Union in 1995) they have been net beneficiaries of the EU funds addressed to the agricultural sector in the context of the Common Agricultural Policy and also funds addressing the rural development differences between Western and Eastern Europe. In fact a series of academic studies have shown that in this structure of cooperation the most important diad is the Romanian - Polish special relationship as both countries share a similar important role and have common economic interests.

Poland	Romania
<ul style="list-style-type: none"> The agri-food sector in Poland is of great national economic, social and environmental importance. The total share of agriculture, forestry and fisheries in gross value added (GVA) is twice as high as the EU average. Polish agriculture is characterised by diversity in farm structure and development potential. Increasing farms' profitability, income and productivity are key challenges, as is generational renewal. In Poland, rural areas and agricultural areas occupy 82% and 52% of the country's area, respectively. Rural areas are inhabited by about 15 million people - 38% of the total population of Poland. In total, approximately 1.4 million farms are identified. The main sectors are dairy, cereals, pigs, poultry and horticulture. 	<ul style="list-style-type: none"> Romania's agriculture is characterised by a polarised structure with a very large number of small individual holdings, many of which are practicing agriculture on small plots of land for their own consumption and several thousands of large companies. Romania is the country with the highest number of farmers in the EU, amounting to almost 3.5 million. However, 90% of these are small farms of less than 5 hectares. Romania is one of the biggest producers of cereals in the EU and the largest producer of sun-flower seeds, honey and plums. The area in Romania used for agriculture constitutes almost 13.5 million hectares (57% of the total area of the country). 23% of the Romanian labour force are employed in agriculture, which is the highest percentage of people employed in agriculture in the EU. Romania is also one of the countries with the highest share of farmers over 65 years (44%).

- All the countries in the region also share a common major problem - the demographic decline that is general with local variations. All the countries have an aging population, a declining one that causes an important stress upon the social systems but also affects the rural areas, as they suffered a simultaneous process: fewer people tend to live there while in the same time they are older.
- The countries in the Initiative have shown an increase level of their economic securities in the last couple of year as a series of studies have shown, the difficulty being in identifying whether this is related directly to the membership in the Initiative or more general with their EU membership [13]
- The countries have shown an elevated entrepreneurial potential, that is being influenced among others by the local economy and agriculture. Thus stabilising them could only enhance their potential [14] There is a relatively stable agricultural system with important room for future growth. This is especially true in the case of Romania who needs to develop a way to capitalize the projects it supports and translate them into real life benefits for the farmers (see Table 1) [15]

Table 1.

Name of the Project	Key projects supported by Romania		Why it matters
	Description	Amount of money	
Via Carpathia	a transport corridor from the northern part of Europe to the south through the Republic of Lithuania, Republic of Poland, Slovak Republic, Hungary, Romania, Republic of Bulgaria and Hellenic Republic (Greece)	estimated total budget is EUR 11.31 billion (85% secured), as of 2021	The essence of the 3SI approach: <ul style="list-style-type: none"> pro-economic growth, pro-transatlantic (it will better connect EU and NATO member states) and pro-European, (filling an important existing connectivity gap in terms of transportation in this region).
Rail2Sea	aims to construct a railway line between the port of Gdansk and the port of Constanta, crossing four countries: Republic of Poland, Slovak Republic, Hungary and Romania	total necessary investment is estimated to be EUR 13,832.36 million without VAT of which EUR 5,873.13 million is secured	great commercial potential

Source: SEBE, 2022 [15]

- As we analyse the foreign investments in the Romanian agriculture we notice however the lack of any major investor from the Three Seas Initiative in this area. The sole exception is represented by Austrian companies that as of 2018 were on the 10th place as regards the number of hectares used for which they requested state subsidies [16]
 - In that context Romania has started to implement an ambitious reform plan meant to promote its rural development and agricultural sector. First and foremost all these plans are subsumated to the European Union initiatives in the area as the Three Seas Initiative is all but complementary as it meant to support the European Union objectives and plans - the Initiative is all about complementarity inside the Union, about reducing the regional development gaps and so on. [17]
 - For that purposes we need to have in mind the synergies of internal and external financing programs and reforms. One such programme with the transversal capacity to develop the existing potential is the National Recovery and Resilience Programme of Romania [18]
 - This is supplemented by the very specific and pragmatic National Strategic Plan which combines targeted interventions addressing specific needs and delivering on EU-level objectives. If properly implemented it will boost up not just Romania but the entire region.[19]
 - Some of the countries interested in joining the Three Seas Initiative realized the importance of agriculture: "Finally, the participation in the 3SI can facilitate cooperation and coordination between member states in terms of food transportation and distribution. The 3SI can serve as a platform for sharing best practices and improving cross-border logistics, which can ultimately enhance the efficiency and resilience of the food supply chains in the region." [20]
 - Romania should and must use all these opportunities in order to become a geo-economic leader in the Initiative. Romania has the potential to achieve this status but only if rural development is being taken into consideration very seriously [21]
 - We are also dealing with a crucial test of the agricultural experts, who, just the authorities in charge, would have to think policy in terms of both foreign policy and economic policy [24]
- ### Conclusions
- Although at first the association of rural development with the Three Seas Initiative may seem fortuit as seen before the projects presented into the Initiative may indeed help the rural development perspectives in Romania.
 - Providing interconnectivity is the key if we want to have a smooth grain transit toward the sea (and the railway to Constanta may be the answer). Also energy is becoming more and more important and a stable and cheap energy access helps to promote agricultural activities and keeps the prices under control.
 - The Bucharest Summit in September 2023 may provide the necessary boost for a better coordination between the rural development experts and the other experts working in the Three Seas Initiative in order to reach a consensus on how to better use the existing framework, avoid duplication of efforts and create a real synergy of all the actors involved.