

unequal distribution of land (a GINI of 0.90) and consequently of EU CAP grants. The number of farmers with farms over 100 hectares has been growing with 39% between 2005 and 2016. Although this development fits to the analysis of Gonda (2019), she observes that the role of EU grants is diminishing and a 'post European Magyar farmer' is developing.

'The post-European Magyar farmer is the oligarch, the aristocrat of a new feudal system, the neoliberal entrepreneur who will capitalize on Hungary's agricultural assets, some of its national products ('Hungarikums'), and the cheap labor force to be found in the Hungarian hinterlands, while speculating on land prices, positioning themselves in the agro-industry sector and in parallel selling plots to foreigners.' (Gonda, 2019, 617-618)

To put Gonda's analysis in other works, the CAP enabled a specific class of entrepreneurs to take-off towards a powerful position and now they are provided with this established position, they can operate independently beyond the CAP.

More fundamentally is that the issue of grants based on holding land and not on improving land, may result in incentives to hold land in a way that may not support rural development nor rural regeneration. In remote regions, in which other (i.e., urban) incentives in the land market are less strong, the CAP grants may have a larger impact on development and this may not always have worked out in the way as intended by the policy makers. Especially in areas with weak quality of government major issues may occur.

Specific emphasis will be on the region of Teleorman (5.1.3.1), which is a region on the plains along the Danube in which the issues of land accumulation by large companies with close relationships with government officials plays a role. Furthermore, there is an aging population in the villages.

#### **5.1.3.1 Teleorman in its Romanian context**

In Romania a dual land market of many small holders and a few large landholders is a general issue. The 'medium-sized European farm' (Alexandri and Luca, 2019, 12) is missing in the polarised Romanian farm structure. Over 80% of the farms use over 50% of the produce for their own needs. According to EUROSTAT there are 4.2 million 'Farms whose household consumes more than 50% of the final production' in the EU, of which 3.0 million (69%) are located in Romania in 2016. Romania has about 7.5 million households (EUROSTAT, *lfst\_hhnhtych*); so, about 40% of the Romanians is fed by their own farm. Most of the Romanian farms '...are subsistence and semi-subsistence farms, having an important role in the food security of peasant households, but a minor role in the formation of food supply crossing the chains to processors and final consumers' (Alexandri and Luca, 2019, 5). However, as indicated above, a large share of the final consumers are peasant households. So, subsistence farming plays an important role in food supply for the population. The production per hectare of Romanian small farms is, in addition, a lot larger than of the bigger farms: on 12.1% of the land, farms under 2 hectares produce 25.1% over the agricultural productivity (Miron and Lup, 2013; Varga, 2020). They use more labour-intensive ways of production, which pays off in a higher productivity per hectare. Generally, these smaller farms have a mix of crops. However, a large part of the land is held by a few very large farms, which produce a few crops on a large scale (Alexandri and Luca, 2019). The lack of diversity of crops in large

farms has been growing (Alexandri and Luca, 2019). Likewise, also the share of land controlled by these large farms is growing. In average in Romania farms held by legal persons are 175 hectares, but in two of the four regions of this non-mountainous type. Tulcea (at the Danube delta) and Teleorman (a region of plains along the Danube in the South) these legal persons owned farms are over 250 hectares in average (Note that farms held by natural persons are in average 1.3 to 2.2 hectare depending on the region). Overall, in Romania,

‘land areas into the ownership of farmers (natural persons) decreased from 7.7 million ha in 2005 to 5.4 million ha in 2013, whereas the areas leased in by farms with legal status increased from 1.4 million ha in 2005 to 2.6 million ha in 2016.’ (Luca, 2019, 5)

In the regions of this type the area of land controlled by legal persons is in Tulcea and Teleorman larger than the area held by natural persons. In the Northern regions of Salaj (Transylvania) and Botoşani (Moldova, at the tripoint with Ukraine and Moldavia) natural persons still hold about 2/3 of the land. Salaj and Botoşani, although non-mountainous in the EUROSTAT classification, follow so the pattern of their more mountainous neighbouring regions. Large scale agriculture can be found more in the plains adjacent to the Danube. The NUTS 2 region of Sud – Muntenia, in which Teleorman is located, has, on the other hand, a share of 87.2% of the farms that produce mainly products to be consumed by the own household (EUROSTAT, ef\_m\_farmleg). So, there is a large gap between different types of farming.

In the study on land grabbing by Szocs *et al.* (2015) ‘The TOP 100 Recipients of agricultural subsidies in Romania’ (pp. 25-29) is provided of these top 100, 8 recipients are located in Teleorman and 5 in Tulcea (and none in Botoşani or Salaj). The largest in these regions (and top 3 in Romania is InterAgro who held 55,000 hectare of land in Teleorman in 2014 (Szocs *et al.*, 2015). According to its presentation on their old website (Box 6) farming is just one of their lines of activities. Although, Interagro SA and Interagro SRL (InterAgro, 2020) have been in insolvency from 02.02.2016 (InterAgro, 2016b), it is currently re-opening fertilizer plants (Banila, 2020). Activities have included, utilities, such as natural gas, in the town of Zimnicea in Teleorman and the operation of a ferry across the Danube (from Zimnicea to Svishtov) and Zimnicea (about 15,000 inhabitants) seems to be transferred into a company town in which all major economic activities are owned by one company. In Romanian news messages Zimnicea is characterised as ‘fief of lui’ [the fief of] the president of InterAgro (Chiruta, 2014; ECONOMICA.net, 2020). Undercover reports indicate that day-workers are not properly paid by InterAgro (Chiruta, 2014). Notably is also that InterAgro have been grown based on ‘State sell-offs and the privatisation of key Romanian companies’ (InterAgro, 2016a). Such a growth supported by opportunities presented by the state fits with a low quality of government context in which residents perceive that there is no level playing field as the state provides to some people more chances than to others. Senior officials have been prosecuted for corruption, a case still running (Grădinaru, 2019; Romgaz, 2020), and also InterAgro has been attracting the attention of the Romanian Anti-Corruption Directorate (Roque, 2015). In this context it seems to be challenging for new generations to achieve access to land in competition with such a ‘dominant force in the domestic market’ (InterAgro, 2016a), who also proudly present that they have been ‘harnessing and utilising the available European finance opportunities’ (InterAgro, 2016b). Although land grabbing is often being qualified as foreign,

and which can be stopped by banning foreigners from access to the land market (Petrescu and Petrescu-Mag, 2018), many of the land grabbing organisations are domestic (Petrescu-Mag *et al.*, 2017). In relation to this debate, and based on experience with the Romanian context, Baker-Smith and Szocs (2016) have also developed a broader, multi-faceted, definition of land grabbing:

‘Land grabbing can be defined as being the control (whether through ownership, lease, concession, contracts, quotas, or general power) of larger than locally-typical amounts of land by any person or entity (public or private, foreign or domestic) via any means (‘legal’ or ‘illegal’) for purposes of speculation, extraction, resource control or commodification at the expense of peasant farmers, agroecology, land stewardship, food sovereignty and human rights.’ (Baker-Smith and Szocs, 2016, 2)

Having domestic ties provides relational capital that comes in good use in areas of low quality of government. Local knowledge is also necessary to convince the ‘rural population (i.e., the elderly and the vulnerable)’ (Petrescu-Mag *et al.*, 2017, 180) to lease their land to the mass land holder. As the base underlying the mass holdings is a very fragmented structure of ownership. However, foreign investors may provide access to capital.

INTERAGRO, a dominant force in the domestic market, is one of the largest and most influential Romanian agro-industrial and financial groups. InterAgro has succeeded in a highly competitive environment through an adaptable management policy which has consolidated the Group's long term development. The InterAgro group has successfully invested in State sell-offs and the privatisation of key Romanian companies including: animal breeding programmes, agricultural farms, chemical plants and food production. This has been achieved through a continuous restructuring and adjustment process to the demands of the domestic and international business environment. The core of the InterAgro group is SC InterAgro SA, a private company of Romanian - British capital, established in 1994, whose main scope of activity is the external trade of agricultural chemical fertilisers, also operating in other fields such as the cultivation of cereals, technical plants and the food industry. The external trade was taken over by SC InterAgro SA from the mother Company, SC INTERACTION SRL - which is also a privately owned company with Romanian - British capital, established in 1991. In 1994 the company Interaction SRL distinguished itself among the top five companies, according to the Romanian Chamber of Commerce and Industry. Between 1994 - 2010, Romania was enveloped by a difficult economic and financial environment to which the Group has continuously responded with strategy revision and the implementation at company level of a vertical integration policy. Utilising a global network of contacts SC InterAgro SA produced and supplied chemical fertilisers, urea, ammonium nitrate, calcium ammonium nitrate, ammonium sulphate, complex fertilisers and agricultural products. Throughout this period, InterAgro reinvested in Romania.

#### Box 6 Presentation of InterAgro at its own website (InterAgro, 2016a)

InterAgro, is as mentioned, not the only organisation active in this region. Others can be found as well, including companies connected to the leader of the Social Democratic Party (PSD), and former president of the County Council of Teleorman (Dimulescu *et al.*, 2013), who has been convicted and sentenced to jail for corruption related activities including the misuse of EU funds (Deletant, 2018).

Specific for the Teleorman area is that the land has been part of the Danube's marshland until its drainage in the 1960s (Lup, 2018). These former swamps were not returned to former owners after 1989, but remained in the hands of the state which

'...allowed for different political-mediated arrangements to be made (distribution of parcels to political clients and concessions accorded to the newly-emerged local "barons") and determined the sort of agriculture that was implemented in the area.' (Troc, 2012, 90-91)

This fits with the developments of land held by large companies with a special relationship with officials of the state as indicated above.

The contrast to these large landowners are the Roma population as analysed by Troc (2012) in a case study in a few villages in Teleorman.

'Even if they are strictly dependent to land and its cultivation, they represent also the only "proles", being the sole group from these villages which does not possess land, and which, very likely, was all the time entirely dependent on the working needs in agriculture that were available in different historical moments.' (Troc, 2012, 96)

In interviews they recalled the socialist times in which they were employed for seasonal work.

'If this form of engagement seemed to be profitable at the time, being employed on a daily-basis contract, they were excluded from some of the social benefits other agricultural workers get in the present, especially from the right to get a pension, or, also important, the right to get land during the re-privatization that took place in the first half of the '90's.' (Troc, 2012, 96)

So, currently most of the Roma have only access to the land around the house.

The Adventist, a protestant minority in these villages, also 'have less land than the majority population' (Troc, 2012). Demographically they behave differently. They have a higher birth rate than the majority population and have less been involved in rural-urban migration. Before 1990, this related to their difficult situation.

'Like all the other neo-protestant communities, the Adventists were under a constant state officials' harassment before 1990, which limited their mobility, and constrain most of the young and educated people to stay in the villages and, while they were not welcomed as employees in the state's institutions, to position themselves mostly towards crafts.' (Troc, 2012, 97)

Troc expects that the relatively poor were attracted to this church as it practices a high rate of solidarity between members, and which explains their limited landownership.

The Orthodox majority of the villages are landowners who often have 1.5 ha to 3 ha of land divided between fields further away from the village, vineyards or orchards nearby and

gardens. Most household get also small pensions or medical contributions based on previous work. These are aging communities in which the number of deaths is a multiple of the number of births (Troc, 2012).

In Romania CAP grants are 40% of farm income (Alexandri and Luca, 2019). As CAP decoupled payments are area based, large farms owned by legal persons get a very large share of the CAP-grants. That is, '... 97% of farms receive only 40% of the total amount of direct payments, while the remaining 3% receive 60% of the amount' (Alexandri and Luca, 2019, 12). The decoupled payments have had some adverse effects on Romanian farming:

'At the same time, it has amplified the "land grabbing" phenomenon, under various modalities, both by the Romanian and the foreign land owners.' (Alexandri and Luca, 2019, 15)

This issue of land grabbing has been studied based on case studies (compare Szocs *et al.*, 2015) and it relates to issues in the quality of governance.

'The effect of Common Agricultural Policy implementation has been mainly materialized into the increase of farmer subsidies, which practically increased their value five times in the investigated period. Farm incomes steadily increased, yet the increase of the incomes is almost exclusively due to the increase of subsidies received by farmers, in a progressive amount from year to year. The share of subsidies in farm incomes increased from 10% in the year 2007 to 40% in 2016. In this context, we consider that many farms depend quite heavily on the direct payments received, due to the low productivity of agricultural activities.' (Alexandri and Luca, 2019, 15)

So, there is a process of accumulating land to harvest decoupled payments in very large farms. This is not beneficial for the access to land for new generations. Here land grabbing in debates is sometime been equalized by land in foreign ownership:

'...the only rigorous but internal estimation, carried out by the Romanian authorities in the year 2016, shows that the agricultural land owned by foreign firms or Romanian firms with foreign shareholders totalled 958 thousand ha, i.e. about 8% of the agricultural area (or 12% of the arable area, taking into consideration that the largest part of land sold to foreigners is arable land).' (Luca, 2019, 11-12)

Land grabbing is of course not pure a foreign issue. Also, domestic parties are take-up their share in this practice. After all, 3% of the farms control about 60% of the CAP grants and foreign held is only 12%. However, it must be noted that there are companies active that promote investment in Romanian land advertising (Figure 13), and who are also interviewed in publications directed to professionals in agriculture indicating that you can acquire full ownership in Romania for the price of an one-year lease in the Netherlands (Engwerda, 2017; van der Woude, 2017). Reports of study trips to review 'opportunities' for investments in Romania (Boekhorst, 2018; LTO Noord, 2018), are, however, critical about the orientation of buying more land to grow instead of channelling investments in the improvement of current land. In the proceedings of this business trip observations are shared that, for example, that



Romania has a dual land market of many very small farms and a few very large one that predominantly lease their land. These farmers

‘...appear to be motivated to increase income on short-term with as low input as possible. Long-term soil improvements are less on the agenda, partly because a lot of the soil is not owned. The average Romanian would be tending to acquire extra land to increase income, instead of investments to increase the income of current hectares.’ (Boekhorst, 2018)

It is probably best to read ‘average Romanian large landholder’ as it can be doubted whether the participants of this study trip have been meeting many smallholders, who are not so much active in accumulating land.

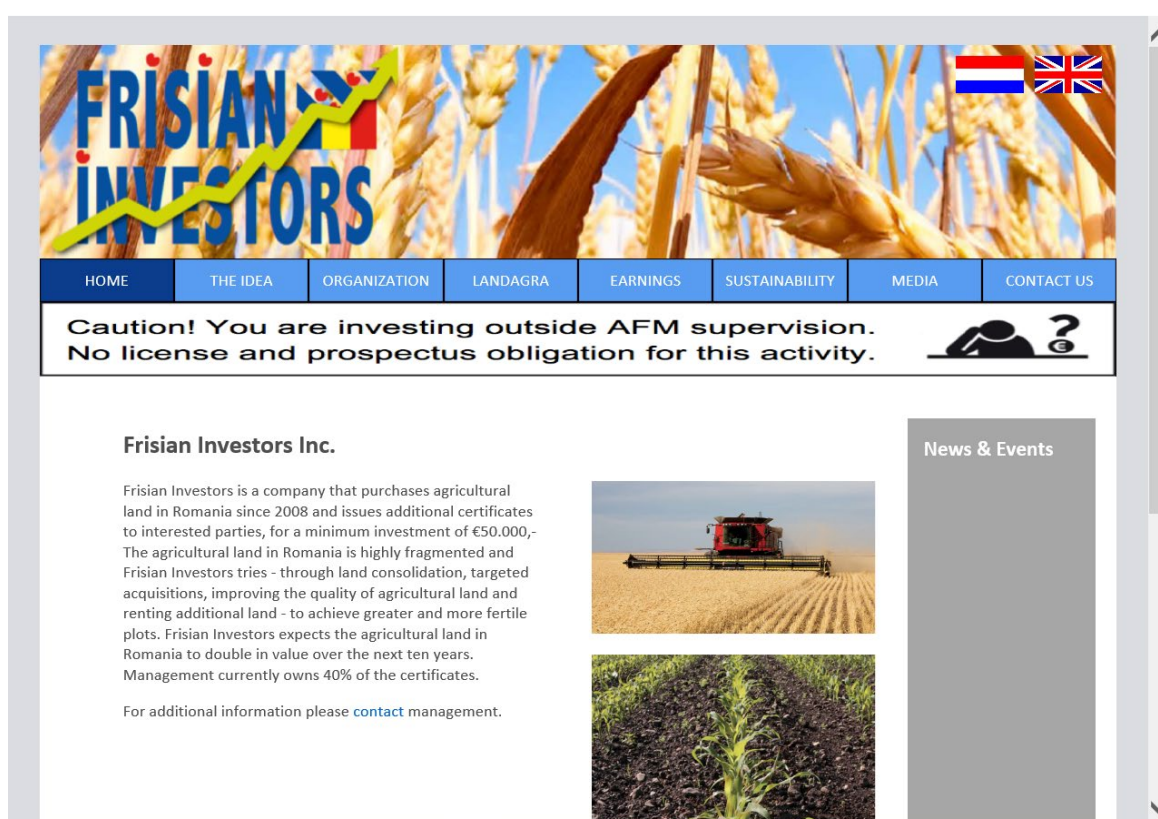


Figure 13: Website for investment in Romanian land (Frisian Investors, 2018)

The system of CAP decoupled payments is clearly supporting such an orientation of acquiring extra land. Investments in land improvements are not the main way to receive extra grants, investments in extra land does provide these. This seems so to be a major disturbance in the development towards a more sustainable development of rural areas.

There is a ‘reverse tenancy configuration’ (Amblard and Colin, 2009) of many small landowners with large tenants that consolidate land holdings in ‘large-scale corporate farms’ (Amblard and Colin, 2009, 829). This development has been continued in the last decade (Alexandri and Luca, 2019). In neo-classical economics:

‘The efficiency of land markets is measured through their ability to transfer land from less productive to most productive users. The transactions costs, which complicate or hinder these transfers, lead to efficiency decrease. Several studies have shown that the agricultural markets from the countries that had already passed through the transitional period were characterized by the existence of significant transaction costs, which represented a constraint for the farms that intended to increase their size, also in the case of Romanian farms. These constraints came from the costs related to the asymmetric information, co-ownership of land (as result of the land restitution process), the precarious situation of the registration of properties, the high level of commissions and fees in connection to property transfers.’ (Luca, 2019, 3)

The transparency of the Romanian land market is limited. The statistics on operations at the land market are of limited use (Luca, 2019). Various sources provide different data on land transaction prices; the general consensus is that the prices have been going up considerably since Romania has become an EU Member state (Luca, 2019).

In **Conclusion** it is clear that in this type of remote, non-mountainous regions conditions exist for the accumulation of land in the hands of a few large landholders. The low quality of government makes that governments are weak and that the population experiences that not all members of the population have equal access to government services. This is critical for rural development. The fact that matters of local development are not addressed adequately, complicates access to land for new generations. The non-mountainous character makes that economies of scale can be much more easily play a role than in areas, in which natural conditions support small-scale farming. So large inequalities in land holdings are typical in these regions as is an aging population.

#### 5.1.4 Remote regions—mountainous—Low QoG —All ratios of DP/Rent (RE-M-L-A)

**RE-M-L-A** (Remote Rural and Intermediate areas—mountains >50% of area—Low QoG (<-0.669)—All DP/Rent)  
 BG412 Sofia; BG413 Blagoevgrad; BG424 Smolyan; BG425 Kardzhali; EL411 Lesvos, Limnos; EL412 Ikaria, Samos; EL413 Chios; EL421 Kalymnos, Karpathos, Kos, Rodos; EL422 Andros, Thira, Kea, Milos, Mykonos, Naxos, Paros, Syros, Tinos; EL432 Lasithi; EL433 Rethymni; EL513 Rodopi; EL521 Imathia; EL524 Pella; EL526 Serres; EL527 Chalkidiki; EL531 Grevena, Kozani; EL532 Kastoria; EL533 Florina; EL541 Arta, Preveza; EL542 Thesprotia; EL611 Karditsa, Trikala; EL621 Zakynthos; EL623 Ithaki, Kefallinia; EL624 Lefkada; EL631 Aitolokarnania; EL641 Voiotia; EL643 Evrytania; EL644 Fthiotida; EL645 Fokida; EL651 Argolida, Arkadia; HR032 Licko-senjska zupanija; HR034 Sibensko-kninska zupanija; HR037 Dubrovacko-neretvanska zupanija; ITC14 Verbano-Cusio-Ossola; ITC20 Valle d'Aosta/Vallée d'Aoste; ITF21 Isernia; ITF22 Campobasso; ITF64 Vibo Valentia; ITG14 Agrigento; ITG16 Enna; ITG26 Nuoro; ITG29 Olbia-Tempio; ITG2A Ogliastra; ITI45 Frosinone; RO112 Bistrita-Nasaud; RO114 Maramures; RO124 Harghita; RO422 Caras-Severin

#### Box 7 RE-M-L-A (Remote Rural and Intermediate areas—mountains >50% of area—Low QoG (<-0.669)—All DP/Rent)

In these type regions are located in Bulgaria, Croatia, Greece, Italy and Romania (Box 7). The issues of the Romanian land market have been discussed above. Bulgaria faces the same kinds of issues as Romania. Land ownership of small parcels in not-divided ownership. It is, legally, not possible to divide small partners over all its owners as there is a minimum size requirement of parcels, which means that other steps must be taken to resolve divided ownership (van Dijk, 2003a). Although land ownership is still very unequal (GINI of 0.75), it is not so unequal