

Europe's Common Agricultural Policy (CAP) in the Context of Business Environment Specificities and Economic Integration

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Abstract: The study „Europe's Common Agricultural Policy (CAP) in the Context of Business Environment Specificities and Economic Integration” is focused on presenting: business environment's role in the context of economic integration, in correlation with competition, globalization, economic growth and sustainable development, the economic integration and the role of the European Union at an international level, Europe's Common Agricultural Policy (CAP) and sustainable development and Europe's Common Agricultural Policy (CAP) future with predictions and perspectives for 2020 and 2030.

Key words: Europe's Common Agricultural Policy (CAP), Business Environment, Economic Integration, competition, globalization, economic growth, sustainable development

Introduction

The study acknowledges business environment's role in the context of economic integration and points out to a few correlation that exist at present in the marketplace: competition, globalization, economic growth and sustainable development. In addition the paper stresses the role of the economic integration and of the European Union at an international level and emphasises some of the elements belonging to the specificities of Europe's Common Agricultural Policy (CAP) and sustainable development. Moreover, it takes into consideration Europe's Common Agricultural Policy (CAP) future with predictions and perspectives for 2020 and 2030.

1. The role of the business environment in the context of economic integration – a correlation with competition, globalization, economic growth and sustainable development

The first part of this study is centred on presenting and furthermore emphasising the role of the business environment in the context of economic integration, as well as creating a correlation together with competition, globalization, economic growth and sustainable development.

The business environment is created from the mixture between internal and external forces able to influence the existence and the functioning of a business. Among the main factors that influence the business environment, in general, can be mentioned elements such as the global environment and the natural environment, together with the political, legal, economic, social, technological

circumstances¹.

The economic integration is, in essence, the development of economic interdependence between states through forms and methods that provide continuity, deepening economic exchanges. The economic integration helps all the national economies to combine their own specifics and particularities into an organism diverse in presentation, but unitary and homogeneous in its functionality² (see, in this case, **Figure no. 1: „The business environment and the economic integration – a correlation with competition, globalization, economic growth and sustainable development”**).

In this context, business environment and economic integration are profoundly interconnected and interrelated with competition, globalization, economic growth and sustainable development^{3 4}:

- **Competition** is the central element of our society. Competition itself exists between all the economic agents in the marketplace, which enables them to survive on the market and maximize their profits.

- **Globalization** should be regarded as a whole process of integration into one huge/large/absolute market believed to be strong

¹ In the opinion of specialists V. Manole, M. Stoian, H. Dorobanțu, „Marketing”, Editura ASE, București, 2001, capitolul al doilea.

² According to Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 583.

³ In the opinion of Viorel Cornescu (colectiv de autori), „Introducere în Economie”, Editura Actami, București, 1997, p. 131.

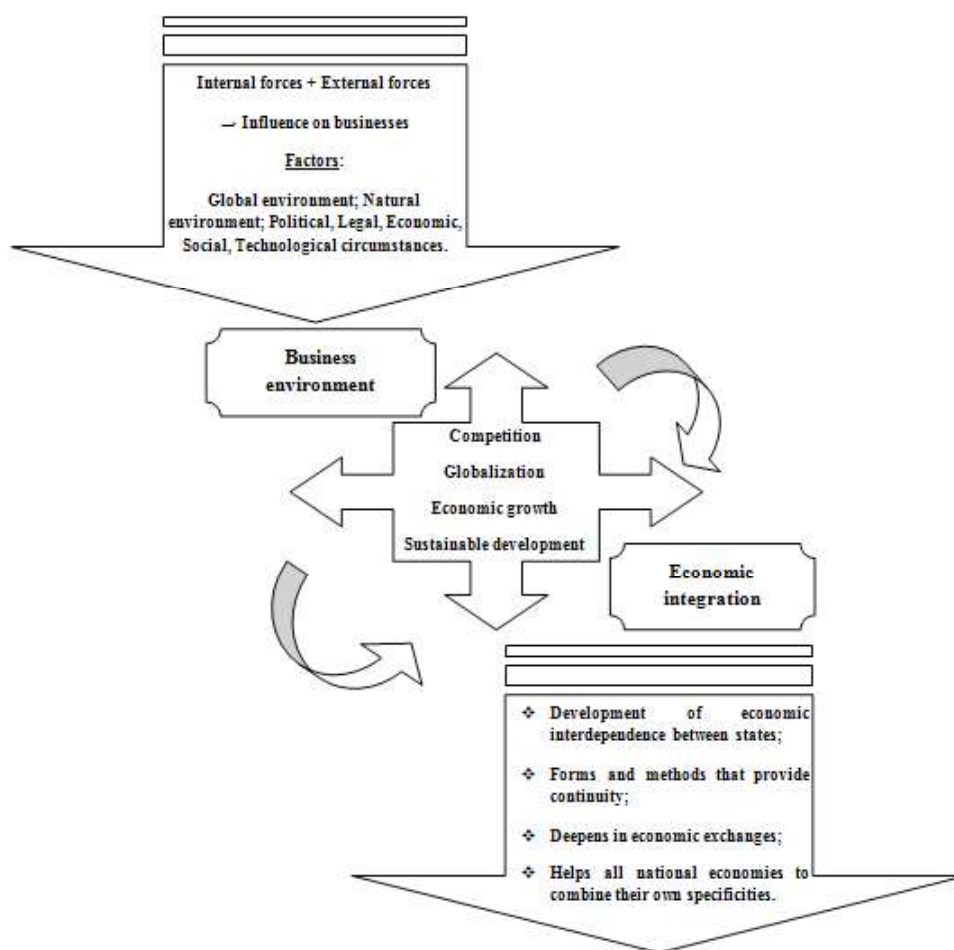
⁴ According to Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 494, p. 583, p. 637.

enough to eliminate various forms of economic isolation.

• **Economic growth** is considered by specialists a reversible process, having a self – sustaining nature.

• **Sustainable development** is a process in which both development policies and environmental protection are based on a comparison between costs and benefits, in order to create a balance between them and to protect the environment, while increasing social welfare.

Figure no. 1: „The business environment and the economic integration – a correlation with competition, globalization, economic growth and sustainable development”



Source: The Authors' adaptation after the ideas presented by V. Manole, M. Stoian, H. Dorobanțu, „Marketing”, Editura ASE, București, 2001, capitolul al doilea; Viorel Cornescu (colectiv de autori), „Introducere în Economie”, Editura Actami, București, 1997, p. 131; Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 494, p. 583, p. 637

2. The economic integration and the role of the European Union at an international level

The economic integration takes various forms (see, in this case, Figure no. 2: „The economic integration – various forms/stages”). Based on the way in which economic integration is achieved through the economic relations between the participating countries and the degree of interpenetration of their economies there exist five stages of economic integration⁵:

a) **The first form/stage of economic integration is known as the „Free Trade Area”**: it is characterized by eliminating tariff

and non-tariff trade barriers or by adopting a commercial policy specific to each country participating.

b) **The second form/stage of economic integration is known as the „Customs Union”**: it is characterized by eliminating customs’ inspection and practicing a common external tariff by all participating countries.

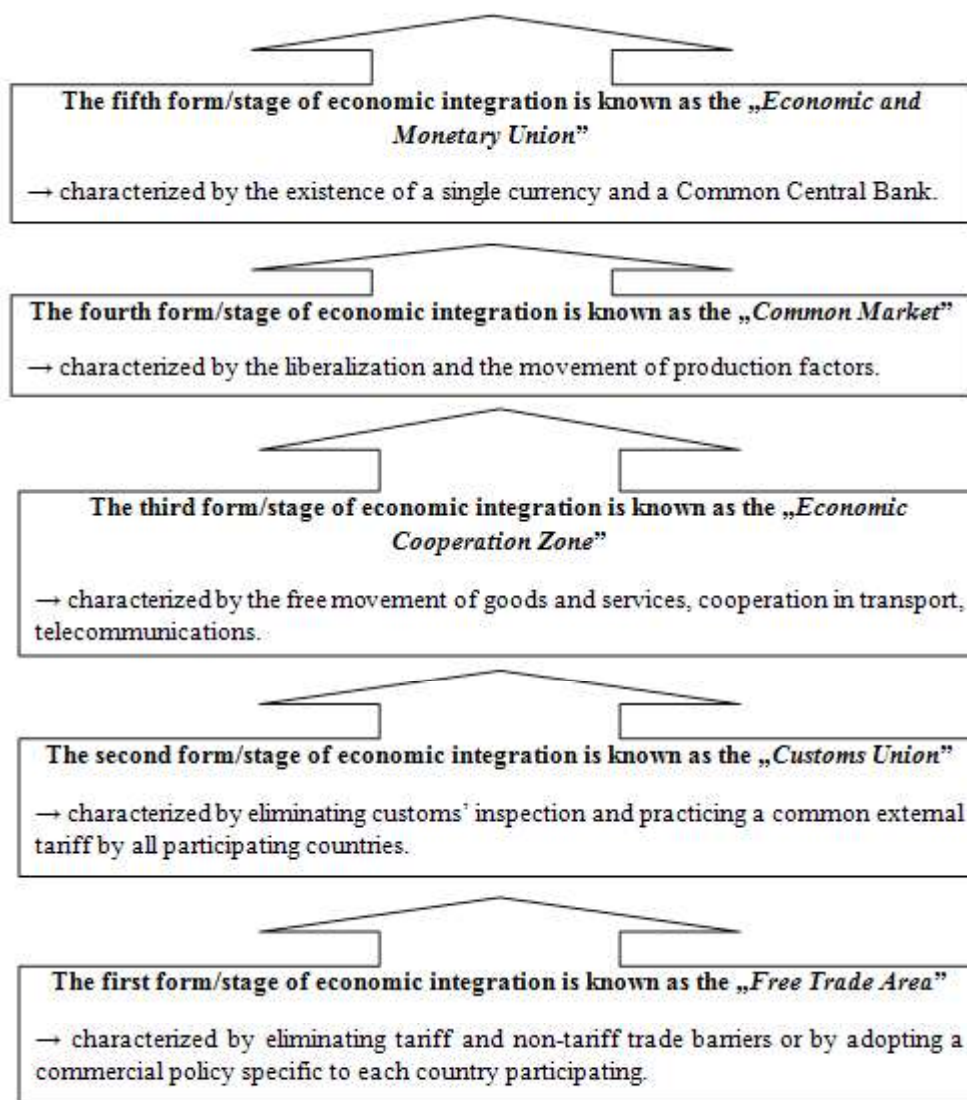
c) **The third form/stage of economic integration is known as the „Economic Cooperation Zone”**: it is characterized by the free movement of goods and services, cooperation in transport, telecommunications.

d) **The fourth form/stage of economic integration is known as the „Common Market”**: it is characterized by the liberalization and the movement of production factors.

e) **The fifth form/stage of economic integration is known as the „Economic and Monetary Union”**: it is characterized by the existence of a single currency and a Common Central Bank.

⁵ Taking into consideration the ideas presented by Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 494, as well as the ones existing at http://europa.eu/about-eu/institutions-bodies/index_ro.htm, accessed on the 4th of April 2016.

Figure no. 2: „The economic integration – various forms/stages”



Source: The Authors' adaptation after the ideas presented by Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 494, as well as the ones existing at http://europa.eu/about-eu/institutions-bodies/index_ro.htm, accessed on the 4th of April 2016

The European Union (EU) should be seen as an independent community of European countries that decided to create a unity based on political, economic, cultural and social common values on the 7th of

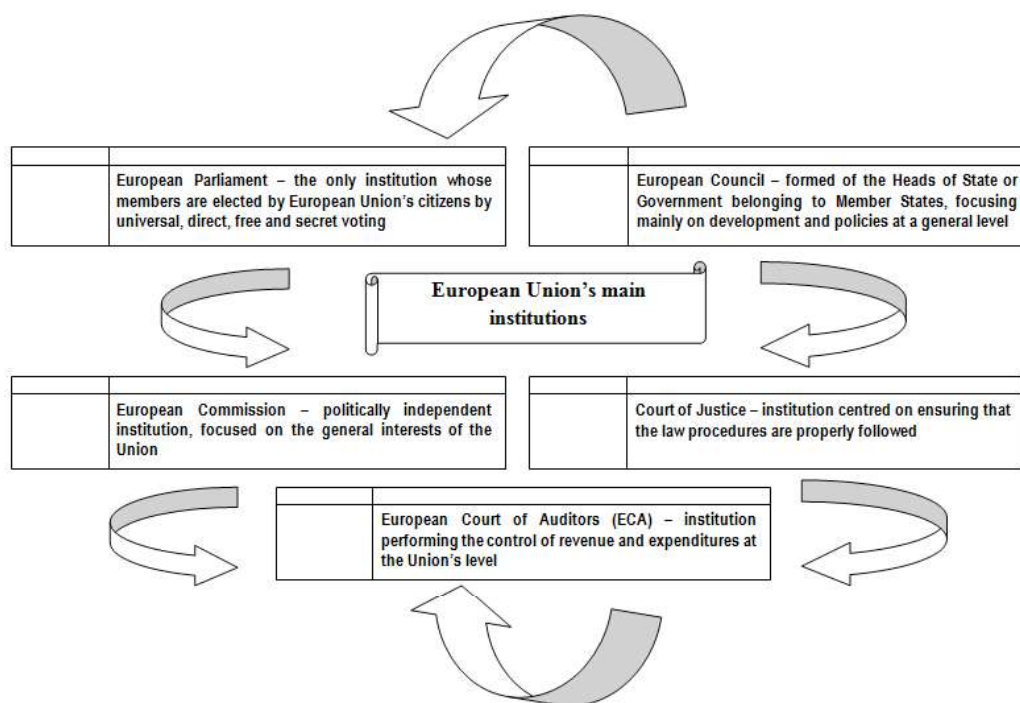
February 1992, after signing the Maastricht Treaty (the Netherlands)⁶.

⁶ Taking into account the details presented by Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 590.

The European Union's main institutions are⁷ (see, in this case, **Figure no. 3: „The European Union's main institutions”**):

⁷ Taking into account the details presented by Gheorghe Crețoiu, Viorel Cornescu, Ion Bucur, „Economie”, Editura All Beck, București, 2003, p. 593 – 594, , as well as the ones existing at http://europa.eu/about-eu/institutions-bodies/index_ro.htm, accessed on the 10th of April 2016, with details at http://europa.eu/about-eu/institutions-bodies/european-parliament/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/european-council/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/european-commission/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/court-justice/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/court-auditors/index_ro.htm accessed on the 10th of April 2016.

Figure no. 3: „The European Union's main institutions”



Source: The Authors' adaptation after the ideas presented in http://europa.eu/about-eu/institutions-bodies/index_ro.htm, at http://europa.eu/about-eu/institutions-bodies/european-parliament/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/european-council/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/european-commission/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/court-justice/index_ro.htm, http://europa.eu/about-eu/institutions-bodies/court-auditors/index_ro.htm accessed on the 10th of April 2016

3. Europe's Common Agricultural Policy (CAP)

Europe's Common Agricultural Policy (CAP) is the first policy developed by the European Community, being considered the key trigger/link of the European unification⁸.

Europe's Common Agricultural Policy was created with the aim of giving people good/proper food at affordable prices and, in the same time, encouraging individuals to get much more implicated in agricultural activities⁹.

In this regard, Europe's Common Agricultural Policy can be seen as an instrument able to support the work of the European Union due to budgetary resources taken from agriculture, customs duties, a part of the value added taxes (VAT) collected from the revenue by states and a financial contribution given by the member states¹⁰.

⁸ See, in this matter, Marius Profiroiu, Alina Profiroiu, Irina Popescu, „Instituții și politici europene”, Editura Economică, București, 2008, p. 170.

⁹ According to the information presented at http://ec.europa.eu/agriculture/index_ro.htm, in the article „Să înțelegem politicile Uniunii Europene”, accessed on the 12th of March 2016.

¹⁰ As presented in Viorel Cornescu (colectiv de autori), „Introducere în Economie”, Editura Actami, București, 1997, p. 448.

There are several elements that should be taken into consideration while analysing Europe's Common Agricultural Policy (see, in this case, **Chart no. 1: „Agricultural Labour Input Statistics”**):

- Its main objective is to preserve an economic sector with a profound institutional and social feature, considered heterogeneous socially and economically, multifunctional due to its orientation towards family farms, encouraging competitiveness on the market¹¹

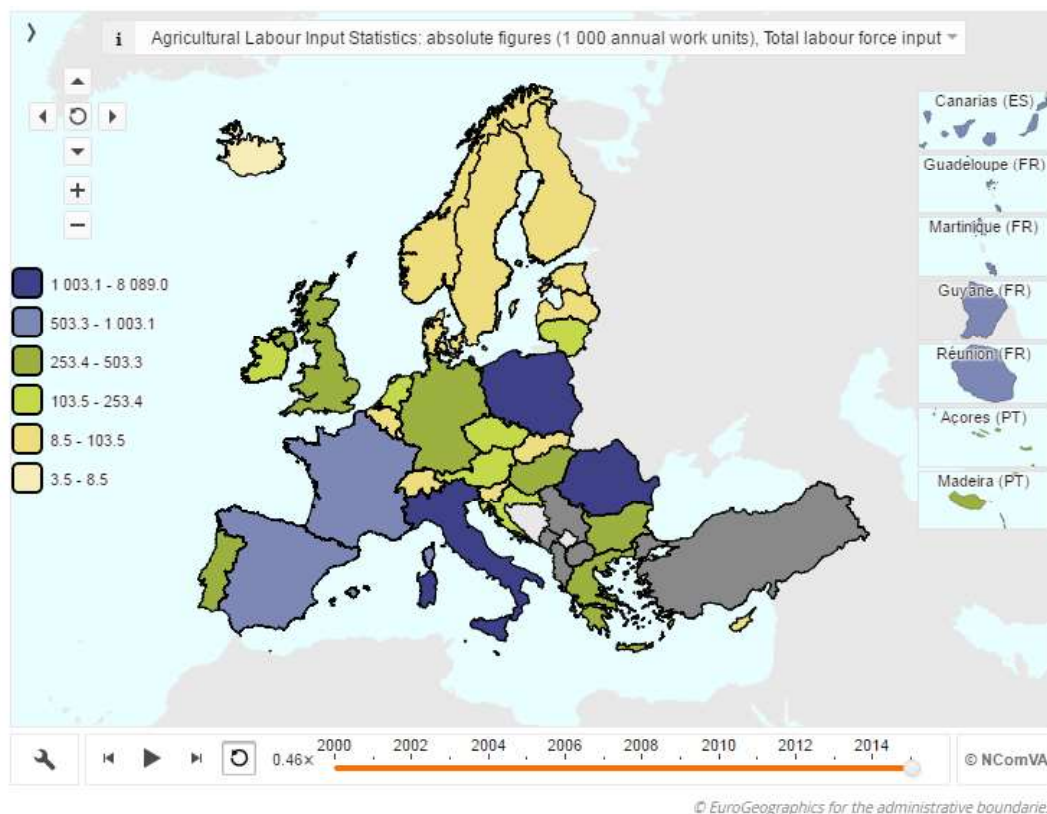
- For many years, it was considered to be the only fully integrated policy of the European Union, creating the way for the single market. The principle that led to the emergence of the agricultural markets was the one stating that, due to its specificities, agriculture itself, seen as an economic sector, is not capable to operate alone in an environment dominated by the market laws¹².

- Agriculture represents an economic sector with a specific conduct and specific particularities, able to act in a free market.

¹¹ See, in this matter, Helen Wallace, William Wallace, „Procesul politic în Uniunea Europeană”, Editura ARC, 2004, p. 186.

¹² According to the data analyzed by Gabriel Popescu, „Politici agricole. Acorduri europene.”, Editura Economică. 1999, p. 37.

Chart no. 1: „Agricultural Labour Input Statistics“



Source: <http://ec.europa.eu/eurostat/web/agriculture/statistics-illustrated> accessed on the 2nd of April 2016 and Eurostat Statistical Books, „Agriculture, forestry and fishery statistics“, 2015 Edition, European Union, 2016, Luxembourg: Publications Office of the European Union, Theme: Agriculture and fisheries, Collection: Statistical Books, p.33, printed in Belgium

4. Sustainable development and Europe's Common Agricultural Policy (CAP) future – Predictions and perspectives for 2020 and 2030

The main objectives that take into consideration Europe's sustainable development features refer to :

- The effective functioning of the national energy system in a safe manner;

- The reduction in emissions in various sectors by implementing and using standard methods of allocation and certificates;
- Achieving new goals related to the climate change;
- Adapting to climate change when implementing and modifying existing and future laws and policies;
- Raising awareness on adaptation to climate change
- Acting in a modern and competitive way;

- Identifying the needs of individuals;
- Improving performance growth;
- Creating new and more diverse jobs;
- Increasing both the production as well as the quality food quality (simultaneous action);
- Improving the environmental conditions;
- Promoting sustainable practices in agriculture and at the economy's level, in general;
- Reducing poverty by providing better access to education, better infrastructure and basic services, leading to a higher standard of living.

Conclusions

Sustainable development and Europe's Common Agricultural Policy (CAP) consider mainly the quality of the agricultural products in the context for the need to create a single market in the European Union.

The desired actions are concentrated on diminishing and even desirably on eliminating negative effects that may occur while reforming Europe's Common Agricultural Policy (CAP).

Acknowledgment:

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7. **Helen Wallace, William Wallace**, *„Procesul politic în Uniunea Europeană”*, Editura ARC, 2004, p. 186.
8. *** http://europa.eu/about-eu/institutions-bodies/index_ro.htm, accessed on the 4th of April 2016.
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10. *** http://ec.europa.eu/agriculture/index_ro.htm, in the article *„Să înțelegem politicile Uniunii Europene”*, accessed on the 12th of March 2016.