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‘Rural Development and Tourism in Romania: A Community and National [Legal] Perspective’
RURAL DEVELOPMENT AND TOURISM IN ROMANIA: A COMMUNITY AND NATIONAL [LEGAL] PERSPECTIVE

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ABSTRACT

This working paper wishes to analyse Romania’s current legislative framework in relation to rural development and tourism. On the one hand, we will deal with the European Union’s policies on these two fields and with the financial instruments that Romania is entitled to and that it could use to promote rural development and tourism. On the other hand, the working paper wishes to look into the domestic legislation framework on the possible linkage between these two fields. The final goal is to assess whether Romania is provided with the necessary legal tools to take a strategic decision about how to develop its rural areas through, amongst other factors, tourism. This is a historical moment for this country since it has recently entered the EU.

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1. PRELIMINARY REMARKS ABOUT ROMANIA

Romania became a Member of the European Union (EU) on January 1st, 2007. This date represents, on the one hand, the end of a thirty year process of approximation of this country to the European common space, and, on the other hand, the beginning of a new process, this time of real integration within the same.

For almost 45 years Romania experienced the most centralised political and economic system, originally Stalinist in nature, in the whole of Eastern Europe. Logically, now it needs a certain period of time in order to adapt its institutions to EU standards. This is understandable considering the totalitarian and dictatorial nature of the Communist system created by Nicolae Ceaucescu. It was a system with unique features both at home and internationally, which made it impossible at the time to glimpse those changes that were beginning to occur in all the other countries of the Warsaw Pact. This is why Romania has now a historic opportunity to strengthen and guarantee its prosperity within the framework of a legislative, economic and social system such as the EU1.

This Balkan country represents the second largest new Member State, after Poland2. In economic terms, it is one of the poorest EU Member States with less than 1% of the total Community Gross Domestic Product (GDP). Although in recent times it has been growing constantly3, Romania’s GDP is 34% of the EU-25 average4.

At the same time, it is worth recalling that agriculture represents the basic pillar of Romanian economy (it represents 18.5% of Romania’s internal gross income) and that the agricultural sector is more important than in most Member States (Romania’s total agricultural area is 63% of its total territory)5. With 32% of the population employed in agriculture and forestry, it has contributed to 12.1% of the GDP in 2006. Finally, rural areas cover 87.1% of Romania’s territory6 and rural population represents 45.1% of the total population7.

Another important aspect is that Romania is considered to be the Eastern and Central European State with the highest level of biodiversity. Its geographic wealth includes (see Figure 1):

- the Carpathian Mountains, which represent about 30% of the national territory;
- the Danube Delta Biosphere Reserve, which forms the most important wildlife area in the whole of Europe; its surface being about 5,000 km², of which 4,340 km² in Romanian territory;
- about 7 million ha of forestry (28.3% of total national area).

Figure 1: Romania’s biodiversity [Monitorul Oficial al Romaniei, Part I, No 5605]

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2 Romania’s territory covers 6% of the EU surface.

3 For example, in 2006 Romania grew 7.7%. This was one of the highest rates of economic growth registered in the area.

4 Nevertheless, the rate of inflation is still high (5.66% in 2006), far from the guidelines laid down by Maastricht, which asks for 2.5%, although it has moderated significantly in the last few years (it was as high as 17.8% in 2002). Likewise, it must be pointed out that the trade deficit reached 11.6% of GNP, while public and private expenditure are growing steadily.


6 Romania’s territory is 238,000 km².

7 Romania’s population is 21 million peoples.

1.1. Rural Tourism in Romania

Against this socio-economic and geo-political background we wish to highlight the vast and unexplored potential of Romanian tourism potential. Nowadays, over half of Romania’s surface can be exploited touristically. A quarter of its territory is considered a tourist paradise, and a third part has certain potential. This surface can be divided into areas of a great value and with high tourist potential, and areas with medium tourist potential. Rural tourism and agro-tourism in particular have been present in Romania for over 60 years. After 1990 this sector has developed greatly. Despite this growth, during the last decades tourist activities did not contribute to Romania’s wealth in large numbers. For example, according to World Travel and Tourism Council data, Romania holds the 162nd position out of 174 countries regarding tourism contribution to GDP value and it occupies merely the 138th position in the world concerning the investments in tourism. In our opinion, this situation is due, on the one hand, to the Communist national isolation which caused an important regress in this sector and, on the other hand, to the endless transition to the market economy and to the nonexistence of a stable legislative background in this area until recent times.

Unfortunately, this important tourist potential has not been fully valued and exploited. However, step by step this situation is changing, mainly due to rural tourism which has seen a considerable growth across the EU and for which Romania is receiving, and is entitled to obtain even further in the future, as we will see later in this paper, important Community funds through rural development objectives. Tourism seems now to be an alternative tool to revitalise declining areas in rural Romania. The challenge lies in developing rural tourism in a sustainable way, which will end up improving the quality of life of the rural population, and contribute, as one of the necessary elements, to the promotion of a sustainable rural economy.

1 The tourist paradise areas include: the mountain and sub-mountain area of the Carpathians, Maramures area, the Danube Delta and the coastal region, national parks and reservations, natural monuments of national interest; and the areas with certain touristic potential refer to beach resources and resources considered cultural heritage as: museums, memorial houses, historic areas, etc. Vod M.V. Redrule-Grigoreu and D.T. Coroceanu, “Sustainable Tourism in Romania: Tendencies, Opportunities and Threats”, in Tourism in the New Millennium, June 18-20, 2007, pp. 6-7, available at http://issuu.com/abstract882328.
10 This has varied around 2% in the last ten years, although it is considered that it should be at least 10%.

1.2. Scope of the Paper

Taking into consideration all these aspects, the aim of our research is twofold:

- Firstly, we wish to briefly analyse the EU legislative and policy framework regarding rural development, trying to identify whether it includes tourism in Romania; and,
- Secondly, we seek to underline the challenges and the difficulties met by this new Member State in the implementation of the Community legislation and in the establishment of a national framework regarding rural development and tourism according to the Union’s legislation and guidelines adopted in these fields.

2. THE EUROPEAN UNION LEGISLATIVE AND POLICY FRAMEWORKS REGARDING RURAL DEVELOPMENT AND TOURISM IN ROMANIA

Since the reform of the Common Agricultural Policy, rural development has achieved more and more importance becoming nowadays the second pillar of this Policy. Rural areas, which are vital for the EU, represent 90% of its territory and concentrate 56% of the population of the 27 Member States. This panorama has required a new normative framework, based on the Lisbon Strategy for jobs and growth (March 2000) and the Goteborg Strategy for sustainable development (June 2001), in order to better exploit the growth and job potential of the sector in a sustainable way.

The EU rural development policy is based mainly on three legal instruments:


13 These strategies have defined the following overall objectives regarding rural development: to facilitate the transformation and modernisation of the agriculture and forestry production and processing sectors, improving competitiveness and ensuring environmental sustainability; to maintain and enhance the rural environment; and to facilitate the movement and social conditions for the rural population.
In our opinion, while there is a common rural development policy at the EU level, the 27 Member States and European regions still have an important role to play regarding the control of the rural sector. Furthermore, the rural development policy is funded both by the EU budget and by individual Member States national or regional budgets.

2.1. The Linkage between the Common Rural Development Policy and Tourism

Against this background tourism forms a basic activity of rural development and plays an important role in the development of the vast majority of European regions. Despite its importance, it does not have any harmonised regulation at the EU level.

However, article 3.1.u) of the EC Treaty foresees that the activities of the Community shall include measures in the spheres of tourism, in order to achieve

"a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States." 18

In this context, the European Commission has published in 2006 a Communication regarding a renewed EU tourism policy, trying to revitalise this sector and make it more dynamic as a component of different Union’s policies and activities.

Many of the provisions of the normative acts that form the basis of the EU’s common rural development policy refer to tourism activities as a key part of rural development in the EU. For example, Council Decision 2006/144/EC that sets the Community’s priorities for rural development between 2007 and 2013 has identified some key actions with the aim of improving the quality of life in rural areas and encouraging diversification of the rural economy, such as:

- **firstly,** raising economic activity and employment rates in the wider rural economy through tourism for instance, as it offers opportunities both for on-farm diversification outside agriculture and development of micro-businesses in the broader rural economy;
- **secondly,** training young people in skills needed for the diversification of the local economy, which can tap into demand for tourism and other activities; and
- **thirdly,** encouraging the development of tourism as it represents a major growth sector in many rural areas and can build on cultural and natural heritage.

At the same time, the Commission Regulation (EC) No 1974/2006 mentions the development of tourism activities as a measure for improving the quality of life in rural areas and encouraging diversification of economic activity especially in rural areas.

2.2. The Linkage between EU Financial Instruments and Tourism in Romania

On the other hand, tourism has benefited from the financial support offered by different European financial instruments, which have been applied to Romania before its entrance to the EU. As has happened in the cases of other Eastern and Central European countries, PHARE, ISPA and SAPARD are the three main financial instruments offered to Romania.

Furthermore, from January 1st, 2007, as it is now an EU Member State, Romania is receiving economic assistance by means of the Economic and Cohesion Policy, in accordance with agreements reached during its negotiations for accession. Therefore, between 2007-2013, tourism will be financially supported by the Structural Funds and of Cohesion and other EU Programmes. The main objective of these programmes is to reduce the economic and social development disparities between Romania and the other EU Member States, by generating a 15-20% additional GDP growth by 2015. In relation to this, five thematic priorities have been established to achieve this general objective:

- to develop basic infrastructure in line with European standards;
- to increase the long-term competitiveness of the Romanian economy;
- to develop and use more efficiently Romania’s human capital;
- to build an effective administrative capacity; and

21 According to the specific case.
22 Of these three, PHARE has been the main instrument of assistance; its funds being devoted to institutional construction and investment support. ISPA has focused more on the financing and rehabilitation of environmental infrastructures, as well as the improvement and modernisation of transport infrastructures. Meanwhile, SAPARD has had as its aim the establishment of a Community support framework for sustainable rural development and for the implementation of the Common Agricultural Policy and other related Community policies.
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- to promote balanced territorial development (territorial priority).

The Structural Funds and of Cohesion are:
- the European Regional Development Fund,
- the European Social Fund and
- the Cohesion Fund.

Firstly, the European Regional Development Fund (ERDF) is one of the most significant sources of funding for the development of tourism businesses, services and infrastructure in Romania in the period 2007-2013. Its assistance is offered according to the "Convergence", the "Competitiveness and employment" and the "European territorial cooperation" objectives. It is well known that rural development offers real opportunities for tourism and both of them can generate employment in rural areas in Europe. Concretely, the Council considers that this Fund could be of support for an integrated approach to tourism, enhancing the diversification goal of rural areas. Thus, all Romanian regions are eligible under the Convergence objective, by virtue of Article 87 (3) (a) EC Treaty. And the maximum aid intensity is 50% for its whole territory, with the exception of Bucharest, which will be eligible at a maximum aid intensity of 40%.

Secondly, the European Social Fund shall support either tourism micro-enterprises, which are deemed to be very effective in creating economic activity and employment, or projects for professional mobility. Regarding tourism, the projects that encourage training of people in rural areas and the development of forming activities will be complementary to tourist activities financed under this Fund.

Thirdly, the Cohesion Fund shall contribute to the convergence of the less developed EU Member States and regions. Romania is likely to receive a large number of funds under the Cohesion Fund for the 2007-2013 period. Tourism activities shall be financed under this Fund (about 2.3%)27, although the areas that will receive the biggest amounts from this Fund are transport (34.3%), environmental protection and risk prevention (30.2%).

These Funds are complemented by:
- the European Agricultural Fund for Rural Development and
- the European Fisheries Fund28.

The European Agricultural Fund for Rural Development (EAFRD) is an important source of diversification of the rural economy, well integrated with farming activities29. In this context, tourism seems to be an important element of this new approach. Thus, this Fund shall support projects that encourage tourist activities as part of the diversification of the rural economy objective; and those studies and investments with the maintenance, restoration and upgrading of the cultural heritage.

The European Fisheries Fund (EFF) is another fund that may be used. It will support projects that will alleviate the socio-economic effects of the fisheries sector restructure and it will help to regenerate fisheries-dependent areas through diversification and the creation of employment alternatives in these areas. In relation to this, the demarcation between EAFRD and EFF is based on beneficiary and intervention field – the EAFRD intervention targets people involved in agricultural and non-agricultural sector except those involved in fishery and aquaculture activities30.

Finally, the total amount of the investments in structural and cohesion policy will be of approximately €25.2 billion during the 2007-2013 period. And Romania's contribution to

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27 The other sectors financed under the Cohesion Fund are: culture (1.3%), energy (3.9%), improving access to employment and sustainability (0.2%), information society (2.9%), investment in social infrastructure (3.6%), research and technological development (R&T&D), innovation and entrepreneurship (12.0%), technical assistance (3.6%) and urban and rural regeneration (5.8%).
complement the EU investments will be of at least €5.5 billion. For example, for the 2007-2013 period, Romania has been allocated approximately €9.2 billion under the convergence objective and other €455 million under the European Territorial Cooperation objective.

3. THE NATIONAL REGULATION OF RURAL DEVELOPMENT AND OF TOURISM IN ROMANIA

As we have explained in the previous part of this Working Paper there are different and clear Community provisions that link rural development with tourism that can be applied to Romania. Now this new Member State is facing the challenge of adopting and implementing a national framework in these fields in its territory, taking into account, on the one hand, the specific Community's legislation in these areas, and, on the other hand, its duties assumed during the accession negotiations to the EU.

3.1. Incorporating Sustainable Development in the Romanian Legislative Framework

From the beginning it must be underlined that until 2007 Romania has lacked a well defined national strategy regarding tourism development. Furthermore, there is not any operational programme entirely devoted to this area either, although during the last years various Regional Operational Programmes (ROP) have been established in order to absorb the EU funds allocated for the period 2007-2013. These include different priorities and measures related to tourism development, with special attention devoted to cultural tourism. Finally, in July 2008 the National Sustainable Development Strategy has been adopted for the 2013-2020 period, which contains three strategic objectives for the short, medium and long term:

- **Horizon 2013** in order to incorporate the principles and practices of sustainable development in all the programmes and public policies of Romania as an EU Member State;
- **Horizon 2020** needed for reaching the current average level of the EU countries for the main indicators of sustainable development; and
- **Horizon 2030** for getting significantly close to the average performance of the EU Member States in that year in terms of sustainable development indicators.

It also foresees a proposal for the creation either of a Ministry of Energies and Resources or of an independent office for monitoring and surveillance of the energy market. This Ministry could be created as a result of the reorganisation of the Ministry of Economy and Finance. At the same time, several weak points have been identified that refer to regional development, and more specifically, to rural development, agriculture, forestry and fisheries. Furthermore, the Strategy underlines that the legal dispositions, programming documents and executive decisions in these areas must comply with the EU Directives and Community regulations, as well as with Romania's national strategies sectoral programmes.

3.2. Rural Development and Tourism Governance in Romania

Romania's managing authorities related to the implementation of the EU policy referred to rural development and tourism are:

- the Ministry of Development, Public Works and Housing;
- the Ministry of Economy and Finance;
- the Ministry of Environment and Sustainable Development (that counts with a National Environmental Protection Agency);
- the Ministry of Transport; and the Ministry of Agriculture and Rural Development; and
- a National Development Agency that has been created in 2004, belonging to the Government.

There are also eight Regional Development Agencies which have been created in 2004 (see Figure 2). These will play a major role since they will have to administer a significant part of the EU Funds on rural development. These Agencies have been set up by voluntary

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28 Such as, among others: the concentration of the economic growth and of foreign direct investments around the city of Bucharest and increasing disparities compared to the other regions, accompanied by worsening congestion of the capital; socio-economic decline of a significant number of larger cities and their diminished role in the development of the adjacent areas and of the regions; increasing demographic imbalances at regional level; loss of urban functions in many small and medium towns, especially in mono-industrial localities that were affected by restructuring and the resulting deterioration of social problems; re-emergence of the historical development imbalance between the Eastern and the Western parts of the country; limited experience and ability of local public authorities to manage complex sustainable development programmes including the economic, social and environmental components; etc.

29 There are eight Regional Environmental Protection Agencies too.
association of neighbouring counties; they are not a territorial administrative unit and they also do not have any legal personality. They are rather informal organisational structures made up of four to six counties (NUTS III) each:

- **Region 1** – North-East (including 6 counties);
- **Region 2** – South-East (including 6 counties);
- **Region 3** – South (including 7 counties);
- **Region 4** – South-West (including 5 counties);
- **Region 5** – West (including 4 counties);
- **Region 6** – North-West (including 6 counties);
- **Region 7** – Centre (including 6 counties); and
- **Region 8** – Bucharest-IIfov (including Bucharest the capital and the county Ilfov).

The main activities of the eight Regional Development Agencies are: to conceive and update the Regional Development Plan (2007-2013); to implement and monitor the Programmes; to work in partnership; and to promote relevant information for the region. They also have competences for the management of the ROP. In this sense, each Regional Development Agency (as an intermediary organ) will sign a Framework Agreement with the Ministry of European Integration (as a Management Authority for the ROP). This Agreement will constitute the general framework for the implementation of the ROP 2007-2013 in Romania at a regional level.

According to the National Strategy Plan for Rural Development 2007-2013, from a tourism development interests perspective, the South-West development region (Region 4) is the one with the biggest potential in terms of tourism and agro-tourism due to its biodiversity, the natural reservations and other natural wealth; and the Centre development region (Region 7) is the most representative in terms of agro-tourism because of its infrastructure.37

### 3.3. Linking Rural Development and Tourism

Furthermore, at regional level, each Romanian region has elaborated its own strategic development framework, integrated into the national strategic framework adopted regarding the rural development.

On the other hand, by virtue of the EU legislation related to rural development, a National Rural Development Programme (NRDP) has been established for Romania for the 2007-2013 period. It is centred on 3 key challenges:

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• to transform and modernise the agriculture and forestry production and processing sectors;
• to maintain and enhance the quality of the rural development; and
• to ensure adequate economic and social conditions for the rural development.

These activities will be financed with €7,522 million during this period of time.

The NRDP for Romania consists of Axis 1\textsuperscript{18}, 2\textsuperscript{18} and 3, and LEADER\textsuperscript{41}. Almost half of the EU funds from the RDP for Romania will go to the Axis 1. However Axis 3 is the most important for the scope of our Paper as it refers to:
• firstly, to maintain and to develop economic activities in order to increase employment (in this sense, rural tourism activities will be supported due to their positive impact through the creation of additional jobs);
• secondly, to increase the attractiveness of the rural areas (by upgrading and diversifying tourism infrastructure and related facilities in order to promote a competitive rural tourism); and
• thirdly, to develop the skills and to stimulate awareness of the local actors (to develop the skills of the local actors in order to stimulate the organisation of the territory).

This Programme is co-financed by the EAFRD and different complementary national programmes of rural development, according to Article 88 of the Council Regulation (EC) No 1698/2005. In this sense, up to 26.3\% of the financial means of EAFRD will be allocated to this Axis (€1,979 million).

\textsuperscript{18} Its main priorities are: skills and management capacity will be improved; improving the competitiveness of the farming sector, and restructuring and modernisation of processing and marketing of agricultural and forestry products.

\textsuperscript{19} Its main priorities are: to maintain sustainable farming in mountain and other disadvantaged areas (in order to maintain the environment, avoid land abandonment and address problems such as soil erosion); to maintain and enhance the environment benefits generated by traditional extensive farming systems in High Nature Value ecosystems (Carpathian mountains and Transylvania); to protect endangered bird species and their habitats; and forestation of agricultural land.\textsuperscript{19}

\textsuperscript{41} LEADER's main priorities are: to improve local governance capacity and to promote local development; and 91\% of the funds will be used for the implementation of local strategies by Local Action Groups, including cooperation projects with other LEADER groups. On the four Axes of rural development, vid. N. Jazir Bandarian, “Dévenir du monde rural face aux orientations de la politique européenne 2007-2013”, (2008) 499, Revue du Marché commun et de l'Union européenne, p. 385-398.

41 Council Decision 2005/144/EC, cit. These guidelines include the following: to increase the non agricultural income will consolidate the semi-subsistence farms; to promote handicrafts and renewable energy activities will positively contribute to climate change; to develop non agriculture activities in farms and creating jobs within micro enterprises; to support the development of infrastructure while respecting the environment priorities; to create services for the population and economic activities; to promote training that will contribute to improve the environmental awareness; and to support public and private partnerships.

42 Exploring the linkages between sustainable tourism in rural areas and the promotion of renewable energies is precisely one of the goals of the Environmental Regulatory Research Group project titled "A Legal and Policy Roadmap for Linking Energy Security in Rural Areas with Sustainable Tourism: A European Perspective", available at http://www2.surrey.ac.uk/erg/projects/legalenergy/ (last visited on 17 April 2009).

In relation to this, these aims are fully in compliance with the EU Community's Strategic Guidelines\textsuperscript{41}. Interestingly one of these guidelines fosters the development and use of renewable energies\textsuperscript{42}.

4. FINAL REMARKS

In this working paper we provided a first sketch of the Community and domestic legal framework that may apply to rural development and tourism in Romania. This country is going through a key moment in its history having recently entered into the EU and we argue that the decisions it will take in the following years have the potential to shape the country's socio-economic panorama tremendously. It is crucial that Romania gets things right and this paper is just a modest effort to underline challenges and opportunities in the legal framework that the country is currently experiencing.

We believe that the challenge lies in promoting a development that is sustainable. A long lasting strategy must be implemented where the opportunities that its accession to the EU are fully exploited. The geo-political characteristics of the country that highlight a high percentage of the populations still living in rural areas coupled with the tourism potential of the rural areas themselves make it tantamount to link rural development and tourism in the proper way. Until now Romania seems to have focused more on eco-tourism and/or rural tourism and less on sustainable tourism. This is one of the further areas of research that have been undertaken. Why hasn't sustainable tourism been developed in Romania? Or has it, but under a different terminology?

While these are important questions that the researchers involved in this working paper will look into in the future\textsuperscript{42}, we draw more modest conclusions from this working paper. On the
one hand, from a community legal perspective we have seen that tourism in rural areas in Romania can be promoted through the rural development community policy and, especially, through the funds available in a number of EU financial instruments that are available to Romania. On the other hand, the analysis of the domestic legal framework has shown that sustainable development has just very recently entered the legal framework of Romania. Furthermore, we have seen the level of complexity of the country's rural development and tourism governance. Finally, we have shown that rural development and tourism are beginning to be linked both from an institutional and a normative point of view.

The stakes are high in Romania currently and tourism can be a further opportunity to promote development in rural areas. Whether the implementation of Community and national legal frameworks will lead to sustainable tourism practices is yet to be seen, but some aspects that we have tried to underline in this working paper make us think that the country has a unique opportunity to develop its rural areas in a sustainable manner through, amongst other factors, tourism.

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