ROMANIA VS. EUROPEAN UNION: POLICIES AND MEASURES FOR REDUCING DISPARITIES EXISTING IN AGRICULTURE

Eduard Boghiță
Assist., PhD, University of Agricultural Sciences and Veterinarian Medicine, Iași

Abstract: According to the Agricultural Census 2010 in the European Union there were nearly 12 million farms covering an area of 170 million hectares, the average farm being 14.3 hectares. Of the approximately 12 million existing farms in the European Union, more than 3.85 million, representing 32%, were in Romania, which shows the extent of fragmentation of romanian agricultural holdings, with negative effects on economic performance and their overall status of development. At European Union level, employment in farming is based, in most countries, on the contribution of family labor and not on employment, workforce working predominantly in their farms, and in a non-contractual form. Romania is no exception to this, being ranked 6th in 2010, within the EU, for the share of the family labor force in their own holdings. The aging of active workforce in agriculture is a reality in Romania and in the European Union, which requires the adoption of additional measures for young farmers. In addition to the structural aspects of the farm, respectively small size and human capital in terms of age and training, low productivity is also caused by poor access to other production factors such as equipment and capital. These data show that the romanian rural economy is still too weak integrated in market economy and that restructuring is slow. Food industry is a very important sector for the romanian economy, both in terms of employment - 2.3% of total employment nationally, and the percentage held by gross value added (GVA), or 6.3%. A coherent strategy for the development of romanian agriculture must include a program to facilitate private investment in agro-processing capacities in the food industry, to be developed in rural areas.

Keywords: measures, disparities, performances, development, private investment

Introduction

Agriculture is a sector of prime importance in Romania, both by the contribution it has in the national economy and and through its vital social role. With a contribution of 6.7% to the national gross value added, reported in 2010, agriculture has always played an important role for the Romanian economy. Romania presents significant gaps towards EU also in the agricultural sector productivity: even in favorable crop years, productivity is below 50% of the EU average, which shows the untapped economic potential of Romanian agriculture and rural areas

In 2013 the EU spent 5.56 billion euros in Romania. Of this amount, 2.46 billion respectively 44% accounted for agricultural spending.

Material and method

Regarding the methodology used to the development of work in order to obtain conclusions and recommendations – which reflects the realities in the territory, it was used an

optimal mix of analysis methods and techniques, methods and techniques based on the use of the "triangulation" principle for three methodological tools: (a) methods of collecting data/information; (b) quantitative analysis methods; (c) qualitative analysis tools.

We have analyzed a number of evidence relevant to the present and future of agriculture and rural development in Romania and the quantitative analysis was founded on the base of an extensive set of statistical information collected both at national and regional county institutions. Regarding the statistical information we appreciate their collection at the lowest level of aggregation, to increase the relevance of the analysis in relation to the regional specificities.

Results

Farms in Romania and the European Union

The average size of farms in the EU is 14.3 hectares and 3.45 hectares in Romania which negative influence agricultural and rural available resources, with adverse effects on the rural economy and farmers' incomes.

According to projects situation within the National Program of Rural Development, by 11 April 2013 for measure 141 "Supporting semi-subsistence farms" were submitted 88 846 applications for funding in the total, their value being 666.3 million EUR.

48 512 projects were selected, and were concluded financing contracts for 46 853 projects worth 147.7 million euros, the support aiming to ensure revenues needed for the restructuring and transformation period of semi-subsistence holdings market-oriented, through the efficient use of inputs, improve management, diversification of agricultural production and the introduction of technologies adapted to the regional specificities.

The performance of agriculture in Romania is severely affected by excessive fragmentation of ownership (3.859 thousand farms in 2010, compared to 3.931 thousand farms in 2007 - only 2% less), given that 93% of all farms had, in 2010, an area less than 5 hectares and they held 29.6% of the total utilized agricultural area. Also in 2010 there were a number of 13.740 large farms in Romania that exploit an area of 6.5 million hectares representing 48.9% of the total, average farm size being 474 ha.

Therefor, Romania has a bipolar structure of farms: big farms, competitive coexisting with small farms at subsistence level.

The main needs identified for supporting the development of agricultural holdings:

• The need to reduce the share of subsistence farms and farm consolidation, by increasing physical size, which will lead to stopping fragmentation;
• The need for installation of young farmers in rural areas as a factor of stability and improvement of human potential through support for the development of profitable businesses;
• The need to achieve technical investment in agricultural holdings;
• The need to modernize and restructure small farms, to reduce the competitive disadvantage they face in the market;

Agricultural land use

Arable land per capita places Romania in the first countries in Europe, with 0.43 hectares / person in 2010, and 0.42 hectares / person in 2011, which shows significant

---

2 Brezuleanu Stejărel -2009- Management în agricultură, Editura Tehnopress, Iași
potential to increase agricultural output and improve its structure, potential to be better highlighted, given the rising demand for food, existing in the world.

In the structure of agricultural production, crop production is predominant, owning in 2011, a rate of 70.8% in the total production, compared to 28.5% as the livestock production sector represents and only 0.7% of agricultural services.

Romania is a major producer of grains and oilseeds, these crops occupying each year, the largest areas of land. Thus, in 2011, of the 8.1 million hectare acreage, 5.2 million hectares (64%) were cereal grains, and 1.5 million hectares (18%) oilseeds.

Increasing yields per hectare are the main source of increasing crop production and thereby the economic performance of farms and the agricultural sector as a whole, as a factor of strengthening and capitalizing on the competitive position of Romania as one of the leading manufacturers cereal in Europe.

In the 2010-2011 agricultural year, total wheat production recorded 7.16 million tonnes, 1.3 million tonnes more than the previous year when there were obtained 5.84 million tonnes, although the cultivated area was reduced by 215 thousand hectares.

The livestock sector in Romania has a clear potential for development, providing products that can cover the needs for inland consumption and export surpluses, plus the value obtained contributing to the increasing of the producers and the sector incomes. In late 2010, Romania was located in 10th place among European countries in terms of the herd.

Needs identified in agricultural production:

- Romania Needs to support in coming years, practice of animal husbandry and boost efficiency revival of the Key Sectors, Raising cattle for meat, sheep, pigs growth, promoting traditional and organic products certified, knowing that, in addition to the economic benefits, supports the maintaining of traditions and rural specifics, the maintaining of specific activities of rural communities, maintaining of population in the rural areas, especially of young people;
- The Need to adapt production to market demands and to sell a part of the individual products by Associations or Cooperatives Producers, based on Contracts Commercial Farms.

Workforce

There are some countries like Czech Republic, Slovakia and even France, countries where the volume of non-familial permanent workforce exceeds 70% of the total workforce employed at the farm level.

Compared to total employment in various sectors of national economy, employment in Romania in agriculture, forestry and fisheries remain at a high level respective 29.1% in 2010 and 29.2% in 2011.

Distribution of employed population by activities of national economy shows that the percentage of the labor force in Romania absorbed by the secondary sector represented by industry and construction and tertiary represented by service is still low compared to European average, 70.9%, versus 95.1% in the European Union in 2010.

Romania also has one of the lowest rates of urbanization in Europe, 55.1%, while Western European countries have a rate of over 70%. Urbanization is an indicator and an
engine of a country progress, ruralization an expression of lack of sustained economic progress.

In Romania, on 1 January 2011, 9635.6 thousand persons were living in rural areas, representing 45% of the total population, of which 4805.8 thousand men, respectively 49.9% and 4829.8 thousand women namely 50.1%.

Distribution of employed population by activities of national economy shows that, overall, in the agriculture, forestry and fishing has focused a percentage of 28.6% of the total employed in the economy in 2011, of which 6.3% were employed.

A high percentage of the population employed in agriculture is quite socially vulnerable, generally aged and with a low level of education, 21.5% of those with higher and secondary education living in rural areas in 2011.

Young farmers

From data analysis and interpretation of the General Agricultural Census 2010, it appears that only 6.5% of Romanian farmers are younger than 35 years compared to a 7% at EU level, while 38.2% are over 65 years of age compared to 1/3 in the European Union.

Since the support offered to young farmers in Romania under CAP pillar 2, under the National Program of Rural Development 2007-2013, proved insufficient, that did not encourage significant rejuvenation of active farmers, it proved necessary to adopt additional measures in 2014-2020.

Young farmers are the future of agriculture guarantee, therefore they must be supported by a combination of measures to stimulate and include subsidies for installation, exemption from taxes, subsidized loans, as well as training and advisory services.

On 11 April 2013, the projects analysis under measure 112 "young farmers" in NNRD 2007 to 2013 reveals the following: 22 494 applications were submitted for funding, with a value of 630 million euros (186.8% compared to the initial total allocation measure) being concluded financing decisions only for 9521 projects, worth 153.6 million (44.2% degree of financial implementation of the total allocated programming period).

The large number of projects submitted for this measure by potential beneficiaries shows the interest and the need to support with priority of this primordial segment for the future of agriculture and rural areas in Romania as a whole. Development of farms and non-agricultural companies should aim to promote employment and create new jobs attractive in rural areas, maintenance of existing employment and reducing seasonal fluctuations in the employment sector, development of non-agricultural sectors outside agriculture and food sector.

Work productivity

According to Ministry of Agriculture and Rural Development, labor productivity in agriculture indicator recorded slight increases during 2006-2009, and one of the lowest annual growth rates at European level only 1.1% respectively. Thus, the indicator on labor productivity in agriculture increased from 9420.92 lei / person in 2006 to 11350.9 lei / person in 2009, respectively 9.8%.

Low productivity is also caused by faulty access to other production factors such as equipment and capital. These data show that Romanian rural economy is still too weakly integrated in market economy and that its restructuring is slow.

The agricultural machinery park is insufficient, most farms in Romania are confronted with a very low degree of mechanization.
The specific structure of holdings in Romania generates a special situation within the EU, that 31.1% of farms do not use tractors, while 91.1% of farms have no tractors, which gives a dependence on third parties owning tractors, rare case in other countries.

Although Romania is one of the countries with large areas of cereal, about 5.3 million hectares, 5th in the European Union, the yields per hectare are modest, yield per hectare in 2009 at cereal, was only 2.8 tons / hectare, meaning 48% of the average of the first six major European manufacturers and 75% of the productivity level achieved internally in 2011.

Identified needs regarding employment in rural areas:
• The need for holdings rejuvenation by attracting young labor force in agriculture;
• The need to improve knowledge and professional skills of workers in agriculture, forestry, food and fisheries;
• The need to increase the general level of education of farmers for farm management and administration and financial management;
• The need to increase the supply of advisory and consulting in rural areas, in numbers and quality;
• The need to enhance the capacity of rural micro enterprises to provide jobs in agriculture and non-agriculture in order to increase rural income.

Food industry


The number of employees in the food industry, registered on 31 December 2011 was 148000 persons ie 13.4% of the number of employees who works in manufacturing, 80 000 being women.

Romania has owned 3% of all food businesses in the European Union in 2010, while the percentage of total farms has amounted to 32%. In 2010, food companies, which had less than 10 Employees, have owned 66% of total medium and small enterprises from this sector.

Most small and medium enterprises in the food industry were recorded in N V Region (14.6%), followed by Central Region.

In the current circumstances, only a third of agricultural production in Romania is used by the food industry, compared with 67.8% in France and 62% in Poland. A percentage of 70% of exported production represents raw or processed primary production (livestock, grain, oil plants, tobacco, vegetable fats and oils) products for which our country has not, yet, integrated processing channels.

In Romania, there is a structural imbalance in terms of food consumption and quality deficiencies in production and marketing of food.

At the same time, the agricultural sector, although it has favorable natural conditions to cover, at least the internal consumption needs, not provides access of the entire population to a rational eating and prices of food are not accessible to vulnerable groups.

Production for own consumption is high, especially in rural areas and for cities supply, the basic foodstuffs are imported. Food consumption in Romania, compared to developed countries in Europe, is low at meat, milk, eggs, fish and some types of vegetables and fruits, but is surplus at products produced from grain. Meeting the needs of the population for a balanced diet depends on creating sufficient disponibilities of consumption, and increase purchasing power.
The Restructuring needs of industry and trade of food products from Romania, while ensuring agro-food consumption needs, must address the following issues:

- Reducing the share of food expenditure in total household spending, which remains at a very high level (about 35-40%), two times higher than the European average while consumption remains weak structure (predominantly consumption products vegetable, inferior and cheaper at the expense of animal products);
- Reduce the self-consumption food of total consumption, which has the highest value in Europe, although significantly reduced, from 64.9% in 2000 to 41% in 2007, remains very high level of individual consumption;
- Improving food consumption per capita in Romania which is at the minimum level of subsistence (9.41 lei / day in 2009), well below the daily consumption in developed countries (by 2.2-2.5 times less).

Needs identified in the food industry:

- The need to adapt the food industry units to the demands of consumption and food security which are steadily rising of consumer;
- The need to increase the share of processed food products;

CONCLUSIONS AND RECOMMENDATIONS

The performance of agriculture in Romania is severely affected by excessive fragmentation of ownership (3,859 thousand farms in 2010, compared to 3,931 thousand farms in 2007 - only 2% less), given that 93% of all farms they had, in 2010, an area less than 5 hectares and represent 29.6% of total utilized agricultural area.

Its recommended improving conditions for financing projects through European funds to better meet the needs of potential beneficiaries.

Its recommended investment in new technologies and products that increase added value of their products and increase competitiveness of the processing sector.

BIBLIOGRAPHY

[13]. Brezuleanu Stejărel, Carmen Olguța Brezuleanu, Constantin Iaţco-FUNDAMENTATION OF HUMAN RESOURCES IN AGRICULTURAL EXPLOATIONS ON THE BASIS OF LABOUR PRODUCTIVITY INDICATORS, ENVIRONMENTAL ENGINEERING AND MANAGEMENT JOURNAL, April 2013, no. 4, pag. 763-767, print ISSN: 1582-9596, eISSN: 1843-3707, Impact factor 1,117, Journal Citation Reports published by Thomson Reuters, 2013
[16]. ***www.fonduri-ue.ro
[17]. ***www.europa.eu
[18]. ***www.madrp.ro
[19]. ***www.apdrp.ro
[20]. ***www.insse.ro