

## **STRUCTURAL ADJUSTMENTS IN THE AGROALIMENTARY ECONOMY TO THE RIGORS OF UNION EUROPEA - OPORTUNITIES END CRITICAL FACTORS**

**Brata Anca Monica\***

*\*University of Oradea, Faculty of Environmental Protection, 26 Gen. Magheru St., 410048 Oradea;  
Romania, e-mail: [ancabrata@yahoo.com](mailto:ancabrata@yahoo.com)*

### **Abstract**

*Romania has the strenghts of natural conditions profesional knowledge and developement potential of agriculture. Some weaknesses may be mentined: very fragmented land, low farm mechanization, low level of investments in agriculture, low level of technical education of the farmers in schools specialized.*

**Key words:** agriculture, agroalimentary economy, oportunities, critical factors

### **INTRODUCTION**

The transition to a market economy appears to have been longer than originally expected in central and eastern European countries. A lot of case studies and research [3] on the main determinants and trends of structural adjustments in the agri-food economy. In part, the extension was caused by the economic situation in many countries of the region, which has deteriorated to a large extent at the beginnig the transition process and that has not yet reached the reference time considered to be 1989 {2}.

From the theoretical point of view, we suppose that the direction and speed of transition from an agricultural to a collectivist type of individual type, family with a strong note, can be explained taking into account both the time reference and by supporting and stimulating start to the individual farming. In turn, the start was determined by:

- a) merging the land use which sadly has not happened in Romania because of purely psychological reasons (fear peasants to join the experience of collectivization);
- b) lease or sale of agricultural land;
- c) Report of the advantages and disadvantages of individual farming, individual farming, even if the basis for European agriculture is still a number of disadvantages [4].

Have highlighted the major advantages of individual farming type: reduced transaction costs, so their work can be better monitored, a better control of resource allocation which can cause a high efficiency. At the same time, individual type of agriculture is associated with a number of

disadvantages: the lack of economies of scale in risk management, information, credit, purchase of inputs, marketing and production considered as opportunity cost for leaving the collectivist agriculture.

Among the main *restrictions* in agricultural development can be referred to individually type: incomplete institutional models that relate to the lack of credit and financing institutions and to support the existence of underdeveloped institutions, human capital is relatively poorly prepared, agricultural training systems, research and extension are often inefficiency, property rights and related legislation are still quite uncertain status.

The most important critical factors affecting family farms adjust to structural changes and make them more efficient and competitive than they are rooted in:

- a) the macroeconomic environment of farms and agricultural policy measures taken by policy makers and
- b) micro-environment of the farm.

Among the critical factors that may be involved in the macroeconomic environment category can remember: reforms are often contradictory and insufficient, the absence of social policies or establishment of a visa or not and rural areas, government intervention in regulating prices and exchange rates, volatility and sector due to lack of substantial export promotion policy [1]. In the same time there are numerous factors outside the scope of agricultural policy: missing of the regional and structural policy, discrimination on the family farm capital market and credit, and decision-making within the agricultural policy formulation, incomplete control of the privatization and reconstruction of property rights and assets owned farms, lack of support access to markets and unclear legal status of agricultural holdings, missing of balanced policy on transparency of information about the transparency of information at the agricultural market (in general).

The main hotspots of food and rural sector can be summarized as follows: still dominant share of agriculture in the rural economy, contrary to trends in the West, but also from East of Europe, low level of development of non-agricultural rural economy and the low level of alternative sources of employment and income for rural population; low level of development of infrastructure and services for these areas; insufficient involvement of the tools of recovery potential agro-environmental areas; difficulties in administrative capacity - to exploit the potential of rural institutional generated mainly by training of financial resources.

## **MATERIAL AND METHODS**

The study is based on a SWOT analysis of agriculture in the 10 countries that recently joined the EU.

## RESULTS AND DISCUSSION

*Table 1*

SWOT analysis of agriculture in EU countries in Central and East of Europe

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Soil fertility / natural conditions favorable (EST, SLK, ROM) Farming traditions combined with the diversity of farms (LIT, POL, ROM) The relatively low employment in agriculture (EST, CEH, SLK) Lower costs of inputs (UNG, LIT, POL) Professional knowledge and potential development (EST, CEH, SLK, ROM) Development of organic farming (LIT, POL, UNG, ROM) Economies of scale through large scale farms (UNG, CEH, SLK)	Highly fragmented nature of ownership of agricultural (LIT, LET, POL, UNG, SLO, SLK, ROM) The low level of farm mechanization (EST, LIT, LET, SLK, ROM) Low labor and land productivity (LET, POL, SLO) Lack of investment in agriculture (EST, LIT, ROM) The low level of education of farmers through the school (EST, SLO, SLK, ROM) Adverse natural conditions (POL, CEH, SLO)
<b>OPORTUNITIES</b>	<b>THREATS</b>
Market Expansion / access to EU markets (LIT, LET, SLK, UNG) Expansion of organic markets (EST, LIT, POL, CEH, UNG, SLO, ROM) Diversification - Tourism, specific products (EST, LIT, LET, CEH, SLO, ROM) Development of common supply and marketing organizations (EST, SLO) Greater stability to policy / agricultural markets (POL, UNG) Increasing agriculture technique (EST, POL)	Increased competition on domestic markets (LIT, LET, UNG, SLO, ROM) The loss of skilled labor in urban areas by leaving (EST, LIT, SLO, ROM) Low investment in agriculture (EST, LIT, ROM) Quality Standards (POL, UNG)

As shown in the table above, Romania, Slovakia and Estonia together, strengths are the natural conditions, professional knowledge and development potential of agriculture. This potential can be both a weakness if one takes into account the results of negotiations. From this point of view, Romania will receive financial support than half the agricultural area. In contrast, Romania could have a lot to gain from the development of organic farming and the preservation of traditions in agriculture. Some weaknesses may be mentioned: very fragmented land ownership which prevents optimal utilization, of technical, agricultural land, low level of farm mechanization, from the low level of investment in agriculture, low level of technical education of farmers, specialized schools.

## CONCLUSION

In Romania, market expansion opportunities are represented by organic and the possibility of diversification of the rural non-agricultural nature.

In terms of constraints, we refer primarily to the agricultural area will not receive financial support from the EU after accession. The production on about 7 million ha. Will be sold at higher prices than on the surface to be supported financially. A consequence of this measure could be represented by a loss of skilled labor in rural areas.

## REFERENCES

1. Hubbard L., Borrel B., 2007, Global economic effects of the EU Common Agricultural Policy, *Economic Affairs*, Vol. 20, No. 2, p. 49.
2. Leonte Jacqueline, Firici Maria Carmen, Burtea Viorica, Bălănică S., 1999, Analiza efectelor cost-beneficiu în agricultură în perspectiva aderării României la Uniunea Europeană, *Revista Română de Agricultură*, nr. 1, București.
3. Malassis L., 1973, *Economie Agroalimentaire*, vol 1-3, Editura Cujas, Paris.
4. Poladian Simona, 2001, (coord.), *Reforma Politicii Agricole Comune (PAC) în contextul evoluției integrării în Uniunea Europeană*, în *Reforma internă a Uniunii Europene*, București, nr. 61-62-63, p. 77-78