

GRAIN MARKET IN ROMANIA

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Abstract

Agricultural markets are located at the confluence of farms and collection enterprises (cooperative or trader) or manufacturing industry. This type of market is specific to all normal and perishable products that require the effectuation of conditionings in a fast and effective manner to keep intact all the characteristics and properties. After achieving such conditionings, agricultural products become marketable.

Key word: grain, market, cultivated areas

INTRODUCTION

In our country's climatic conditions, the yield level and economic efficiency depends on the restoration and bringing into service of irrigation systems and crop rotations introduction and compliance.

Cereals, recognized as part of the Gramineae breed, occupy an important place in human nutrition, being characterized by a chemical composition rich in nutrients, easily assimilated in the body. As the main components of the grain are: partially complete proteins in form of albumin, globulin, protamine (gliadin in gluten), glutelina with an essential role in the process of fermentation of the dough; glucides represented by starch, cellulose, maltose (especially in shell); fats, are found in wheat embryo and shell, which are very rich in vitamin E. In outer layers and in embryo are also found vitamins of group B. In addition, the wheat berry contains a number of minerals in the form of phosphorus, potassium, calcium, magnesium. After processing of cereal grains as croups and flour, some existing components in the outer layers and in embryo are largely lost, leaving mainly carbohydrates in the form of starch and protein, partially complete.

MATERIAL AND METHOD

To analyze the grain market supply we will study first grain cultivated areas and yield of cereals. Causes for sudden swings over the years in grain production in Romania have been increase or decline of the cultivated areas and yields.

In **Table 1** we highlight data which refer to area planted with cereals in Romania. Overall the grain production is correlated with the area sown, but sometimes paradoxes appear, where although the cultivated area is high, production is low. From year to year farmers and agricultural professionals are facing various problems, often being unable to cope with difficult situations that may arise. There are multiple explanations: either weather related issues (repeated flooding or drought, high or extremely low temperatures), or the occurrence of various diseases and pests.(Botanoiu, D., 2010)

Therefore, the conclusion we can draw from the above mentioned facts is that grain yield obtained is not always determined by cultivated area: situations may arise when, although large areas are sown there is no record of the production obtained.

Table 1

Area planted with major crops in Romania, during 1990-2007 period.

Years	Total	Wheat and rye (thousands ha)	Other cereals
1990	5704	2297	3406
1991	6049	2217	3831
1992	5773	1475	4298
1993	6395	2307	4087
1994	6557	2440	4116
1995	6444	2501	3943
1996	5842	1797	4045
1997	6319	2424	3895
1998	5920	2033	3887
1999	5370	1686	3683
2001	5655	1954	3700
2002	6294	2558	3736
2003	6038	2309	3728
2004	5987	2295	3692
2005	6021	2476	3545
2006	5987	2012	3975
2007	5023	1975	3947

Source: National Institute of Statistics

Uncertainty and risk in agriculture are common, causing instability and significant production losses. Risks emergence, regardless of their nature is inevitable both in terms of production pursued to achieve within a well defined period, and in the food products marketing. We can mention here the so-called „physical risk” that is encountered in destruction or damage of products due to the factors mentioned above, and well-known „market risk” arising from various changes of „ products values within production process and consumption process.(Ciutacu, C, 2002)

It is important in this context to mention the difference between risk situations and uncertainty ones that can occur in preparatory process of any economical, agricultural process in general.

Thus, the risk is expected when you can associate a probability to possible outcomes of a certain action. Uncertainty can occur when the information we have is so limited so that it's not possible to assign a probability to various outcomes. Risk can be measured using dispersion parameters of probability laws. As a practical matter specialists have in mind not only gross income dispersion that is obtained from a culture but also the farmers' point of view on this dispersion .(Chiran A.)

Overall, from data analysis can be seen fluctuations at the level of the areas planted with wheat and rye. Also by comparing the cultivated areas with obtained productions, the most situations highlight obtaining high yields on larger surfaces, while to small areas correspond to a lower production. Exceptional circumstances may occur, such as those encountered in case of higher production obtaining on smaller areas, and vice-versa, procurement of insignificant production, even if the allocated area was much larger not being in concordance with expected projections. Between the multiple causes we can mention mainly the economic, technical and social factors.

RESULTS AND DISSCUSIONS

Total production of cereals in Romania in the period 1990-2007 is presented in **Table 2**.

We find that this production passes through significant fluctuations, registering though a record level in 1997, accompanied by pretty sharp decreases in the next periods, followed then by a few recoveries in 2001, 2004 and 2005.(Dragan, G, 2008)

Overall, total grain production average in the analyzed period is situated around the amount of 16471, 43 thousand tons, positioning our country in the first 10 places in Europe, being almost equal to total cereal production in Hungary, a country ranked in 7th place among European Union member countries.(Miron, D.; Folcut, O,2008)

Increasingly, statistical sources relate the complementarities phenomenon of rye crop related to the wheat crop because their culture areal is clearly distinct in territory, wheat requiring more fertile soil, while rye responds with good results to not so favorable natural conditions, from podzol-like soils up to those located on sands. Reiteration of the rye planted areas at substantial sizes, in order to compensate for wheat culture from its unfavorable areas, would allow procurement of basic food for population throughout the country.

Table 2

Cereals production in Romania, 1990-2007

Years	Wheat and Rye (thousand tons)	Other cereals	Total cereals (thousand tons)
1990	7379	9794	17173
1991	5558	13747	19306
1992	3227	9061	12289
1993	5354	10138	15493
1994	6186	11997	18183
1995	7709	12173	19882
1996	3164	11035	14299
1997	7185	14921	22107
1998	5207	10244	15452
1999	4682	12354	17037
2001	4456	6021	10477
2002	7763	11107	18870
2003	4441	9915	14356
2004	7812	11250	19062
2005	7340	10762	18102
2006	5526	9876	15402
2007	3044	8979	12023

Source: National Institute of Statistics

In Table 3 are presented wheat and other cereals average production evolution in Romania, and that of total production of cereals. Wheat average yield ranged from 1.8 tons /ha (registered in 1996) and 3.2 tons/ha (in 1990), with an average of 2.5 tons / ha.

The degree of satisfaction of national consumption needs during 1990-2007 period ranged from 59,7% (in 1996) and 147.2%(in 2001).Oscillations show that wheat and rye production is subject to risk factors that are not controlled yet by agricultural policy .

In recent years, wheat and rye export represented on average in Romania about 7.6% from the country's wheat production. As for the wheat price, it increased in the analyzed period.

Table 3

Average cereals production in Romania

Years	Wheat (tons/ha)	Other cereals (tons/ha)	Total cereals (tons/ha)
1990	3.2	2.9	3.0
1991	2.5	3.6	3.2
1992	2.2	2.1	2.1
1993	2.3	2.5	2.4
1994	2.5	2.9	2.8
1995	3.1	3.1	3.1
1996	1.8	2.7	2.4
1997	3.0	3.8	3.5
1998	2.6	2.6	2.6
1999	2.8	3.4	3.2
2001	3.8	1.6	1.9
2002	2.1	3.0	3.0
2003	1.6	2.7	2.4
2004	3.4	2.7	2.9
2005	2.9	2.1	2.2
2006	2.7	2.9	2.8
2007	1.5	1.7	1.4

Source: National Institute of Statistics

Nationally, wheat production fell by 24.7% in 2007, relative to 2006 level and with 58.5% in 2007 comparatively to the same agricultural year 2005. Total production involution is the cumulative effect of reducing wheat cultivated area in 2005-2007 period(by 20.2%) and of average production decrease, obtained in the same period(by 48%). Year 2007 represent a special case mainly due to adverse weather conditions, this agricultural year being characterized by a lower level of wheat production, both in our country and globally.(Dumitru, D.; Ionescu, L.; Popescu, M.; Filon, T., 2000)

As for the price of wheat, it has liberalized, but remains under direct influence of the processors, that are better organized and have an interest that this price to be to their advantage, therefore to be minimized. Farmers are numerous and with an extremely low economic power, which makes them vulnerable to the market. The poor organization of wheat and cereals producers in associative domain and the few non-governmental bodies that represent them, determine that their interests to be insufficiently represented

and defended, and legislative proposals to their advantage to be very rare and inconsistent.

The wheat price has increased every year, but each time the increase was below the annual inflation rate, which made that the economic power of wheat producers to have a downward trend.

Table 4

The average price of wheat in Romania (1994-2008)

Year	Price/kg. STAS
1994	210
1995	229
1996	430
1997	804
1998	826
1999	1249
2000	2644
2001	2990
2002	3044
2003	5050
2004	5530
2005	5790
2006	6023
2007	6350
2008	6890

Source: National Institute of Statistics

CONCLUSIONS

The wheat imports reach significant levels in years with poor harvests, because they depend on climatic conditions. The policy support wheat producers had the expected effects, and the export is below our country's potential.

The revenues of wheat producers are unsatisfactory due to the excessive parceling of land, low yields per hectare, higher costs due to expensive inputs, major deficiencies in the distribution and storage system, poor quality of wheat produced by economic agents.

As a sector policy, the agricultural policy comprises a set of fundamental objectives in agriculture, actions, tools and mechanisms by which the governments interfere, moderate or eliminate some interventions in order to regulate the relations demand - supply in the alimentary market.

The agricultural policy is a component of general economic policy, a long time after The Second World War, was based on the interventionist conception of public control of production and income support for farmers

in the United States and Western Europe, especially after the creation of the European Economic Community.

Since the formation and up to the present the Common Agricultural Policy has undergone several stages of development. The analysis of CAP highlights the continuity of EU policy on agriculture and rural development in an evolving way, establishing objectives to be attained within a certain period, adequate mechanisms and financial resources.

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