

ROMANIAN AGRICULTURE DURING POST-ADHESION TO EU

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Abstract

According to the Adhesion Treaty, the years between 2007 and 2009 accounted the Romanian agriculture for a transition period. The first post-adhesion measures available and applicable to the rural area were the European SAPARD further measures which continued with Romanian SAPARD program. Other post-adhesion programs that explicitly aim to rural development are: Sectoral Operational Programme, Sectoral Operational Programme Human Resources Development, Operational Programme "Regional Development".

Main feature of Romanian rural economy is very large percentage of small farms producing mainly for own consumption. The existence of a large number of small farms along with very large farms reveals structural imbalance affecting the competitiveness of Romanian agriculture.

Key words: plant sector, livestock sector, rural area, agriculture.

INTRODUCTION

European Agricultural Fund for Rural Development is a financing tool created to help EU member countries for proper implementation of the CAP during 2007-2013. For Romania it represents an opportunity for rural financing in the amount of 7.5 bln. euro. European funds can be accessed under the National Rural Development Programme (NRDP) and the National Strategic Plan for Rural Development (NSPRD).

The main institutions involved in implementing the RDP are:

- ✚ Ministry of Agriculture and Rural Development - MARD - General Directorate of Rural Development who is the Managing Authority for NRDP and ensure the management of EU funds, setting priorities and action steps;
- ✚ Payment Agency for Rural Development Fishing - PARDF, a body to pay for all NRDP measures, except for under-privileged areas; PARDF was established by Ordinance No. 13/2006 by reorganizing the SAPARD Agency and received accreditation for operation in late 2007. Agency structure includes eight regional centres and 42 county offices,
- ✚ the Agency for Payments and Intervention in Agriculture - APIA - to pay for under-privileged areas.

National Rural Development Program addresses rural issues and aims to reduce socio-economic disparities of Romania from the other EU member states. Priorities of the program, embodied in four axes, are:

- Axis I: “Increasing the competitiveness of agriculture and forestry”;
- Axis II: “Improving the environment and rural areas”;
- Axis III: “Quality of life in rural areas and diversification of rural economy”;
- Axis IV: “LEADER”.

Various measures can be accessed within these axes, aiming at: modernization of farms, increasing the economic value of forests, adding value to agricultural and forestry products, improving and developing infrastructure related to development and adaptation of agriculture and forestry, support for the creation and development of small businesses, encouragement of tourism activities, for which non-refundable grants are awarded.(ISTUDOR, N., 2006)

MATERIALS AND METHODS

Weight of population employed in agriculture is still one of the largest in the EU, since pre-adhesion period, showing a gradual downward trend, from 43.5% in 2001 to 27.7% in 2008 (self-employed and workers specialized in commercial farms agriculture) and an aging workforce in this industry.

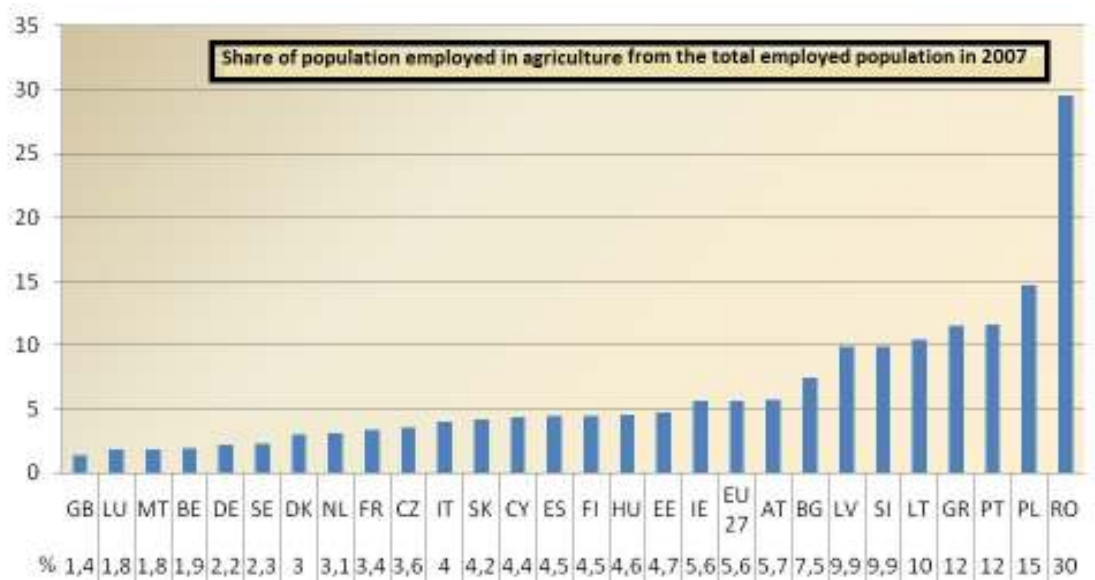


Figure no. 1

Source: Eurostat data 2007

If in terms of population employed in agriculture Romania has a double weight as the following country, Poland, and is nearly five times higher than EU average, in terms of average size of a farm we are situated on the opposite end, along with small countries with a different agricultural profile, such as Malta and Cyprus.

Of the approx. 4 million registered holdings at the end of 2007, 99.5% were individual agricultural holdings, covering 65% of the used agricultural area, the rest being units with legal personality that exploited 35% of the surface. The average used agricultural area was 3.5 ha/holding, 2.3 ha/farm being operated by individual farms and 270.4 ha/farm by units with legal personality. In the EU, average size of farms is about 19 ha. According to APIA, the area eligible for payment on the surface was 9.788 thousand ha, distributed in 1.120 farms. (ALECSANDRI, C., LUCA, L., 2009)

While plant production is approx. 60% of total agricultural production, animal production is approx. 39% and agricultural services a very small percentage of approx. 1%. Development of this sector in the period 2007-2009 is shown in the table below:

Table no. 1

Evolution of agricultural production during 2007-2009

Specification	2007	2007	2008	2008	2009*	2009*
	Mil.lei current prices	%	Mil.lei current prices	%	Mil.lei current prices	%
Plant production	28,723.4	60.2	45,742.2	68.3	35,735.5	59.6
Animal production	18,291.6	38.3	20,535.7	30.6	23,441.6	39.1
Agricultural services	684.8	1.5	716.0	1.1	751.3	1.3
TOTAL	47,699.9	100.0	66,993.9	100.0	59,928.4	100.0

Source: Anuarul Statistic al Romaniei, 2009

*operational data MADR-INS

Production achieved in 2009 in field crops has provided consumer the necessary consumption demand for both people and for feeding animals. In the table below we present the cultivated areas and the total production conducted between 2007-2009 for grains and oilseeds, sugar beet and potatoes.

Table no. 2

Main cultures in plant sector during 2007-2009

Specification	Area	(thousand	ha)	Production	total	(th. tones)
	2007	2008	2009*	2007	2008	2009*
Total cereals, out of which:	5,129.2	5,210.7	5,282.4	7,814.8	16,826.4	14,873
Wheat, rye	1,987.1	2,123.3	2,164.3	3,065.0	7,212.4	5,235.5
Barley, two-row barley	363.8	394.0	517.5	531.4	1,209.4	1,182.1
Oat	208.7	200.4	202.7	251.6	382.0	295.8
Corn	2,524.7	2,441.5	2,338.8	3,853.9	7,849.1	7,973.3
Rice	8.4	9.9	12.9	27.5	48.9	72.5
Sunflower	835.9	813.9	766.1	546.9	1,170.0	1,098
Rape oil	364.9	365	419.9	361.5	673.0	559.6
Soya	133.2	49.9	48.8	136.1	90.6	84.3
Sugar beet	28.7	20.4	21.3	748.8	706.7	816.8
Potatoes	268.1	255.3	255.2	3,712.4	3,649.0	4,004

Source: Anuarul Statistic al Romaniei, 2009

*data INS

During 2007-2009, the main forms of support in the plant sector were: the single area payment, additional direct payments, subsidizing gas-oil, subsidizing credits for production and merchandise production for sugar

beet, rice, flax and hemp fiber, providing compensation for damages in case of disasters.

An important role in the use of renewable energy policy goes to crops intended to produce bio-diesel and bio-ethanol: rape, oilseeds, corn. Therefore, Romania promotes national and foreign investments in industries producing such fuels.

During post-adhesion period, the payment scheme for energy crops was applied, according to CAP strategy.

In terms of field vegetables and greenhouses, cultivated area increased from 253.400 ha in 2007 to 267.100 ha in 2009 and total production increased from 3,116.8 thousand in 2007 to 3,901.9 thousand tones in 2009.

In 2009, grape production has exceeded the average of the years 2007 and 2008 being 990,200 and the fruit production rose from 1.085,8 thousand tones in 2007 to 1,323,000 tones in 2009. Area cultivated with grape-vine occupies about 1.5% of country farmland. Romania, as a wine country, ranked 5 in the EU as wine-growing area and 6 in the grape and wine production.

Achieving balance between the vegetable and the animal sector is a goal of Romanian agriculture. The aim is to increase livestock, improve breeds for meat and milk, increase forage and protein crop area in order to improve livestock production designed to encourage the development of agro-food processing units. (ANGELESCU, C., CIUCUR, D., 2006)

Livestock is an important part of the Romanian agriculture and is one of the main activities in rural environment.

Table no.3

Livestock situation and yields obtained during the 2007-2009 period

Specification	M. U.	2007	2008	2009*
	Effectives			
Bovines	Th. per capita	2,819	2,684	2,512.2
Swine	Th. per capita	6,565	6,174	5,793.4
Ovines+caprines	Th. per capita.	9,334	9,780	10,058.7
Poultry	Th. per capita.	82,036	84,373	83,843
	Production			
Meat	Th. tones	1,503	1,426	1,442.3
Milk	Th. hl	61,048	59,006	56,382.6
Eggs	Mil. Pieces	6,522	6,692	6,211.2
Wool	Th. ha	21	22.1	22.3

Source: Anuarul Statistic al Romaniei, 2009

*data INS

With the exception of ovines and caprines where there were increases in livestock, the rest of the livestock sectors were in decline. Milk

production decreased, in the case of eggs were oscillations and wool slightly increased.

A series of measures were taken during 2007-2009 in order to subsidise farmers from the livestock sector, to improve product quality parameters and also allocations for programs of conservation and utilization of animal genetic resources being in critically state, endangered and of those vulnerable. Grants were awarded to improve the quality of genetic material used for the first calving heifers, gilts, cattle, sheep, rams, silkworms depending on production of the commercialized goods and the achievement of breeding criteria and breeding production performance.

Farming sector represented by organic agriculture has experienced a dynamic growth in recent years. Thus, in 2009, the total area cultivated by organic production was 240,000 hectares, up from 190,129 ha in 2007. In order to promote organic products, the European Commission supports for up to 50% of information and promotion programs offered by professional or branch organizations, representative of national or community sector, attending at least 20% of the actual cost of the shares, the co-financing being provided by the state budget (ANGELESCU, C., SOCOL, C., SOCOL, A.G., 2009).

RESULTS AND DISCUSSIONS

The European model of agriculture is based on the middle farm, usually a family one. There are differences between EU countries, meaning that some countries have farms higher than European average (UK, Denmark, Czech Republic). Romania does not correspond to this model, with an agricultural structure improper for a modern European state. Average holding is 3.3 ha in Romania, the percentage of employed population is very high and there are a large number of very large farms that consume most of the agricultural subsidies (SWINNEN, J.F.M., 2008).

Therefore, we can say that Romania has two agricultures, unconnected, with divergent objectives, interests and developing solutions:

- ✚ subsistence agriculture formed by numerous small farms, production being for own consumption. More than 2.5 million households own less than 1 ha of land;
- ✚ agro-industrial agriculture consists of holdings with hundreds or even thousands of hectares, adapted to the market and of relatively technical performance. Over 9,500 households have more than 100 hectares.

Under-developed middle agriculture characterized by middle sized farms (between 10 and 100 ha) only uses about 12% of the agricultural area of Romania.

Table no. 4

Utilized agricultural area depending on holdings size

Categories of holdings	Number of holdings in 2007 (th.)	Area used in 2007 (th. ha)
Under 10 ha	3,751	6,846
Between 10 and 100 ha	90	1,733
Over 100 ha	9.6	5,173

Source: MADR

An analysis of EU agriculture in terms of the distribution of agricultural area of holdings by category highlights the differences between Romania and countries representative for the variation of agriculture. If in Romania we can find an under-development of the middle sector (20-100 ha) and a concentration in the 2 to 10 hectares sector, countries like Poland rely heavily on medium-sized farms. In France, the agricultural area is divided almost equally between middle size farms (20-100 hectares) and very large ones (over 100 hectares), while in Denmark, a heavily industrialized country with a small percentage of the population employed in agriculture (3%), production is done in very large farms of over 100 hectares.

CONCLUSIONS

Study of real convergence with the EU of Romanian agriculture involves drawing up a SWOT analysis (strengths, weaknesses, opportunities and threats).

- ✚ **Strengths:** the second largest agricultural producer in Central and Eastern Europe, after Poland, the possibility of developing an effective agriculture due to climate and soil, development of organic farming, using traditional, non-intensive methods;
- ✚ **Weaknesses:** decreasing of the agricultural weight from GDP and increased weight of agricultural population from the total employed civilian population, the role of "safety net" for people who can not find work in other areas, subsistence agriculture (big number of small, family farms), the high share of own consumption, partial functionality of agricultural market.
- ✚ **Opportunities:** for Romania (as a EU Member State): increased economic stability, access to single market for EU products, large investments of structural funds, higher incomes for agricultural farmers, increased demand for products with high added value, for the EU (as a result of enlargement): building global competitive position, market expansion for their products;

- ✚ **Risks:** for Romania: fragmented agricultural structures, poor land and lease markets, poor access to credit, limited access to markets, low intermediate consumption according to extensive agricultural activities, lack of human capital, low labour productivity compared to EU average, high production costs, high share of own consumption; for EU: the invasion of cheap products from Central and Eastern European countries, increased number of immigrants to EU countries looking for a job, increased EU budget expenditure for the integration of new members.

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