

IMPORTANCE OF COOPERATION FOR SMALL FARMERS IN ROMANIA

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Abstract

At national level, agriculture is the basic branch of Romania's economy that has a more important role in the economy of our country than in other European countries because Romania has a very high agricultural potential, but it is insufficiently used by Romanian farmers. Following the studies and analyses, we believe that there are many factors that influence the development and consolidation of agricultural farms, which influence the profitability of agricultural farms, the most important factors, the technical factors, natural factors, and, last but not least, the weather factors that determine wide oscillations of agricultural productions each year. Only by solving these problems can be achieved maximum possible yields and a development and consolidation of family farms in Romania, comparable to those in developed EU countries, capable of ensuring the food safety and security of the population, of providing raw material for the manufacturing industry and for many other industries of Romania's economy and related activities needed to be developed and, at the same time, to be able to provide export products.

Key words: small farmers, agriculture, cooperation, growth, efficiency

INTRODUCTION

Nowadays agriculture, as a vital branch of the national economy through its social and economic functions of ensuring the need for food for the population, the quantities of raw material for the processing industry and also for other industries, of ensuring sufficient production of agri-food products for export and of contributing to the development of rural areas in a sustainable way is also ground by a profound crisis of production, structure, organization and management. (Brînzan et. al, 2020)

MATERIAL AND METHOD

This article analyses the evolution of agricultural farms on size classes and highlights the role of agricultural cooperatives in Romania for small farmers. The evolution of cooperatives is presented by counties and development regions. As a working methodology, the research of available statistical data was used and published at national level. Information collected

on the basis of bibliographic sources and national studies have been processed and analysed. For analysis and study, quantitative and qualitative analysis methods have been combined to better understand the problem studied and to formulate relevant results and conclusions.

RESULTS AND DISCUSSION

At national level, agriculture is the basic branch of Romania's economy that plays a more important role in the economy of the country than in other European countries because Romania has a very high agricultural potential that is insufficiently used by Romanian farmers. (Ciolac et al., 2021)

Statistical data confirms that agriculture is one of the few sectors of our economy that ranks Romania first in European tops, in terms of the cultivated area and, at the same time, in the production of cereal crops and oil plant crops. (Iancu, 2013)

Romanian farmers are facing fiscal, economic, and financial blockage, which create great financial problems impeding from resuming the production cycle and leading to bankruptcy. (Florea et al., 2017)

Although, in economy, we know the role and importance of commercial farms from a social point of view, it is very important to put special emphasis on small farms (up to 5 ha) because they represent 91.8% of the total Romanian holdings and use 28.7% of Romania's useful agricultural area (UAA), playing a particularly important role in the life of the inhabitants of our country. (Oțiman et al., 2013)

Since 1990, Romania's agriculture has been facing different economic and social issues and problems: the existence of numerous non-viable small farms (economically inefficient), excessive land plotting in small farms on the one hand and the emergence of large and high agricultural farms (of corporate type), on the other hand – great land owner holdings. (Mateoc-Sîrb, 1999) Thus, in 2016, 12,310 farms of over 100 ha, i.e., 0.36% of the total Romanian farms of 3.422.030, hold a share of 47.78% of Romania's UAAs (12,502,000 ha), respectively 5.973. 450 ha of agricultural land, and **2,480,770 farms below 2 ha, i.e., 72.49% of the total farms, used 12.32% of the total UAAs, i.e., 1,539,790 ha of agricultural land.**

These small farms provide the need for self-consumption in the vast majority of Romanian villages. This is the main reason for cooperating these farmers to achieve a level of economic development and efficiency that allows decent living, which makes it a mandatory necessity.

Table 1

Agricultural farms per size categories in Romania

Size categories	Indices		
	Number of agricultural holdings	Used agricultural area (ha)	Used agricultural area / holding (ha)
< 2 ha	2,480,770	1,539,790	0.62
%	72.49	12.32	-
2 - 5 ha	660,000	2,048,620	3.10
%	19.29	16.39	-
5 - 50 ha	262,930	2,522,230	9.59
%	7.73	20.17	-
50 -100 ha	6,010	418,450	69.62
%	0.17	3.35	-
>100 ha	12,310	5,973,450	485.25
%	0.36	47.78	-
Total	3,422,030	12,502,540	3.65

Source: APIA

Regarding the number of farmers by area categories, the data in Table 1 confirm that there is a concentration of farms up to 50 ha. Thus 91.3% of holdings up to 50 ha, respectively 823,119 holdings use an area of about 3,700,000 ha, i.e., 40.28% of the UAAs, and **2,427 holdings above 500 ha (0.27% of the total), exploit 2,850,000 ha of the UAAs, i.e., 31.07%.**

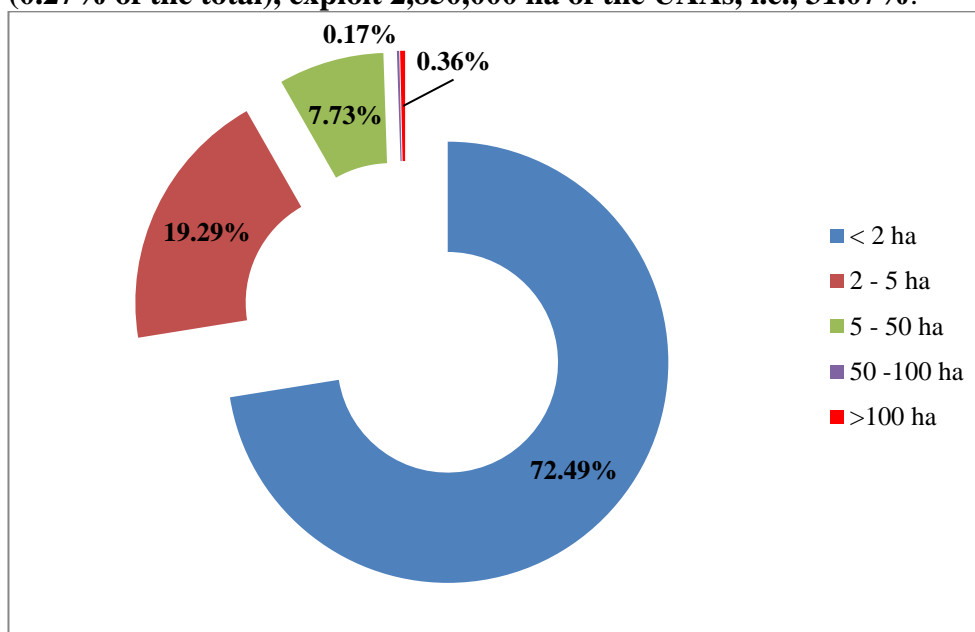


Fig. 1 Number of agricultural farms per size categories in Romania

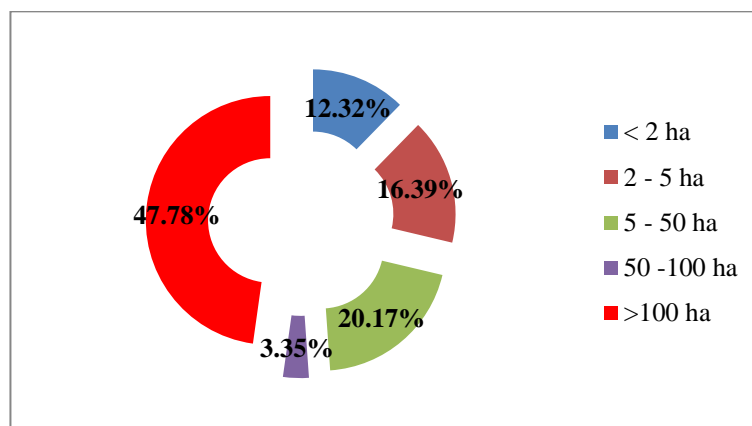


Fig. 2 Agricultural area used by farms by size categories in Romania

For the economic development of agriculture of the two sectors, vegetal and animal, a policy of concentrating land, in particular small farms, is required by the establishment of agricultural cooperatives.

Neither *Law 566 from 2004 of Agricultural Cooperation* long waited by small farmers who should have solved some of their problems contributing to the organization of appropriate agricultural structures that can compete with the developed EU countries, nor *Law 1 from 2005 of Cooperation*, unfortunately, does not solve the major problems rooted in the establishment of agricultural cooperatives for small farmers.

These issues are related to the facility of access to European funding and the possibility of investing in cooperatives, the issue of the land fund, and the existence of tax facilities or, rather, the elimination of tax barriers to the establishment of cooperatives.

The way of defining “agricultural cooperative” would be an important element in the context of access to European funding. In this case, a cooperative would be assimilated to a farmer, agricultural producer, and the agricultural size of the holding of a cooperative should be made up of the size of the farms of the cooperative members.

There are also legislative proposals such as:

- Reduction of profit tax;
- Exemption from the payment of the property tax of cooperative members;
- Removal of double taxation applied to commercial transactions made by cooperative members through cooperatives.

The grouping of producers and the establishment of cooperatives for the supply, storage, processing and sales of agri-food products for, primarily, economic reasons, have not been achieved as expected through the National Rural Development Program of Romania – the program for the creation of producer groups is so far a failure. The explanation of this reticence is, first

of all, a matter of the *poor economic performance of small (but also medium agricultural holdings of subsistence and semi-subsistence), of precarious management and of eluding taxation in the case of non-grouped farmers*

Table 2

Situation of agricultural cooperatives in Romania in 2015

Nr. Crt.	County	Agricultural cooperatives per county	Region	Total agricultural cooperatives per region
1.	Bacău	9	Nord - Est	171
2.	Botoșani	104		
3.	Iași	9		
4.	Neamț	8		
5.	Suceava	27		
6.	Vaslui	14		
7.	Brăila	9	Sud - Est	97
8.	Buzău	15		
9.	Constanța	34		
10.	Galați	8		
11.	Tulcea	3		
12.	Vrancea	28		
13.	Argeș	7	Sud - Muntenia	131
14.	Călăraș	27		
15.	Dâmbovița	27		
16.	Giurgiu	7		
17.	Ialomița	19		
18.	Prahova	14		
19.	Teleorman	30		
20.	Dolj	21	Sud- Vest Oltenia	57
21.	Gorj	3		
22.	Mehedinți	6		
23.	Olt	18		
24.	Vâlcea	9		
25.	Arad	19	Vest	57
26.	Caraș -Severin	16		
27.	Hunedoara	6		
28.	Timiș	16		
29.	Bihor	19	Nord-Vest	117
30.	Bistrița- Năsăud	18		
31.	Cluj	30		
32.	Maramureș	12		
33.	Satu- Mare	25		
34.	Sălaj	13		
35.	Alba	15	Centru	88
36.	Brașov	32		
37.	Covasna	7		
38.	Harghita	20		
39.	Mureș	10		
40.	Sibiu	4	București - Ilfov	25
41.	București	11		
42.	Ilfov	14		
43.			TOTAL România	743

Source: After the Romanian Centre for European Policy – Agricultural Cooperatives

Table 2 presents the situation of agricultural cooperatives per Romanian counties and development regions.

From the analysis of the data, we find that, in North-East Region, there were 171 agricultural cooperatives ranking first place in 2015, and in South-Muntenia Region operated a number of 131 agricultural cooperatives. There were 117 cooperatives in the North-West Region, ranked third of the total cooperatives registered at national level of 743.

It is important for these cooperatives to develop in the agri-food sector, especially in the small and medium-sized farms segment, which, through these structures, could be able to play an important role in the agri-food market, at least nationally in the ensuring basic products for the population, and with the possibility of expanding European markets.

CONCLUSIONS

1. *Whereas the structure and size of Romania's farms are not yet comparable to the family farms of the EU Member States, we consider that some legislative decisions are required to adjust the farm structure, especially those of small and medium size, such as:*

- Stimulating the cooperation and association of small family farms in upstream and downstream activities of agricultural production;
- Stimulating the development of economically efficient family farms;
- Stimulating agricultural households by young farmers eager to develop the farm according to modern principles;
- Encouraging farmers to produce in the organic farming system;
- Reducing the number of plots of properties by merging land and ensuring an appropriate infrastructure in extra-villa, etc.;

2. The development of agricultural cooperatives in Romania did not have the estimated success, recording a weak development in particular after 2000;

3. The lack of confidence of farmers in Romania in associative forms, first, because of the term “cooperative” which has had a negative connotation, reminiscent of communist farmers and property loss;

4. Also, the low level of trust and the level of suspicion in the correctness of people, existing at national level, can, to a certain extent, explain the poor development of Romanian cooperation;

5. Agricultural cooperatives, defined as autonomous and voluntary associations made up of several farmers pursuing economic, social or cultural objectives, represent a type of enterprise with a double goal: economic and social. Their activity is governed by cooperative principles, namely free and voluntary association, economic democracy, autonomy, transparency, solidarity, and concern for the community it belongs to;

6. For the proper functioning of agricultural cooperatives on the agri-food market, it is necessary to identify the forms of incentives regarding the number of cooperatives by creating a legislative framework appropriate to this area;

7. In rural areas in Romania, cooperatives have a determining role because they can contribute to the stability of the rural population in the socio-economic balance of rural areas.

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