

WHEAT PRODUCTION FROM THE COUNTRY AND ITS CONSEQUENCES UPON THE PRICE

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Abstract

One can foresee an extremely heavy period for the zoo-technicians, because of the speculative rising price of grain, lack of subsidies and the decrease of the population's purchasing power.

In farms, grain prices influence approximately 80% the fodder price and this, in turn, influences about 70% the cost of production. When buying very expensive cereals, the cost of production will become too high, causing the farmers significant losses.

A proportional increase of the selling price is often impossible, because animals are sold for the value of their imported meat, ignoring the profitability of farmers.

In other words, if you want to sell your animals (and you want to do it, firstly to avoid the blocking of technological flow) you are forced to accept an imposed price, which does not take into account the economic calculations.

For comparison, we take the example of the baking industry, which currently sets the stage for a new increase of bread price with 30%. For animal manufacturers it would be very difficult to implement such a plan, because they have no contact with the final consumer, they address to meat processors, who always keep the option to import.

In case significant increase of wheat price, the increase of the bread price is shown to be just, but what is strange is the way in which this rise in the price is justified. Most of the wheat harvest was affected.

Reports of the Ministry of Agriculture show that production of wheat harvested is higher than last year (more than 6 million tons. However, no one mentions about the large exports of wheat that led to this tremendous increase of the price. Someone should urgent interfere, in order to limit exports.

If wheat price becomes forbidden for farmers, the only option remains the purchase of corn, for a reasonable price, and other less commonly used cereals like sorghum, triticale, rye or sub-products like wheat-bran, fodder corn and so on.

Key words: *speculative growth, profitability farmers prohibitive price*

INTRODUCTION

In the market economy, zoo-technical companies are based upon livestock principle of financial management, which involves ensuring recovery of all costs of production on account of their revenue and profit-driven.

The general system of intervention in agricultural markets through prices and Community aid (after 1992), it is quite complicated and is regulated after each agricultural season.

The fixing of unique price of intervention (institutional) is done in EURO at Community level, being a maximum price at wholesale level.

The national price of each EU member state is equal to the common

intervention price, which differentiates because of a multiplication index, correlated with the degree of representation of each country.

You can use several pricing systems:

- ⇒ target prices;
- ⇒ guaranteed prices (intervention)
- ⇒ price of entry at the border.

Prices are guaranteed minimum prices set by the EU Council of Ministers (Based on target prices), the acquiring organizations buy products from manufacturers, observing the following conditions:

- classification of agricultural products in specific quality standards;
- if market prices are below the target price.

MATERIAL AND METHODS

The methodology of scientific research includes a set of principles and rules for conducting investigations, working tools for collecting and interpreting data and theoretical construction and reconstruction strategies.

The main research method of market phenomena, which deliberately does not involve the carriers of information in research, is the observation.

Personal observation I made it straight and I used it in combination with direct research methods, which involves the training of the investigated subject. The advantage is that it permits the registration of actual behavior and not the declared one.

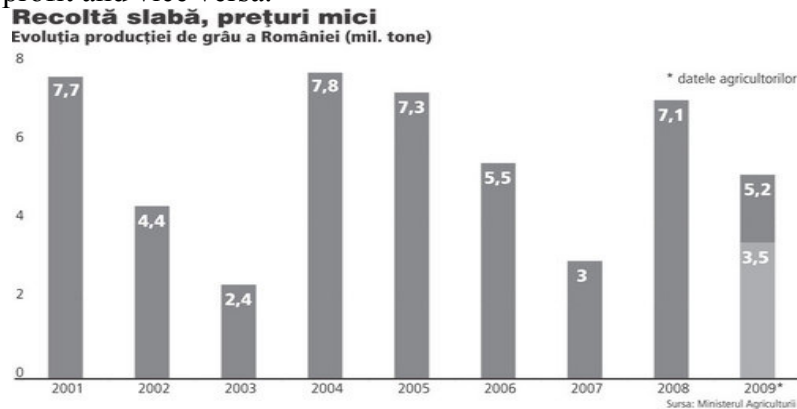
RESULTS AND DISCUSSION

Wheat production in 2009 is smaller with 45%. In 2008, Romania has produced 7 million tons of wheat in 2009 we produced only 4.5 million tons. Only 25% of wheat produced in Romania is good for baking. The blame for fewer tons of wheat per hectare are: earlier drought from this year, abundant rains and irrigation system. Romania has to import wheat or to finance agriculture. Why should only 25% of wheat, be good for panification? It is a question that most of the connoisseurs ask themselves, many say that's a fallacy. When we used to have bread from our grandmother's house, no one knew whether or not the wheat is good, but the bread from kiln was very tasty and healthy.

Wheat production is low because we had drought and rain. Well, how was it supposed to be? Only drought, only rain or no rain or drought? Which would be the suitable weather, in order to make 12,000 tones per hectare, as we used to do before 1989, when we beat Canada in the production of wheat?

Is it just a campaign, with petards thrown, in order to train the rising price of bakery products? Volume of the production of goods has an influence upon the profit, either in the direction of increasing or reducing,

closely related to the size of production cost. Thus, if the unit profit is constant, in case of a high volume of production of goods, it will increase the profit and vice versa.



If the cost of production is higher than the selling price, the increase of production of goods will negatively affect the financial results of the unit, thereby increasing the mass loss of production.

Increasing the quantity of ware can be achieved due to the increase of the livestock and the average production per animal feed, reducing losses, non-productive domestic consumption.

The structure of commodity production influences the size of profit if in the total production of commodity dominate those products that bring higher profit and the total profit will be higher and vice versa.

Therefore, the structure of commodity production must adapt to a free market economy, that would respond to the peoples' demands of consumption, the need for raw materials of processing industries and external market requirements.

The cost of production is the main indicator, that influences the profit, given the fact that the profit per unit of product is just the difference between the selling price and the full cost (commercial).

If the sale price is constant, any reduction in the cost of production will entail an increase in profit and vice versa.

CONCLUSIONS

In conclusion, it appears that profitability will not be used only to analyze the results of production, but it represents an important means of direction and determines the direction in the development of wheat production, in order to raise the entire agriculture at the parameters achieved in the countries of the European Union.

Every year, one can observe the differences in wheat production according to the current meteorological situation and this is leading to the increase of bread prices.

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