

AGRICULTURE-ESSENTIAL ELEMENT IN THE ROMANIAN AND EUROPEAN STRUCTURE OF THE RURAL ECONOMY

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Abstract: *Generally the experts say about agriculture that is characteristic of underdeveloped economies, and that we should move towards more productive sectors, that still does not mean only "3-5% of GDP". Non-agricultural rural economy in the EU represents 75% from the rural economy, while in Romania it has a share of about two times lower (40%). Large discrepancies are noted in terms of non-agricultural rural economy due to much lower share of services (non-agricultural) in rural areas and, in particular, of the rural tourism, witch in Romania practically contributes almost zero in the rural economy.*

Key words: *agriculture, characteristics, rural economy*

INTRODUCTION

Agriculture is a sector with great potential, occupying, by tradition, an important place in the structure of the Romanian economy. It represents an important factor of social stability and maintaining the ecological balance; is the branch that provide food for population and large quantities of raw materials for the food industry and other industries.

Today agriculture is a result of the historical process of social division of labor. In the narrow sense, agriculture is defined as the branch of raw or primary manufacturing, witch gives to society vegetal raw products (directly or indirectly supplies) and/or animal. This definition, "purely agronomic" but does not reflect the socio-economic characteristics of agriculture, the existence and action of the human factor being practically essential in the development and evolution of this, marking her by the natural, biological, process occurring in nature. Thus addressed, agriculture is that branch of the material production in witch, under the decisive influence and direct involvement of human labor, the kinetic solar energy is converted and accumulated by green plant organisms in organic matter available for human consumption, but also the livestock.

MATERIALS AND METHODS

The authors of the paper were used as methods of work: data collection, processing, analysis, observation and their interpretation.

RESEARCH RESULTS

A study conducted by the Presidential Commission for Public Policy for Agricultural Development, the National Strategic Framework for sustainable development of the agroalimentary sector and rural areas in the period 2014-2020-2030 graphically exposes the agricultural performance, real current state of the Romanian agriculture, according to this study, similar to the stage that it was the agriculture of the EU in 1965-1970 years, meaning:

- The value of primary production per hectare obtained by Romanian farmers (about 800-900 €/ha) is about 2-2.5 times lower than that obtained (European average) by their colleagues from the EU (1800-2000 €/ha);

- Intermediate consumption as an expression of the level of financial support of the production technologies, of the structure and degree of intensification of agricultural production, with direct impact on performance at the EU Member States level, still records big differences from one country to another. So, Romania has an intermediate consumption of 715 euro/ha, compared to the Netherlands - 8369 euro/ha, Belgium - 3987 euro/ha, Denmark - 2843 euro/ha;

- Gross added value in Romanian agriculture is half from the EU-15, fact which leads to a final agricultural production of about 1400-1500 €/ha in Romania, compared to 2400-2600 €/ha in the EU-15;

- Food self-consumption in the subsistence farms from Romania represents 90-92% from these farms production and in the subsistence farms case is 50-52% (compared to only 10-12% in the EU-15), this condition having as consequence a commercial agricultural production value of 400-420 €/ha in Romania, four times lower than in the EU-15;

- Agricultural performance (average productions) to the grain obtained Romanian farms during 1990-2009 of 2770 kg/ha, are in the performance achieved by farmers in the EU-6 in the 6th decade of the last century;

- The equipment of a farmer from Romanian farms, compared to the equipment of a farmer from the EU 15 is about 25-26 times lower (9000-9200 €, 350 € in Romania);

- Bank loans in European farms are 15-16 times higher than the Romanian agricultural enterprises (1700-2000 €/ha in EU loans, 110 €/ha in Romania);

- Non cultivation of arable surface in average over the last 10 years will represent an annual loss of average agricultural production;

- Prohibit the cultivation of genetically modified soybean crop (MGO), starting with 2007, has caused an annual loss of Romania over 330 million dollars/year (about 2 billion \$ in 2005-2010), from which about 150 million dollars/year for imports of grains and soy grits from the U.S., Argentina and Brazil, only from MG crops;

- Rehabilitation of irrigation systems on about 30-35% of the total area irrigated and their functionality on only 280 000 ha (9-10%) on average per year;

- The consequence of non-performance of Romanian agriculture is reflected in the extremely high percentage of imported food expenditures (40% on average) and the share of food imports in total food consumption (20-25% average last year);

- Poor housing condition for about 38% of the rural population due to the large share of houses from non-sustainable materials (40-42%) and high aging degree of them (75% of houses have the age over 30-35 years);

- Water supply of housing is poor, more than a half from the rural population not benefiting by the the public water supply system;

- Extremely low level of equipment of rural land and homes with natural gas, heating systems, water supply, sewerage (about 5-6 times lower than in urban Romanian area, and it being at a much lower level than in the EU-15 average and even the EU-25);

- Rural development map of Romania is dominated by huge bags of severe poverty, characteristic to an extreme underdevelopment.

The same study shows that Romanian rural economy is mainly agrarian, because in Romania the agricultural economy itself has a share of 60.5% in its structure compared to

only 14.1% in the EU. In the European Union, the dominant of rural economy is the service economy, with a share of 42.2%, up 2% from the agroalimentary economy.

Table 1

The structure of the rural economy, %

	Romania	UE
Agriculture	60,5	14,1
Food Ind.	15,8	20,5
Tobacco Ind.	1,7	3,2
Pisciculture	0,1	2,5
Agrifood Economy	(78,1)	(40,3)
Forest Economy	(6,3)	(8,2)
Extractive Ind.	2,6	4,1
Manufacturing Ind.	3,1	5,2
Industrial Economy	(5,7)	(9,3)
Agrotourist Services	0,1	4,4
Other Services	9,8	37,8
services Economy	(9,9)	(42,2)
Non-agricultural Economy	(21,9)	(59,7)

Source: Otiman, P.I., *Alternativele economiei rurale a României: dezvoltarea agriculturii sau insecuritate alimentară și deșertificare rurală severă*. Editura Academiei Române, 2011 p.83

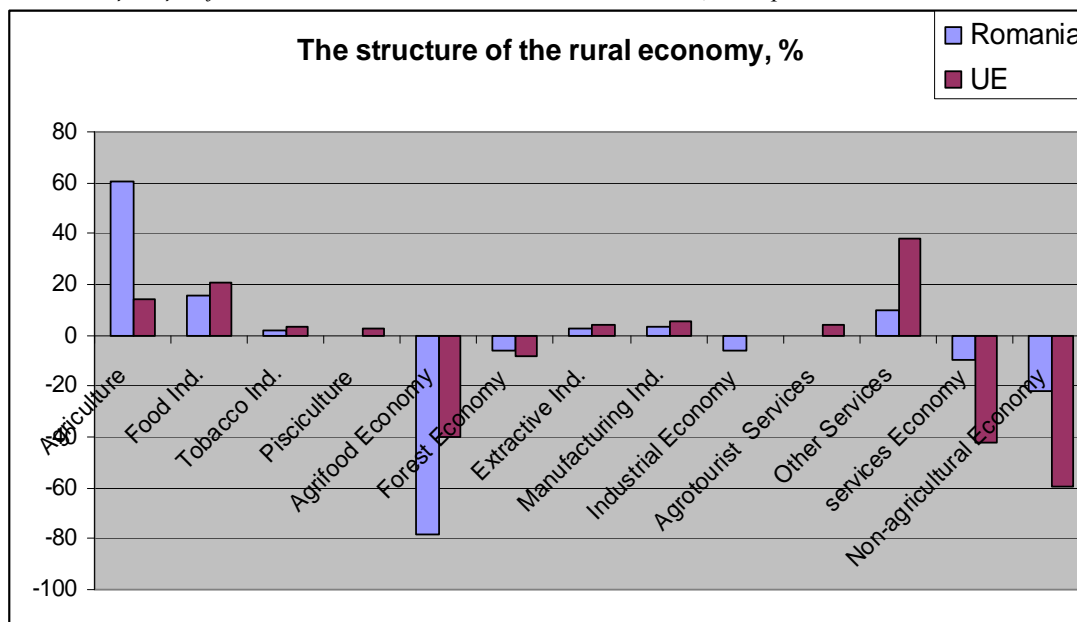


Figure 1. The structure of the rural economy, %

Specialists come and say that agriculture is likely to become Romania's development engine more than anything else, for various reasons:

- In a country where only one in four people has a contract of employment with complete forms, agriculture is the only industry that can provide business opportunities for a large number of people with a modest qualification and little money. And a peasant became little farmer is more than a percentage of GDP: A many that he receives returns in consumption or in a investment that transforms him in a small industrialist. And on it goes in trade and services performed under the same commodity. Therefore the effect in the economy, on long-term, can be not five but maybe 25%.

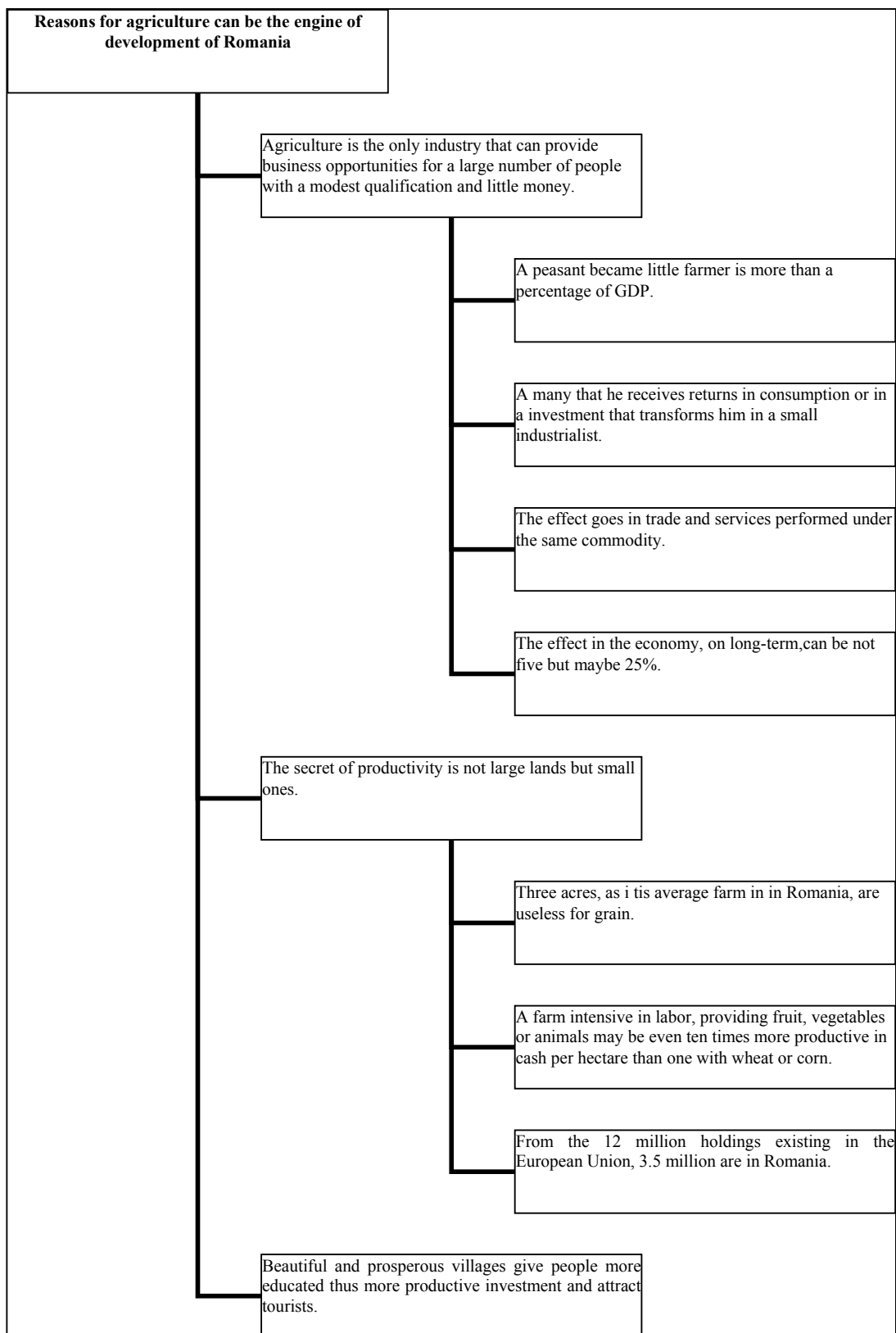


Figure 2. Reasons for witch agriculture can be the engine of Romania's development

- Both the conservative and socialist propaganda claim otherwise, the secret of productivity is not large lands but small ones. Of course three acres, as it is average farm in Romania, are useless for grain – the favorites of landowners who want money quickly and without complications - but the comparison is misleading. A farm intensive in labor, providing fruit, vegetables or animals may be even ten times more productive in cash per hectare than one with wheat or corn. Here we have a huge numerical advantage. From the 12 million holdings existing in the European Union, 3.5 million are in Romania.

- Beautiful and prosperous villages give people more educated thus more productive investment and attract tourists.

CONCLUSIONS

More than a half from the population of the European Union member states live in rural areas. Rural areas represent 92% from the total EU area. European rural world has suffered for many years a radical transformation process, which due to factors acting on them is in a delicate balance of existence.

Enlargement of European Union has changed the agricultural map. Agriculture represents 2% of GDP in the old Member States, 3% in the new Member States and more than 10% in Romania and Bulgaria. In the new Member States the employment share of agriculture is three times higher (12%) than in the old Member States (4%), while in Bulgaria and Romania percentage of labor force in agriculture reaches much higher.

Most rural areas from Europe do not reflect the image of dominance of agriculture and labor migration. The trend that marks rural areas will cause a drastic decrease in both the number of people employed in agriculture and farms. In terms of regional income and employment, agriculture (and forestry) will not form the basis of the rural economy of the EU. In average, 5.5% from the working population is employed in this sector, and the number will be more than 20% in very few regions. Long-term trend will be marked by a further decrease in the number of farmers at a rate of 2-3% per year. New activities and sources of income will be realized in farms and beyond. Among other things, the production of non renewable raw materials for the utilities in certain market sectors and in the energy sector may represent a new opportunity for agriculture and forestry and help create jobs in rural areas. In the coming years will be given increasing importance to achieve sustainable development of rural areas, responding to demands on environmental services.

Romanian rural economy has as dominant feature the very high percentage of small farms producing mainly for own consumption, selling on the market only by chance the products obtained. The existence of a large number of small farms in parallel with very large farms reveals the structural imbalance that affects agriculture and its competitiveness in our country. From the approximately 12 million existing farms in the European Union, more than 3.85 million (32%) are in Romania, but in terms of the *average size of farms in the EU-27 is 14.3 ha and Romania 3.45 ha (more than 4 times lower)*, which negatively influences the capitalization of available agricultural and rural resources, with adverse effects on the rural economy and farmers' incomes.

According to some studies Romanian farmers suffered in 2012 the greatest reduction of real income at the European Union, with no less than 16.4% compared with previous year, according to data provided by Eurostat. The Hungarians and Slovenians were near us with losses of over 15% and the Austrians and Irish completed the top 5 with more than 10%.

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