

MEPDEV 2nd: 2016
Central & Eastern European LUMEN International
Conference - Multidimensional Education & Professional
Development. Ethical Values

INFLUENCE FACTORS ON AGRIFOOD AND RURAL
DEVELOPMENT POLICIES IN ROMANIA

Ioana Panagoret (a)*, Dragos Panagoret (b)

*Corresponding author

(a) PhD. Associate, Valahia University of Targoviste, Romania, ioana_panagoret@yahoo.com, 0040744541635

(b) PhD. Lecturer, Valahia University of Targoviste, Romania, panagoret_dragos@yahoo.com, 0040762425271

Abstract

One major concern of the Romanian Ministry of Agriculture and Rural Development is the development and implementation of agrifood policies suitable for its citizens and to support increased agri-food competitiveness and sustainable development of rural areas in safety food conditions and a protected environment. Registering a structural change worldwide process due to the emergence of new global challenges with long-term effect (population large increasingly, global warming, climate change), a Europe with an aging population and of a Romania with the more pronounced structural divisions of land between all EU Member States have led the Ministry of Agriculture and Rural development and other factors responsible in achieving in 2015 a Strategy for developing agri-food sector on medium and long term - horizon 2020/2030 which supports agricultural sector progress and rural development in Romania. Compared to rural population size and workforce occupancy rate, agriculture plays an important role (approximately 45.7% of the population lives in rural areas in Romania, compared to approximately 23.6% in EU Member States) and the development of agriculture and provision of public goods in rural areas is therefore essential for Romania's European integration and for achieving social cohesion. So, Romania needs to maximize the fact that global and European trends are favorable for her and to adopt a strategic approach to the challenges and opportunities of scale and maximize the opportunities and benefits that can be achieved by implementing the CAP and by participation in the EU market and third countries.

© 2017 Published by Future Academy www.FutureAcademy.org.UK

Keywords: Strategy, policy factors, agribusiness, agriculture, agrifood.



1. Introduction

In Romania, the Ministry of Agriculture and Rural Development is being engaged in a comprehensive process of reform that has as main objective the development and implementation of certain food policies which are suitable for its citizens, considered from three points of view, as consumers, farmers and processors, as well as increased agricultural competitiveness and sustainable development in the rural areas, in conditions of food safety and a protected environment.

The strategy for developing the agri- food sector on the medium and long term - (MADR, 2015) is an important document which supports the progress of Romanian agriculture, is the basis for the European financial programming 2014-2020 period, promotes and encourages the development of the rural space and smart, sustainable exploitation of the agri- food potential. Considering that approximately 45.7% of the population lives in rural areas of Romania (compared to approximately 23.6% in EU Member States), the agriculture plays an important role and agricultural development and provision of public goods in rural areas are essential for Romania's European integration and for achieving social cohesion. Thus, Romania must adopt a strategic approach to the huge challenges and opportunities, to maximize the opportunities and benefits which can be achieved by implementation of the CAP and participation in the EU market and third countries and, not least, to effectively manage major internal constraints, identifying the best approaches to external factors such as the climate change, for example.

Table 01. Agricultural exploitations and surfaces on size classes of agricultural surfaces

| Size classes of agricultural land (hectares)Column Heading | Year 2010 | Year 2013 |
|--|-----------|-----------|
| Total | 3.724.332 | 3.563.765 |
| Under 0,1 ha | 384.944 | 408.958 |
| 0,1-5 ha | 3.074.179 | 2.872.223 |
| 5-10 ha | 182.444 | 193.871 |
| 10-20 ha | 43.609 | 49.648 |
| 20-30 ha | 9.730 | 10.259 |
| 30-50 ha | 8.213 | 8.468 |
| 50-100 ha | 7.556 | 7.263 |
| Over 100 ha | 13.657 | 13.075 |

Source: Romanian Statistical Yearbook 2015, page 486

2. Problem Statement

If one takes into consideration that approximately 45.7% of Romania's population lives in rural areas (compared to 23.6% in EU Member States) and 30% of the population works in agriculture (compared to 2% in the old EU member states, between 3-14% in the new EU Member States), one can firmly assert that agriculture plays an important role. Equally true is that there are major differences between urban and rural areas marked by a significantly higher level of poverty and a lower standard of living.

Also, of all EU members, Romania has one of the most pronounced structural divisions of farmland. If Slovenia and the Czech Republic are characterized by agricultural production most strongly

oriented to holdings of large scale (the average size of a farm is 77 hectares, or 152 ha) in Romania stands out the fact that the "middle" category is missing (the average size of a farm being of 3.6 ha in 2013)(Table no. 1.).

As seen in the table, the total number of farms in 2013 is lower by 160 567 compared to 2010, as the number of holdings that have between 50-100 ha or 100 ha. Instead, a growing number of farms that have less than 0.1 ha, or between 0.1 and 50 ha.

Although Romania has certain structural features that are similar to those of the agricultural sectors in other EU countries, it is unique in its size category gap created between large farms and small farms, and by the prevalence of the subsistence / semi- subsistence agriculture. Thus, in 2010, approximately 93% of farms in Romania fell into these categories (three quarters of them were operating on less than 2 hectares and more than a quarter were managed by farmers over the age of 65). From an economic perspective, 73% of all holdings generated in part less than 2,000 Euro Production Standard (PS), which places approximately 2.7 million farms in the category of farms which are not economically viable. Compared with the EU, where farms producing less than 2,000 Euro PS grow only 5% of utilized agricultural area (UAA) of the EU, in Romania they operate 22% of the utilized agricultural area

In conclusion, a significant percentage of the UAA in Romania is related to agricultural activities that are not optimal, which hinders the true potential of the agricultural sector. The demographic transition in agriculture in the period 2005-2010 was a positive aspect because:

- Romanian agriculture was reduced by 400,000 farms and has seen an increase in the number of young farm managers (23% of farmers are less than 45 years compared with only 17% in 2005);
- young managers increasingly contribute more to the standard agricultural production: 29% in 2010, compared to just 18% in 2005;
- the average farm size increased modestly from 3.11 ha in 2002 to 3.45 ha in 2010 and to 3.6 ha in 2013, which is due to the phenomenon of diminishing the utilized agricultural area (UAA) and land merging;
- implementation of the annuity scheme, which favoured a rather transfer by lease (247 000 ha) than by sale (82 000 ha).

In addition, in order to characterize more precisely the national frame of the agricultural sector, one must mention that in Romania, the average farm for the main agricultural products represent only a third or half of those registered in the EU (for common wheat, 2.6 tons / ha compared with 6.1 tons / ha, corn, 3.2 tons / ha compared with 8.7 tons / ha and oilseed 1.3 tons / ha compared with 2.4 tons / ha) the recent extremely severe droughts and heavy rains and floods, contributing to deepen these deficits (MADR,2015). There are also considerable productivity deficits and in animal products, which are revealed by the dairy yield: 2.9 tons / animal in Romania compared to 6 in the EU. 15. Even if with the meat products the gap seems small, this is because the statistics reflect only the meat produced in slaughterhouses.

Once Romania joined the EU in 2007, as many slaughterers units were not able to comply with the strict European standards, the total meat production decreased very much, so, according to Eurostat, in 2011, the value of animal production accounted for 28% of agricultural production, drastically decreasing from 44% in 1998. The population registered as cattle, which in 2012 was about 2 million animals,

mainly used for milk production, is mainly concentrated in the North and North- East of the southern plains.

In terms of arable crops, on average, very little progress was recorded in increasing yields. Between 1999 and 2012 harvests of wheat and corn have stalled and there have been fluctuations due to adverse weather conditions as well as a small number of farms to achieve efficient and competitive production surpluses and a high productivity rate (Otiman, 2012). Since the yields obtained per hectare are put into discussion, these should be raised by the usage of genetically modified organisms, which is a very sensitive subject and discussed at European level. If global GM crops occupied in 2012, an area of 170 million ha, in the EU in the same year, was seeded a record of 129 071 ha area of GM maize MON810 in five countries (Spain, Portugal, Czech Republic, Slovakia and Romania), i.e. 13% more than in 2011. According to the EU legislation, only two transformation events have been authorized for cultivation: MON810 maize resistant to maize pests and the Amflora potato, genetically modified to increase the content of amylopectin starch, for industry, whose decision for authorization was cancelled at the end of 2013 by the Court of the European Union, because the Commission breached the obligations arising from the fundamental rules of procedure.

3. Research Questions

How was the global factors influencing agri- food and rural development policies?

How are the European Factors influencing agri- food and rural development policies?

4. Purpose of the Study

Given that the main objectives of the Agriculture and Rural Development Ministry of Romania are the development and implementation of adequate food policies and also the support for increased agrifood competitiveness and sustainable development of rural areas in terms of food safety and in an protected environment we considered a study outlining the way in which European and global factors influence the achievement of these objectives.

5. Research Methods

Descriptive research. As sources of information there were used the works of Romanian and foreign authors, magazines, the 2015 Romanian Statistical Yearbook (National Institute of Statistics, 2016), the strategy for food sector on the medium and long-Horizon 2020-2030.

All of these references have as themes the Romanian agrarian structure, the link between environment, agriculture, food products and food security. In the first phase were studied authors whose works gave us an accurate picture of Romanian agriculture and the factors that influenced the world and European economy on this sector. In the second stage we studied the 2015 Statistical Yearbook of Romania and the strategy for food sector on the medium and long-Horizon 2020 to 2030. These two documents gave us accurate and precise data (the development of the strategy was based on a series of projects financed from European funds, a technical consultation the World Bank, three consultations on central level and 8 regional conferences).

To better present the national context was used a grid analysis of agricultural holdings and areas by size categories of agricultural areas in 2010 and 2013.

After studying the factors that influence the world and European agri-food and rural development policies were outlined the conclusions on the subject of this study.

6. Findings

Worldwide there is an extensive structural change caused by the emergence of new global challenges with long-term effect, namely:

- global population increasingly larger and growing global food demand;
- increasing pressure on natural resources (water, oil, etc.);
- global warming and climate change that will limit food production.

There are already predictions that global demand for food will increase by 70% by 2050 as a result of people becoming more numerous (9 billion by mid-century) and increasing revenues .

These aspects represent for the agri-food sector both an opportunity and a challenge and growth prospects of the agri-food market are a significant advantage to farmers worldwide (Tracy, 1994). However, it is expected that, as a result of imperfect market infrastructures and socio- economic vulnerabilities, in the most densely populated parts of the world is predicted to increase food insecurity and agricultural systems worldwide will face increasingly more negative climate change (changing patterns of rainfall, extreme weather events, water shortages).

In this global context, the northern hemisphere (including Europe and Romania) will be well positioned to continue to supply global markets with many essential food products. Although agriculture has always been an engine of positive growth and has focused on food security, the society growing concern for the environment in decades has hit agricultural policies worldwide (Tracy, 1997). Since the Earth Summit of the United Nations in 1992, sustainable development has received worldwide recognition, and consumers began to worry increasingly more about the environmental sustainability of agriculture. The desire of a growing number of people to know where food comes from, how it was produced and whether environmentally friendly farming practices are just some of today's consumer demands.

6.1. European Factors influencing agri- food and rural development policies

Unlike the global trend, the factors influencing food and rural development policies at European level are:

- aging population, the number of people aged over 60 will grow two times faster than before 2007, with about 2 million per year (this is one of the fundamental socio-economic challenges);
- as the generation born during the significant increase in the birth rate retires, the active population is expected to decline;
- increasing urbanization (compared with 2011 levels, it is expected that the total urban population of Europe to increase by about 10%);

- rural population decreased by 2.7% which will restrict the labour supply in agriculture and threaten the overall vitality of rural areas;

These trends have serious implications in terms of demand for food products and European markets will provide limited opportunities for expansion (European Commission Joint Research Center, 2012). Certainly, also Romania will be one of the countries affected by this trend is expected that by 2050, the total population to fall to just over 18 million, meaning a decrease of 10% compared to 2011.

Thus, EU producers will focus increasingly on satisfying the increasingly larger worldwide demand, and, by 2020, the European Union should remain a net exporter of meat, with a net positive balance determined by poultry and pork. Also, it is predicted that global demand for cheese and dairy products in the EU will increase considerably in the main importing countries (e.g. 65% in the US, 52% in Mexico and 33% in Russia), skimmed milk powder coming from the EU is to increase by 90% in China and 27% in Russia and the EU trade balance will remain positive and comfortable on medium-term for its milk products.

Although it will continue to be the largest exporter of wheat, the European Union is expected to have less promising prospects for certain arable crops and to increase the trade deficit in maize and oilseeds.

In the EU, the impact of climate change on food security will be increasingly larger and it is expected that the global warming generates mixed effects and unevenly distributed across the Union (Food and Agriculture Organization of the United Nations, 2011). It is also expected that in the medium and long term the climate change will increasingly affect Romania and its agricultural sector and to produce a differentiated territorial impact (MADR, 2013). The northern part of the country will likely achieve productivity gains crop on medium term, but will be subject to greater floods in winter and problems due to lack of water in summer and South and South-East of Romania will be worse affected by heat waves and drought.

According to climate models, if no actions will be undertaken to mitigate the effects of the climate change, crop and individual yields could be affected in the following ways:

a) *in a "warm" scenario*, Romania will face a possible decrease in corn production by 9% compared to the value of 2000, a decrease in production of sunflower by 14% and an increase in the production of wheat by 7% by the year 2030;

b) *in a "cold" scenario*, Romania could even register an increase by 15-20% in the corn production, a decrease in the production of sunflower to about 14%, a decrease of 25% in wheat until 2030.

Following the evolution of the CAP, one can say that, throughout this process of European construction, this had to adapt constantly, the *economic* priorities turning into *social* priorities and then *environmental* concerns. In the following, one will characterize all these stages completed by the Common Agricultural Policy.

The economic priorities stage began from the moment it was created and concentrated on productivity in both agriculture and the provision of sufficient food at prices as reasonable as possible. These two targets were "outdated" in the 1980s, and today, farmers in the 28 EU Member States (14 million farmers) ensure the food security of over 500 million consumers.

Following recent food and economic crises, food security has returned to the forefront of the CAP agenda. And Europe will continue its commitments at international level (Commission of the European Communities, 2008) concerning the satisfaction of food needs by improving its production capacity and strengthening trade relations.

The social priorities stage, in which the European Union has recognized that agriculture is not only food production but also the space where we live, the countryside and the rural population. Rural areas provide the natural resources that must be preserved and protected, and farmers are considered "managers" of rural areas. Although in 1992, were introduced several measures in order to reduce CAP spending, but at the same time they had an effect on the living standards of farmers who have been granted direct payments as compensation for falling prices and were provided the basis for a social policy through which, at present, a farmer in the European Union does not even have to produce in order to receive a fixed income from agriculture.

The environmental priorities stage, which is linked to the growing expectations of sustainable development (Mortan & Suciu, 2013). Thus, environmental criteria have been introduced in the reform of the CAP. And Agenda 2000 was the one who established the Rural Development Programme as the second pillar of the CAP. The Health Balance conducted in 2008 has strengthened the environmental objectives in the form of the two axes of the rural development program and in the next programming period, "greening" appears to be the watchword of the European agricultural policy (MADR, 2015). By the "greening" of direct payments, the latest CAP reform in 2013 included the first pillar (direct payments and the common market Organization) regarding environmental concerns.

7. Conclusion

In response to the challenges of the new context, CAP for Horizon 2020, Romania engaged in a comprehensive process of transformation, assuming firm obligations with regard to addressing the challenges of food security, sustainable management of natural resources and balanced territorial development. To counteract the threats identified worldwide and at European level, the public and private actors will act in concert to capitalize on new opportunities provided by the EU for supporting and smart, sustainable and inclusive growth. The tone and objectives to which all national and sector strategies must answer are given by Europe 2020 strategy, aimed at stimulating sustainable growth potential and competitiveness of the European Union.

In this global and European setting, the elements of strategic importance for Romania are:

- support provided by the state institutions in the systematic registration of buildings in rural areas, their inclusion in the integrated cadastre and land registry, in order that the access of farmers to credits is facilitated;
- developing appropriate policies for Romanian farmers so as to meet the specific needs of each segment (medium and large farms stimulated to become even more competitive, as well as solutions for the development of small scale agriculture);
- ensuring sustainable and equitable solutions for farmers leaving the sector (social protection, alternative employment, improved living conditions in rural areas);
- limiting the risk of land abandonment;

- increasing the efficiency of Romanian agriculture.

In this context, in Romania, it will be pursued, according to the strategy, the achievement of a agri-food sector which is sustainable, competitive and focused on exports of products with high added value, resistant to global challenges, which provide welfare and living conditions in the countryside close to.

References

- Commission of the European Communities, Directorate General for Regional Policy (2008). Regions 2020; Demographic challenges for European regions. November 2008, Brussels). Retrieved from http://ec.europa.eu/regional_policy/sources/docoffic/working/regions2020/pdf/regions2020_demo-graphic.pdf.
- European Commission, Joint Research Center (2012). *Assessing agriculture vulnerabilities for the design of effective measures for adaptation to climate change* (AVEMAC Project). Retrieved from (http://ec.europa.eu/agriculture/analysis/external/avemac/full_text_en.pdf).
- Food and Agriculture Organization of the United Nations. (2011, Rome). *The State of the World's Land and Water Resources for Food and Agriculture. Managing Systems at Risk*. Retrieved from <http://www.fao.org/docrep/017/i1688e/i1688e.pdf>.
- Ministerul Agriculturii și Dezvoltării Rurale. (2015). *Strategia pentru dezvoltarea sectorului agroalimentar pe termen mediu si lung orizont 2020-2030*. Retrieved from <http://www.madr.ro/docs/agricultura/strategia-agroalimentara-2020-2030.pdf>.
- Ministerul Agriculturii și Dezvoltării Rurale. (2013, July). *Analiza socio- economică a dezvoltării rurale în România, AM MADR*. Ed. III. Retrieved from <http://www.madr.ro/docs/dezvoltare-rurala/programare-2014-2020/analiza-dezvoltarii-rurale-agricultura-iulie-2013.pdf>.
- Mortan, M., Suci L. (2013). The environmental impact of agriculture. *Quality - Access to Success. Supplement*, 422.-428.
- National Institute of Statistics (2016). 2015 Romanian Statistical Yearbook, București, National Institute of Statistics Publisher.
- Oțiman, P.I. (2012). Structura agrară actuală a României- o mare (și nerezolvată) problemă socială și economică a țării. *Revista Română de Sociologie, serie nouă*, anul XXIII, 5 (6), 339-360.
- Tracy, M. (1994). *Produsele alimentare și agricultura în economia de piață*. București: Ed. Impex SRL.
- Tracy, M. (1997). *Produsele alimentare și agricultura*. București: Ed. Impex SRL.