

INTEGRATION OF ROMANIAN AGROFOOD SYSTEM INTO THE EUROPEAN UNION

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Abstract

Romanian accessing to European Union does not automatically represent it's integration. The integration of agro food system in the European Union involves a series of issues, first should agricultural economy integrate into the national economy and second, the agro food sector should integrate into the EU structures. After 4 years of accessing to EU, Romanian agriculture still faces a series of problems, mainly regarding the average yields per hectare. In the paper it is presented a comparative analysis regarding the cereal production for Romania vs. France and the main conclusion is even if the Romanian cereal producers has half of the cost of the France producers, he still receives 3 times less of the price per hectare.

Key-words: European integration, agro food system, rural development

INTRODUCTION

EU accession does not automatic represent EU integration, integration is a process more complex and lengthy involving two aspects: economic integration and political integration. Economic integration represents, in essence, elimination of barriers between economies, following the reduction or elimination of economic frontiers of the public role of territorial borders with neighboring European Union members.

European economic integration refers to both market integration and the integration of economic policy. Market integration is the essence of economic integration because it indicates that the activities of market actors in different regions or Member States are connected to supply and demand requirements throughout the Union. Usually, this will materialize in a cross-border movement of goods, services and capital. The importance of economic integration is the increasing competition between operators in member countries, leading to lower prices for similar goods and services, greater choice and improved product quality.

Every country is facing problems in the balanced economic development of the

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territory, regardless its economical and social degree of development, prompted by a number of objective and subjective factors that determine unequal development of the economy.²

The integration process is the essence of achieving a modern agricultural development Romania. This is accomplished in the transition period in two areas: integrating agricultural economy in the national economy, the integration of agro-food sector in the EU structures. Integration of agricultural economy in the national economy takes place in the market organization, through the formation and operation of agro-food chains and increasing economic efficiency in order to ensure food self-sufficiency of the population.

Although it has a high agricultural potential, Romanian agriculture is not competitive with that of Western European countries. The most important issue is to increase agricultural competitiveness because Romanian agriculture could satisfy the needs for our population and much more.

For Romania, agriculture is one of the most important resources for economic development, is objectively necessary before integration into the European Union to ensure food self-sufficiency and the development of agriculture can take place only through an approach for the whole agro food.

Analysis of agro-food system requires knowledge not only of activities and sectors (agents), but the links between them. Is necessary to study the agro-food system as the amount of chains³.

Only given this approach, the Romanian agriculture will compete with the other European countries and could integrate in its system. The construction of agro-food sector in the current European Union was based on the regulations and the functioning of market mechanisms. To complement our agriculture in the national economy, but also to achieve an integrated economy in the European Union requires a highly professional in the correct concept of integrating domestic and foreign agro-food.

It takes into account the current level of development of agro-food sector, which is rudimentary and the process of organization, and the fact that agricultural policy during the transition period may not be identical to that stabilized the country economically is a minimum requirement for the efficient approximation of the European Union.

Along with agricultural policy, rural development is the second pillar of sustainable and integrated development plans to:

- a comprehensive program to promote rural development in all areas of the country: mountains, hills and plains in a rural development concept for economic and social integration of the Romanian village;

2 Istudor Nicolae, Petrescu Irina Elena, Dobronauteanu Ionut, Lucov Bogdan, Opportunities for increasing the acces degree of structural funds for regional development in Romania, 2010, Quality Magazine, vol. II, no. 118

3 Ion Raluca Andreea – Performanta economică a sistemului agroalimentar românesc, Editura Ceres, Bucuresti 2005.

- Providing a favorable environment for attracting foreign capital in favorable conditions, in order to support investment programs and development of agricultural production in Romania.

The main objective of agricultural development on medium and short term is to increase quantity and quality of agricultural production, to ensure food security of the population with food products in sufficient quantities and in accordance with environmental protection and improvement.

Comparative analysis of natural potential use in Romania vs France

Utilization of natural potential in Romania is estimated, according to ASAS experts for 0.39 (obtained as the ratio between the average grain production, standard 2770 kg / ha in 2009 and ecological potential of Romania, considered by D. Teaci in 1981 to 7000-7100 kg / ha).

The production cost for cereals in Romania and France

Table nr. 1

Specification	Unit	France	Romania	Romania/Franta %
Fertilizers	Euro/ha	160	49	30,6
Pesticides	Euro/ha	110	18	16,4
Irrigation	Euro/ha	140	22	15,2
Energy	Euro/ha	125	102	81,2
Seeds	Euro/ha	62	67	108,1
TOTAL	Euro/ha	1427	717	50,3
Cereal production	Kg/ha	6850	2770	40,4

Source: Alexandri Cecilia, Securitatea alimentară în România, 2011

The analysis of input costs for cereal production, it notes that Romania has half the average cost per hectare of that of France, and the average production is 2770 kg / ha, which represents only 40% of the average production of 6850 kg / ha obtained in France. By category of expenditure, Romania meets higher seed costs because in most of these are imported from leading companies abroad. The opposite is spending fertilizers and pesticides, which is only 30% and 16.4% in comparison with France, which are much less used that generates an average production per hectare than smaller. Also, destruction of irrigation system, old park of cars and farm machinery and fuel consumption generates much higher discrepancies for average yields between the two countries.

The producer price of cereals in Romania and France

Table no. 2

Country	Price/tonne Euro	Average yields Tonne/ha	Price/ha Euro/ha
France	136,1	6,850	932,285
Romania	108,55	2,770	300,71

Source: Author's calculation from data from the National Institute of Statistics and Romanian National Bank

The data provided by the Statistical Yearbook of Romania, in 2009 shows the average price per kilogram of grain production was 0.46 lei, which is 1274.2 lei / ha and divided with 4.2373 lei/euro (representing the exchange rate from the National Bank of Romania for the year 2009) results 300.71 Euro / ha. Thus, even if the Romanian producer has had half of the costs per hectare comparing the French producer, the revenues are 3 times smaller. The causes of these differences are mainly represented by the yield per hectare, which is 2.4 times higher in France and, the selling price which is with 24 Euro / ton higher in France.

In adverse market condition, in generally it observes that the Romanian agro-food producers have established as main objective to achieve the sold volumes meaning maintaining the quantities of products even if this quantities have achieved lower unit values.⁴

CONCLUSIONS

Given that Romania is a member of the European Union since 1 January 2007, some issues raise regarding the capacity of Romanian farms to be competitive. In this sense, there is pressure on them in the direction of streamlining processes and reducing production costs and in meeting quality standards imposed by the European Union.

Once with de accessing moment of Romania to the European Union, the Romanian village development is sustained by the European Community through The National Programme for Rural Development 2007-2013. This represents a programme for the development of Romanian rural area and it is complementary with operational programmes financed by structural funds.⁵

Economic integration of Romania into the EU internal market requires the integration in the European market and macroeconomic policy coherence, especially at the microeconomic level. In Romania the structural imbalances in the agricultural sector are high, requiring more complicated corrections. These imbalances mostly

4 Dobronuteanu Ion Serban (2010) - Sprijinul financiar acordat României pentru organizarea comuna de piata – vin în perioada 2007-2010, ASE Publishing

5 Istudor Nicolae, Niculescu Gabriel, Lucov Bogdan (2011) – Analysis of accesing European funds for agriculture and rural development in EU member states,

targeting the following issues:

1. Excessive fragmentation of agricultural property is one of the main drawbacks. Currently Romania oriented budget funds both to commercial farms and by the small size (2 million ha).
2. Another structural problem is the large number of agricultural farms and semi-subsistence subsistence. Romanian authorities have to undertake a restructuring scheme of semi-subsistence on principles of efficiency.
3. Another problem is the large share of Romanian agriculture in total employment of farmers and the large number of elderly farmers.

Since Romania has significant amounts for rural development for the period 2007-2013, accessing these funds proves essential to increase competitiveness of agriculture and alignment to standards set by the European Union.

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