SEA - Practical Application of Science
Volume II, Issue 3 (5) /2014

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THE IMPORTANCE OF AGRI-FOOD SECTOR IN ROMANIAN ECONOMY

Empirical study

Keywords
Agri food sector
Consumption
Farming
Romania
Rural
Organic

JEL Classification
Q1, Q22, Q5, P32

Abstract

This paper proposes an analysis of food products market in Romania and its importance in the national economy. Grain market is an important part of Romanian agrifood sector, which is constantly developing, especially after Romania's accession to the EU, cereals occupying more than 65% of the cultivated area of the country.

Grain market analysis is necessary because of the multitude of problems facing this sector: the high degree of perishability of production; existence of increased competition on the domestic and international market; high degree of self-consumption in the individual farmers; territorial dispersion of supply, with large regional differences and seasonal fluctuations; the imbalance of domestic supply-demand that facilitates recourse to imports or increased exports; existence of a price system directly affected by international prices; obtaining products uncompetitive in international markets in terms of quality; organizational and functional deficiencies in taking domestic production market, etc.

CHAPTER I. GENERAL SITUATION

Romania has significant development potential, although insufficiently exploited. With a total area of 238,000 km2 and a population of 19,041,000 inhabitants, Romania is the largest, the second new member state of the European Union, after Poland. It represents 6% of the total EU surface and 4% of the EU population. Romania is one of the European countries that has a good resource endowment in terms of land, water and human resources. However, to date, these benefits had only a limited influence on the generation of significant developments and restructuring in agriculture and rural areas.

Rural areas have a substantial growth potential and a vital social role. Rural areas in Romania cover 87.1% of the country, comprising 47.2% of the population (National Statistics Institute), namely 8.98 million inhabitants in 2011 (Source: Preliminary census-Showing - INS 2011). OECD methodology concept of rurality lead to different figures, but allows comparisons with other Member States. Thus it appears that Romania is in accordance with this definition 59.8% rural, 39.4% intermediate and only 0.8% urban (Eurostat 2012).

In terms of distribution in the territory, Romania's population has a more pronounced level of rurality, theshare of rural population in Romania reflects its higher incidence compared to other EU countries, where the rural settlements are less populated and at a smaller scale, as an alternative to urban concentrations. Many of these rural communities contribute very little though, to economic growth, but retains its social structure and traditional way of life. In relation to Eurostat data from 2012, 45.5% of the population is in the rural area, 43.9% in intermediate regions and 10.6% in urban area.

The rural population is not evenly distributed. There are significant differences in population densities, all over Romania. Most municipalities with less than50 inhabitants / km2 are grouped in the western part of the country and the Delta, compared toareas from east and south, where are predominant the villages. The average density of population is 79.88 inhabitants / km2 at national level and 43.31% in rural areas. (Source: NIS 2011) .

The decrease of population caused by natural death and aging are the main factors of population decline and sociopopulational phenomena at national level. This phenomenon is reflected largely in rural areas, especially on long term. Although the overall rural population is trending downward, there is a slight increase in the active population in rural areas, but due to the migration of residence.

Between 2005 and 2011, we find the following: (1) the share of the age category 0-14 years of total ruralpopulation decreased; (2) the share of 15-64 age category showed a slight increase since 2008, reaching 65.06% in 2011; (3) te sare o the age category over 65 years showed a slightly downward trend compared to 2005.

I.1. Employment. Labor reserves in rural areas of Romaniadecrease, and there is a change in the structure of their quality, both from the point of view of age and education. Employment in agriculture, from rural area, being often a social buffer, increase the share of employment in rural areas. Thus, employment share in urban areas is 58.2% and in rural areas is 58.8% (Source: NIS 2011).

I.2. Unemployment. Unemployment rate in 2012 was 7.0% compared to the total active civil population.The age group most affected by the phenomenon of unemployment is the one of the youths (15 to 24 years), unemployment rate in this group was 22.7% in 2012 (source: Eurostat).

CHAPTER II. ECONOMIC DEVELOPMENT

Investments and competitiveness in Romania are still elements that need to be improved to achieve accelerated economic growth and to ensure convergence to EU income. In 2011, Romania had less than 1% of the GDP of the European Community, posting 47% nationwide and 33.4% in rural areasin 2010 (Source Eurostat 2012).

The contribution of agriculture to GDP has always been high. Gross value added (GVA) of agriculturerepresented 6.5% of total GVA (Source: National Commission for Prognosis Study 2011). However, it remains low, given the resources unused.GVA nationally registered a value of 114,744.8 million Euro in 2012.(source: Eurostat).

II.1. Poverty in rural areas. The number of people at risk of poverty orsocial exclusion - people severely disadvantaged in terms of material, from Romania, in 2011, was 29.4% of the population, compared to the EU27 average of 8.8% in 2011 (source: Eurostat). In 2011, over 71% of Romania's poor population was living in rural areas.

II.2. Economic crisis. Romania has evolved under conditions strongly marked by the maniestationof virulent global financial and economic crisis. At the onset of the crisis, the Romanian economy had driven a period of several years of growth, but accompanied by accumulation of relatively large external deficit and the increase in short-term debt.

Substantial increase from previous years of economic activity was followed by a sharp contraction in 2009 and 2010. Amid crisis, the economic downturn led to reduced investment and increasing unemployment, which jeopardizes the real convergence process and the financial condition of companies and population.

CHAPTER III. INCREASING COMPETITIVENESS OF ALL TYPES OF AGRICULTURE AND ENHANCING THE VIABILITY HOLDINS

Land Use - With anutilized agricultural area of 13.3 million hectares (representing 55.8% of Romania) in 2010, Romania has significant agricultural resources in Central and Eastern Europe. Although significant areas of agricultural used land are classified as disadvantaged areas,tere are particularly favorable soil conditionsforagricultural production activities in southern and western regions of the country. Most of the utilized agricultural area is arable (8.3 million ha), followed by pastures and hay fields (4.5 million ha), permanent crops (0.3 mil. hectares) and family gardens (0.2 mil.)(Source: GAC 2010).

Regarding how to use ("use of agricultural land") and evolution (from General Agricultural Census 2002 to 2010), due to a continuous reduction of whole agricultural area used, there is a slight decrease in the share of arable land and permanent crops in total utilized agricultural area, while a slight increase is seen in the share of pastures and hay fields and family gardens.

Unutilized agricultural land, registered with the General Agricultural Census 2010, including units that did not meet the conditions to be considered agricultural holdings, was 896,000 ha, and idle agricultural area was 953,000 ha (source NIS General Agricultural Census 2010).

III.1. Labor force in agriculture and forestry. Labor force in agriculture remains much oversized compared to other EU countries. Employment in agricultural activities, forestry and fishery remains at a high level - 28.6% in 2011) compared with the Europeanaverage (4.7%), and its performance in recent years (from 2005 to 31.6%) has not had a spectacular developments.

A significant part of the population employed in agriculture is very social vulnerable, being at the same time at an elder and low education levels, witch makes in some rural areas from Romania to install real pockets of poverty, due to limited capacity of rural communities to attract investments.

In 2005, in EU-27, a fifth of the farmers had training in agriculture, while in Romania their share was 2.7 times lower (7.4%) (source Study of National Commission for Prognosis "Strengthening farms," 2012). RGA data 2010 show worsening situation and increased the gap to the EU average (29.4%).

Thus, only 2.5% of the farmers (heads of holdings) had complete basic education in agriculture, while most had only experience in agricultural practice.Atregionally level, the highest share of farmers trained in agriculturewas registeredin the Central region (3.9%) and the lowest percentage (except the Bucharest Ilfov region) was recorded in the South-West Oltenia 1.9%.

III.2. Structure of agricultural holdings by age holder. The situation in Romania shows that the aging of rural population persists, which reveales also the low share of young people among heads (chiefs) of holdings.

RGA 2010 data shows that at an aged farmer (55 years and over) shall be 0.11 farmers under 35 years. Compared to 2005, in 2010 the share of young heads of farms grew by about 4 percentage points (from 7.84% to 11.71%) (source: NIS, RGA 2010 Survey of Structural Agriculture 2005), which is determined also by rural development policies applied in the current programming period.

Aging is reflected accurately in APIA data on the beneficiaries direct payments on related area and age. Thus, in 2011, the number of farmers (heads holdings) aged 60 years and older, represented more than half of farmers registered in APIA (51.88%) and worked approximately 2.62 million hectares SAU (average of surface owned 4.66 ha). The still high share points out the need for further generational renewal in agriculture.

III.3.The performance of agriculture, forestry and food industry. Unlike most EU countries, agriculture has been and continues to be an area of primary importance in Romania, both by contributing to the economy and the share of the employed population. Romanian agricultural sector performance remains relatively modest, in contrast to its natural potential and people's expectations of facilitating the system financing. Year 2011 marked the resumption of economic growth (with 2.5% compared to 2010), mainly on account of gross value added in agriculture, forestry and fishing (+11.3%), while exports have driven dynamics in some industries (+5%) (Source: National Commission for Prognosis "Strengthening farms," 2012).

III.4. Competitiveness of agriculture, forestry and food industry. Taking into account that in early 2000 the contribution of agriculture in GVA (gross added value of agriculture, forestry and fisheries in the total gross added value) was almost 12%, its evolution is currently on a downward curve, for the first time dropping below 10% in 2005 and reached minimum levels of 6.5% in 2007 and 6.7% in 2010.The share of agriculture sector remains, however, over three times higher than the European average in the EU-27 (1, 7%) (Source: National Commission for Prognosis "Strengthening farms", 2012).

The number of SMEs in the agriculture, hunting and fishing is the lowest, ie 15152SMEs in the year 2011. Amid decreasing number of SMEs nationwide, the number of ones in agriculture, hunting and forestry grows (in 2005 they accounted for 2.7% and in 2011, 3.4%). Thus, it is noted that SMEs in this sector have been increased as numberand as percentage even in the recession. Most SMEs from this sector are micro enterprises (86.6% in 2011), most of which are represented by forms of business organization without legal personality (such as authorized person, individual enterprise and family business). The positive dynamics of SMEs in agriculture can be explained by the orientation towards domestic consumption and the interest shown by them towards European funds. However, the large share of micro enterprises need to show their support to develop and strengthen their market position (source INS data processing, tempo-online 2013).

Romania shows significant discrepancies towards the EU-27 also in the area of agricultural productivity: even during favorable agricultural productivity level is below 50% of the EU-27 average, situation showing the untapped economic potential of agriculture and Romanian rural areas,wich can be explained by the internal structure of Romanian farms (small size), improper use ofproduction factors, including human capital, but also by the institutional and infrastructural poor development. In particular, the lack of infrastructure for marketing / agricultural product recovery is a critical issue for small farms.

III.5. Labour productivity in agriculture. Labour productivity in agriculture has been slightly increased, showing a positive evolution of the competitiveness of agriculture, but has one of the lowest growth rates in Europe (ie 1%). In the period 2010-2012, average value of the indicator of labor productivity in agriculture (GVA/AWU) was 4328 euro, almost four times lower than the European average of 14967 Euro (EU-27) (Source Eurostat 2013 data base DG AGRI).

Technical equipment in agriculture. The park farm of machinery remains poor, the gap between Romania and other EU countries is quite high.

Agricultural production and its variability. Traditionally, Romania is a major producer of grains andoilseeds, the crops occupying the most important areas (60% and 17%) of the 8.3 million hectares of arable land in the country. Moreover, with the UAA which holds (13.3 millions ha) and a population of 19 million, Romania is in the European Union, in one of the first places in terms of agricultural land that lies per capita (0.7 ha). In terms of value, the post-accession period (2007-2011), significant weight in agricultural structure production had vegetables and horticultural products (18%), cereals (14%), fodder (14%) and of livestock products, pig meat (10%) and milk (8.3%).

CHAPTER IV. THE STRUCTURE OF AGRICULTURAL PRODUCTION IN ROMANIA

In the structure of agricultural production, crop production is predominant, in 2010, accounted for 67.5 of the total production, compared to 31.6% as is animal production sector and 0.9%in agricultural services. Evolution of crop production shows an increase of 17% in 2011 compared with 2008.

In the year 2011, crop production meant in terms of value 76.5% of the total and livestock production, 23.5%. For comparison, the share of plant production in the total value of agricultural production in Bulgaria was 69.8%, 66.6% in Hungary, respectively 51.6% in Poland. In France, crop production was 61.1% , in Germany 53.4%, and in the UK, 41.8%.

IV.1. Vegetable sector. The area planted with vegetables, was in 2011, 3.25% of the total arable land cultivated, and approximately similar to the European Union one, with the difference that now, in Romania, consumer demand has still not assured the internal resources. Greenhouse area, in decrease, and the solarium modernized area, still in household stage, fails to cover the needs of early vegetables.

During 2007-2012, the production of vegetables fluctuated greatly, recording aminimum of 3.16 million tonnes in 2007 to a peak of 4.17 million tons in 2011. In 2012, the production was 3.53 million tones. The average production per hectare in the period 2000-2011 was fluctuating, with a slightly increasing trend in the last three years.

IV.2. Fruit tree sector. In terms of area, in the past 20 years, the fruit tree sector has been in a steady decline, with adverse consequences not only on the economic development of rural communities, but also in the quality of life in areas of traditional orchards and the contribution of this sector to environment.

During 2002-2012, the areas of orchards have declined by about 30%, being cutted approx. 65,000 hectares, from the total area of 142,242 ha in 2012. The largest areas deforested occurred in peach, apricot, pear, cherry and apple species, speciesin wich we face the greatest imports. Fruit production is fluctuating, due to the influence of climatic factors, and the plantation age. Lack of storage space is also a major problem.

IV.3. The wine sector. Romania, as wine country, occupies in the European Union 5th place after vineyard area and the 6th after the production of grapes and wine. In the period 2007-2012, registered decreases both areas:vineyard area (5%) and the production of wine grapes (-14.5%), and also the average yield per hectare (-10.2%). Wine occupies in Romanian agricultural production 9th place asvalue importance and in crop production

7th place.In 2011, wine production accounted for 1.4% of the crop and 1.1% in value of agricultural production.

Storage sector - According to MARD, in 2011, total authorized storage capacity of seed consumption (cereals, oilseed crops) was 16.2 million tons, of which 7.9 million tonnes in silos and 8, 3 million tonnes in warehouses. Of totalauthorized storage capacity, the licensed capacity is 25%, ie about 4.1 million tons.

Regarding storages for fruits and vegetables and potatoes, according to the same sources, in 2011 there were 379 stores in only 32 counties, totaling a storage capacity of 233 thousand tons. Experts estimate that this is less than 20% of storage and packaging requirements for the production of fruits and vegetables and about 40% of storage and packaging requirements for potato production.

IV.4. The livestock sector. According to the National Institute of Statistics (statistical survey on "Livestock and animal production in 2011"), in 2011 compared to 2010, the number of cattle, pigs and poultry have declined, and sheep and goats increased.

In Romania, cattle is a traditional activity of the population in rural areas and especially in the mountain area, and there is potential for realization of production to cover domestic needs and to bring a significant contribution by export, to the producers' revenue.

In the period 2005-2012, the total number of cattle decreased by approximately 30% , from 2.93 million to 2.11 million heads, milk production by 15% and beef production in live by 44%.

Although the number of animals for milk production felt during this period by26.5% , milk production only decreased by 15%. Smaller decrease in milk production happend due tospecialized cattle breeds for milk, leading to increasing milk production per head.

In terms of quality of raw milk, according to the results of the market analysis prepared by ANSVSA, it appears that at the end of 2011, the percentage of milk that meet EU standards, supplied to the processing units, was 80%. From this point of view, experts from ANSVSA requested and obtained approval of the European Commission to extend the transition period for Romania to improve the quality of raw milk by 31 December 2013.

In the period 2005-2011 it can be said that the growth of sheep and goats had a sudden change, especially regarding total workforce, and in terms of meat production in live, although it decreased (-3.6%), was however, one of the main products exported. In the analyzed period, the number of sheep increased by 12%, from 7.6 million to 8.5, and the number of goats by 80%, from 686,000 to 1.23 million.

Sheep breeding sector recorded a positive trade balance in recent years by providing the necessary domestic consumption and export availabilities creation.

Pig sector has passed and goes through a crisis caused by the total diminishing during 2005-2012 (-18%), especially those in the industrial growth. Imports of pork in Romania shows that the sector has a market assured and must be further supported. The total production of live pig followed a downward trend throughout the period 2005-2011 (-9.5%). In the pig sector, there are 72 companies producing pork. The average size of pig farms nationwide in 2010 was 3.14 heads / farm.

Poultry meat in Romania is the sector that has recovered mostsoon after the decline in the period immediately following privatization of former state unit. Technical performance achieved in 2006 placed Romania on the 4th place of poultry in the world and 3rd in Europe, after countries with tradition in poultry meat, such as France and the United States.

In the period 2001-2011, total poultry flocks had a peak in 2004 (87 million to 71 million in 2001), but in the range from 2004 to 2011 was observed a decreasing trend of the herd, decreasing to 80 million heads. The totalproduction of livestock and poultry in average slaughter weight did not follow the downward trend of flocks and raised in te analyzed period by 31.4%, and 23.5%.

The poultry for eggs sector has grown timid, total production of eggs increased by 5.4% during 2001-2011. Approximately 95% of domestic consumption of eggs is provided from domestic production.

Beekeeping is one of the oldest occupations of the local population, which was developed in our country due to favorable natural conditions (climate, topography and vegetation). After practicing beekeeping,can e provided both food (honey, pollen) and nonfood (wax, venom).

Bees greatly influence agricultural production due to pollination of over 150 species of entomophilous cultivated plants (sunflower, rapeseed, fruit trees, fodder crops or seed), which occupy an important area in the country. Also, bees are the mainspontaneous pollinators of entomophilous flora, ensuring biodiversity in nature.

According to the INS, there is a major relaunch of the beekeeping sector, with an increase, in the period 2001-2011, with 67% of families and 91.5% honey bee production.

Thus, the consumption of honey per capita per yearincreased, while domestic production covers all domestic consumption needs of the population as well as large export availabilities.

IV.5. Traditional products. This category of products is very important for Romania and it is an opportunity for growth, especially in remote rural areas or disadvantaged areas if they are addressed by concerted policy actions.

The number of traditional products, entered in the Register of evidence of traditional products, increased significantly in the last five years, with a maximum of 1034 products in 2011, and with a significant drop in 2012. So far 4180 traditional products have been recorded, most from milksectors, dairy products and meat, but also from industry milling and beverage production sector.

According to the regulation (EC) no. 510 of 20 March 2006, the traditional products can gain protection at Community level as Protected Geographical Indication (PGI), Protected Designation of Origin (PDO) and Traditional Speciality Guaranteed (TSG).

This recognition at EU level on the 3 signs of quality: PGI, PDO and TSG is another attestation system, also provides protection designation of agricultural products in Europe.

Although there are a variety of foods registeredat MARD, currently in Romania there is just one productrecognized and protected at Community level, the plum jam from Topoloveni - manufactured by Sonimpex Serv Com SRL, branded PGI.

Documents were submitted to MARD for other ten products to obtain Community protection.

Along with organic products and products with designation of origin, traditional products are produced with a high level of valuation and a growing market. Traditional products continue to be supported, this is one of the solutions to increase the competitiveness of the agricultural sector.

IV.6. Organic farming. Organic farming is a dynamic system in Romania with a weighted average annual growth rate of approximately 20%.

In 2007, the total area cultivated by organic production method was 131 448 ha, of which 46 865 surface in conversion, and 84 585 surface organiccertified. In the year 2012, the area ecologically cultivated was 300,000 ha, while cultures from wild were collected from an area of approx. 538,000 ha.

From the analysed cultivated areas with the main crops in 2007, it is found that pastures and hay fields have an area of 57,600 ha, 32,222 ha of cereals and oilseeds approx. 27 713 ha.

In 2012, areas of pasture and fodder hold the largest share in the total area - 37% (approx. 111,000 ha), followed by cereals with 32% (approx. 98,000 ha), oilseeds and protein 15% (46,000 ha). The livestock sector in 2012 recorded growth of livestock kept by the organic production method, especially sheep and goats - 160,000 heads, while 85,000 heads represent 60,000 laying hens and dairy cows. Regarding the beekeeping sector, in 2012 there were a total of 102,881 bee colonies.

In the period 2007-2012 the number of bee families had an upward trend, in 2012 is higher by 70% than in 2007.

Number of operators (producers, processors and traders, importers and exporters) registered in the organic farming system to MARD in 2012 was 15373. This increased approximately three times the previous year in 2010 and twice in 2011. This increase was due to, in particular, the existing support measures for the conversion period granted under art. 68 of Regulation (EC) no. 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers.

Regarding the processed products, in 2012 was an increasein the number of processors and products (from 48 units in 2007 to 103 in 2012).

A holding area in organic farming, in vegetable production varies from approx. 100 sqm for growing vegetables in greenhouses, up to approx. 2000 ha for growing field crops.

The average area of farms in 2011 was about 20 - 22 ha. The total output produced from certified organic farming crop production in 2011 was approx. 134,580.3 tonnes, to 18325.83 tonnes in 2007.

The demand for certified organic products is continuously increasing, the price being a major factor in the purchasing decision: 40% of young people aged between 25 and 30 years are willing to choose green products regardless of the price paid, while 23% of people between 36 and 45 years prefer this product if they have the same price as the conventional products.

At present, the domestic market for organic products is expanding, organic products being sold directly to the farm gate, markets, specialized stores and through large chains of stores.

Consumption of organic products is low compared to other European countries, standing at 1% on the total consumption of goods, while the European average is 3-5%. With appropriate information and promotion, Romania could benefit in increasing market share and awareness of the public, regarding organic products. The most important causes of low consumption of organic products are 20-40% higher prices and low purchasing power of Romanian citizens.

The upward trend in domestic production of green products is very much supported by external market growth, 70-80% of production being exported.

Imports of organic products increased annually, involving hypermarkets in their retail distribution. Thus, in 2007, the value of imports was about. 5,000,000, and in 2011 reached a value of approx. EUR 75 million (estimates - according to the data available in the market).

Along with traditional products and products with designation of origin, organic products are produced with a high level of valuation. Organic products are products with competitive advantage.

In Romania, the competitiveness of organic products is determined by the following factors:

- Number of registered operators in the sector is growing and stands and processors increase. Area cultivated in organic agriculture is increasing from year to year.

- The organic market is expanding and is characterized by diversification of products on the market from year to year.

- Increasingly more consumers are aware that along with quality and health value of organic products, organic farming has a major contribution to sustainable development.

Awareness by the population of the importance of organic farming in rural areas, can be a solution to revitalize the countryside. Organic production method, based on non-use of synthetic chemicals and respect animal welfare is a solution of durability.

Ecological food product is a blend of ingredients from certified organic agriculture,wich is marked and labeled in accordance with industry regulations. Green products are only those who have a certificate of quality and packaging, wearing the logo of the certification body, and not every product that is sold as "natural", "peasant" or,,traditional ".

Most organic products are in the bakery sector, which anaccountof 24.6% of all organic products, followed by the processed cereals with 15.38% and dairy products with 13.78%. Total processed organic products in Romania is of 312 in the year 2012.

From the data MARDholds, there is only one operator in the flesh sector, at the other extreme, the largest number of processing units is in grains. In the interval 2007 – 2012, the number of processors has increased steadily, with a small decrease in 2009, which demonstrates that the market for organic products is a continuous process of development.

Given the competitiveness of organic products, agricultural potential and increasing demand for organic products in Romania, an important factor is the continued support of organic production and processing sector for such products as one of the solutions to increase the competitiveness of Romanianagriculture.

CONCLUSIONS AND KEY ISSUES IN AGRICULTURE AND RURAL DEVELOPMENT:

- Romanian rural economy is dominated by agriculture, whose main feature is represented by the important proportion of subsistence and semi-subsistence farms, producing for self-consumption, they are occasionally on the market by selling the products obtained. In this context, the rural economy remains very poorly integrated into the market economy.

- Agriculture continues to have substantial growth potential, yet underutilized, agricultural restructuring and revitalization of the rural economy representing major levers of economic development of Romania for the future.

- The productivity in agriculture, which is below 50% of the EU27 average, reveals untapped economic potential of Romanian agriculture and rural areas; it can be explained both by the internal structure of the Romanian farms (small size), misuse or malfunction of production factors and the existing poor infrastructure.

- The labor force in agriculture is much oversized compared to the EU27 average, aged, with a low education level, and social vulnerability. In addition, there is a decrease in the level of training of the employed rural population: young labor force (under 35) have a lower educational level than the mature employment quotas (35-45 years), which, is assessed, limits the implementation of business initiatives based on advanced technologies.

- Labour productivity in agriculture is four times lower than the average UE (2008) and although small increases, has one of the lowest growth rates in the EU, only 1.1%.

- It is still a need for investment in school infrastructure so as to ensure on medium term, the conversion of agricultural labor force in non-agricultural workforce.

- It still needs investment in continuing training for employment in agriculture, to ensure competitiveness of the sector.

- Although Romania is a member state with one of the largest grain surfaces (5th EU-27), yields per unit area are modest, yield and, consequently, overall production quality and quantity ranging from one crop year to another, in close correlation with the climatic conditions, due to the use of outdated technology, with a direct effect on farmers' income.

- Lack of marketing infrastructure / recovery of agricultural products is a critical issue for small farms. However, the vulnerability of Romanian farms is maintained and there is no major infrastructure (roads, irrigation, storage capacities).

- Reducing the number of farms that practice subsistence agriculture should be one of the main objectives of rural development policy, if they are willing to boost and streamline Romanian agriculture and influencing EU market.

- It takes further measures to support small and medium farms, particularly family farms, improve competitiveness, diversification and opening them to the market, measures to improve, on the one hand, the situation of agricultural productivity, and on the other hand, to settle on long term social problem of Romanian village, due to high rate of employment in agriculture and low incomes of farmers and the rural population.

- Both the manufacturing sector and agricultural production is characterized by a low degree of specialization, low labor productivity and reduced use of innovations. In this regard, investment in innovation and development should be a priority for Romania for the period ahead.

- The food sector is facing a number of difficulties: firstly, the complex legislation that prevents simplification; insufficient support for the creation of more effective arrangements for cost (eg, creation of groups or associations of producers and distributors, large commercial farms - that facilitate reducing processing costs, etc.); difficult access to financing, etc.

- It takes further measures to support forest owners by boosting their association and establish their own management structures and support on land unproductivecosts in forests, and further support the forestry sector through afforestation of new areas of land , to those affected by natural disasters, forest roads infrastructure development and investment in new forestry technologies exploitation, processing and marketing of forest products. In addition, the creation / restoration of forest belts, especially in the plains, will have an important role in combating extreme events (droughts and floods).

- It requires further support for investments in agriculture, by facilitating lendings to farmers, contributing to renewing the generation of farmers, and farm amalgamation of small sized farms in medium ones.

Acknowledgement
This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain” .

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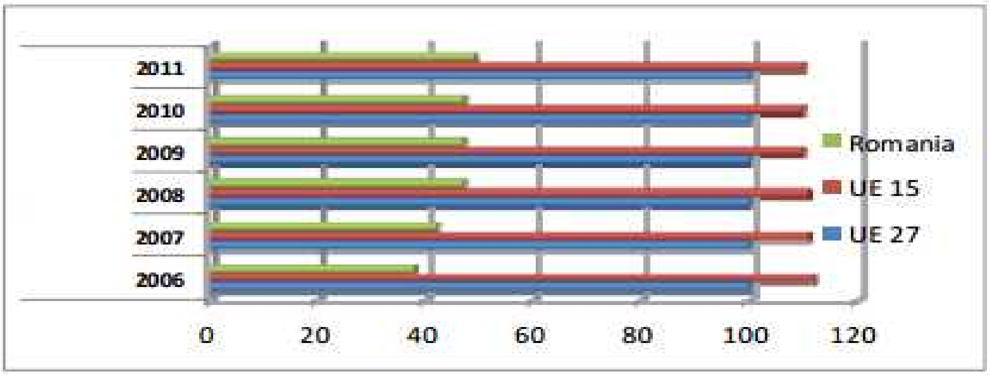
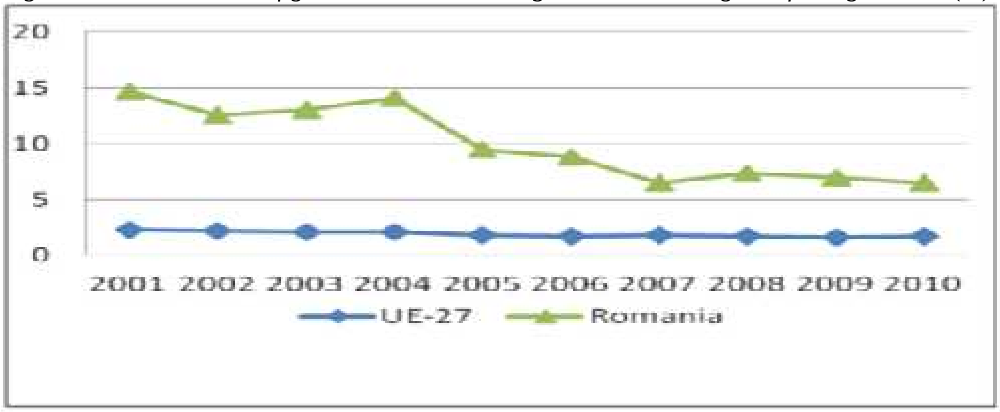
Figure No. 1. GDP/Inhabitants in Romania comparing with EU27/EU15



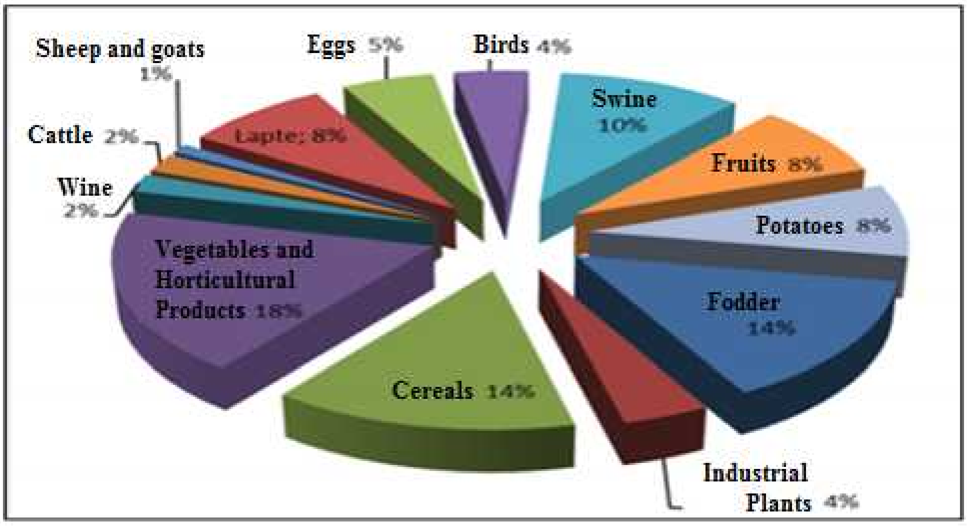
Source: Data processed by the author according to the DG Agri 2011 Annual Report

Figure No. 2. The share of gross value added in agriculture, hunting and fishing in GVA (%)



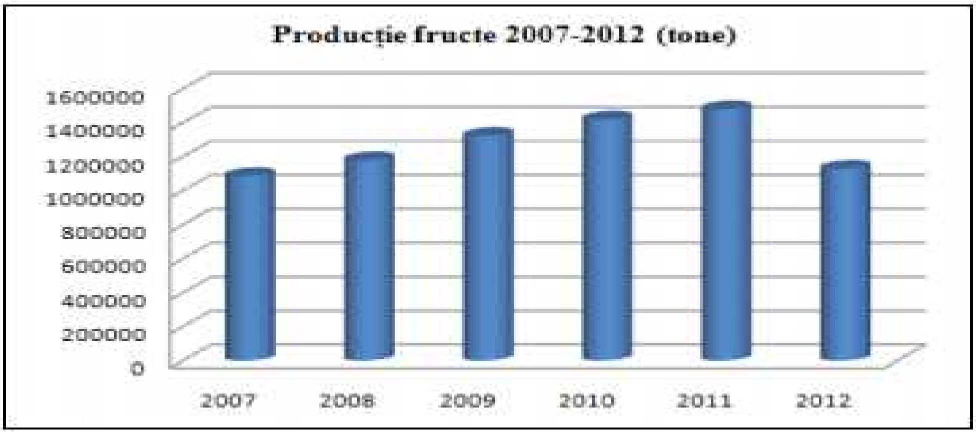
Source:Data processed by the author according to theNational Commission for Prognosis "Strengthening farms," 2012

Figure No. 3. Agricultural production structure of Romania (2007-2011 average in current prices from the producer)



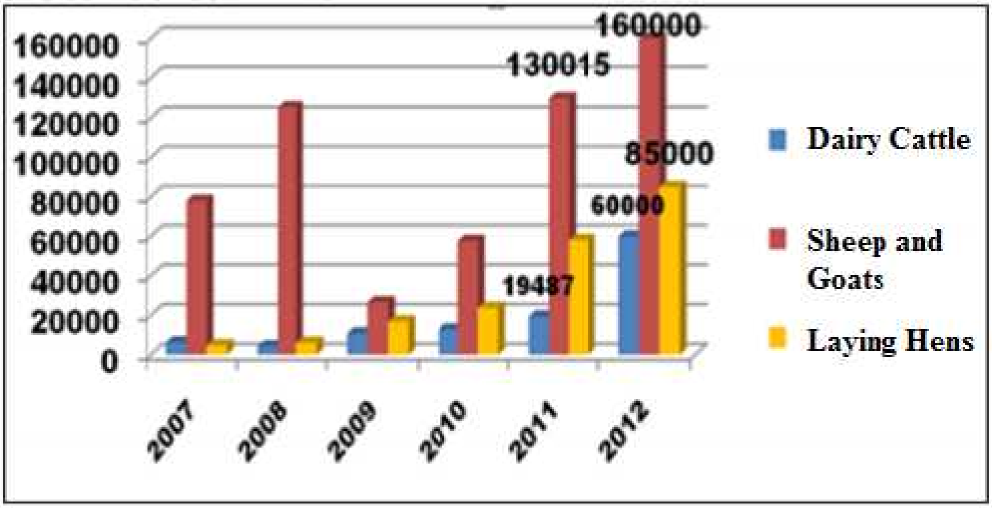
Source: INS – Tempo online,Data processed by the author

Figure No. 4. Fruit production 2007 – 2012 (tons)



Source: INS – Tempo online,Data processed by the author

Figure No. 5. Dynamics of livestock



Source: INS – Tempo online,Data processed by the author