AGRICULTURAL COOPERATIVES, SUSTAINABLE SOLUTION FOR RECOVERY OF ROMANIAN AGRICULTURAL SECTOR

COOPERATIVELE AGRICOLE, SOLUȚIE VIABILĂ PENTRU REDRESAREA SECTORULUI AGRICOL ROMÂNESC

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Abstract: *This paper wants to emphasize the viability of agricultural cooperatives in the recovery of the Romanian agricultural sector. The manner farmers are organized and the specificity of the Romanian agriculture leads to solving many problems through the agricultural cooperative. Due to lack of information manifesting more reluctant farmers to modern agricultural cooperatives, due to their erroneous perception, like a new APC-s (agricultural producers' cooperatives). Currently reluctance with this argument fell fortunately, because of the power to efficient example, the existing European and international level.*

Key words: *agricultural cooperatives, viability, recovery, agricultural sector, Romania*

INTRODUCTION

Agri-Cooperatives are a driving force with a long tradition in Romania, especially in Europe and all world when it comes to competitiveness and innovation in agri-food sector.
After 1989, the number of agricultural cooperatives has declined severely due to dissolution of state enterprises, but mainly because of experience and perception of peasants who lived in communist's ACP (agricultural producers' cooperatives) who did not respect the democratic principles of cooperatives.[5]

Now we have an increase in agricultural cooperatives number in Romania, reaching approximately 275, because of the appearance and operation of the law no. 566 of December 9, 2004, updated on January 25, 2007.[6]
From these cooperatives the largest share represent cooperatives specialized in vegetables, livestock and grain and oilseed crop. [2].
In this context, the paper presents an analysis of the evolution of agricultural cooperatives in Romania between 1937 and 2009, highlighting the existing problems and recover viability of cooperatives in Romanian agriculture.

MATERIAL AND METHOD

In order to characterize the evolution of agricultural cooperatives in Romania a number of indicators have been taken into account such as agricultural cooperatives, Romanian agriculture issues, efficiency and recovery sector. The period analyzed in this study is 1937-2009.
Statistical data were collected from the Ministry of Agriculture and Rural Development and from the members of the National Confederation of Agricultural Producers, Food Industry and Related Services in Romania, processed and interpreted, and setting the trend forecasts existing in particular in Europe and worldwide.

RESULTS AND DISCUSSIONS

In the year 1937 we had a number of 509 agricultural cooperatives in Romania.

Table 1

Agricultural Cooperatives in the year 1937

Province	No. of coops	No. of members	Capital Thousands lei
Moldova	83	5562	4389
Muntenia	155	12337	5185
Dobrogea	60	4739	3877
Oltenia	29	2597	2085
Basarabia	65	5071	3284
Bucovina	40	2695	1449
Transilvania	77	4792	4964
Total	509	37793	25233

Source: The Statistical Agricultural Atlas of Romania, Bucharest 1938

The height of communist agricultural cooperatives in Romania was reached during 1975-1980, when approximately 80% of the country's arable land was worked in cooperative units.[5]

After this period a decrease will continue until 1989 when most were abolished. Between 1990 and 2005 followed a period of some stagnation when there were no unexpected oscillations.

Following the emergence of new cooperatives law no. 566 of December 9, 2004, updated on January 25 2007 a period of growth followed in the number of agricultural cooperatives, reaching at 275.[2]

Romanian agriculture is currently facing a number of issues for each sector separately, as it follows: [7]

The vegetal sector:

- the subsidies are at 50% of the subsidies received by other European farmers;
- irrigation and draining system - water costs, maintenance of biodiversity;
- lack of investment in storage facilities for agricultural products;
- trade in "black" of agricultural products;
- prohibiting the use, in manufacturing, of biotechnologies (production costs high for soybean crop, given that GM crops are banned).

Fruits and vegetables sector:

- trading in the black market of imported fruits and vegetables;
- the almost inexistent subsidies;
- lack of investment in greenhouses, solariums in areas of collection, sorting and storage of vegetables and fruit;
- plantations reversed deforestation overdue by more than 5 years.

Animal sector:

Cattle milk:

- lack of investments in cooling tanks and milking facilities;
- type of breeding of race performance;
- lack of investment in processing factory owned by producers;

- very small size of holding.

Cattle meat:

- inexistent sector - lack of policy, import of meat is present in an amount of 70%;
- type of breeding of race performance.

Sheep and goats:

- lack of investment in farms viable, economic and organized forms of economic associations;
- sheep meat - lack of quality breeding material.

Pork:

- lack of correlation between the ability of fattening pigs and breeding who determine the import of over 1.5 million pigs / year;
- fiscal evasion in the pork meat market;
- limited access to technical conditions overly restrictive and costly intra-Community trade in and exports of pork meat;
- weak breeding sector; today we are dependent, in 50%, on the imports of pigs for fattening, from the European Union;
- absence of economic and associative farm slaughter, processing and integration;
- absence of mechanisms to support the Romanian producers of pork for competitivenes on the European market.

Poultry:

- existing deficiencies in the farms due to reproduction, import of the chicks, turkeys, etc;
- lack of associative or integrative farms;
- absence of mechanisms to support the Romanian producers of poultry and eggs so that they could be competitive on the European market.

Wine sector:

- Lack of "aggressiveness" of policies to promote Romanian wines;
- fluctuating legislation on marketing table wines and quiet fermented drinks, other than beer and wine, which have different status in the European Union than in Romania;
- absence of forms for economic association.

Besides the previously mentioned sector specific issues we face some **general issues for all sectors above**:

- the decentralization structures of the Ministry of Agriculture and Rural Development;
- lack of clear legislation on the establishment of agricultural chambers;
- a legislation in permanent change on the marketing of food products;
- Intra-Community trade favors evasion by selling on the black market because of the absence of VAT;
- tax policy in the production of agricultural raw materials encourages the black market and discourage the introduction of the agricultural production on the organized local market;
- major deficiencies in the establishment and operation of branch organizations on product network;

Absorption of EU funds:

1. Procedures (Guide) almost impossible to accomplish, by farmers, in order to access funds.
2. Lack of involvement of banks in lending to agricultural producers and investment made by European funds.
3. Costs of agricultural loans high enough to not be supported by farmers.
4. Insufficient capitalization of Rural Credit Guarantee Fund, leading to inability to guarantee investment by farmers;
5. The difference in settlement caused by exchange rate variation, the date of the project and until his realization, leading to increased project costs of 20%, the farmers receiving almost 30% share from 50%.

The main reason for the proper functioning of the agricultural sector in countries such as Netherlands, France, Italy, Spain and Germany is the functioning and healthy development of agricultural cooperatives.[1,4]

The only viable alternative to the current situation of Romanian agricultural sector are the agricultural cooperatives.

The marketing cooperatives can be considered the basis, being the most common in Europe since their introduction, encouraging farmers to join the need for storage and marketing of agricultural products.

Development and establishment of these cooperatives should be done in every joint cereal areas.

Fruits and vegetables can be taken, stored, sorted, packaged and sold at market standards, providing increased financial resources in rural areas by making their products.

This positive aspect of their growth was determined by the ability to clearly differentiate the competition remaining central to effective marketing. And a strong strategy is essential for any organisation seeking to build robust relationships with stakeholders.[3]

Agricultural cooperatives for land use, together with companies that lease land are the only directly influence to the growth of the farm size.

Agricultural cooperatives processing agricultural products can solve the problem of processing milk, meat producers in some of the common or county.

Financing agriculture can be supported by setting up the credit cooperatives or CEC specialization just in financing agriculture and rural development.

This can be both of beneficial impact in a social and economic perspective.

By means of the cooperation, goods produced in the peasant farm cooperatives, reach the market reach in multiple varieties that are popular because they can reach the consumer.

Once appeared, agricultural cooperatives are solvable beneficiaries of European programs, with their evolution taking some of the issues the Romanian rural areas.

Minimum public cost, on the one hand, and economic development that would strengthen the social component including, on the other hand, is balance costs / effects that would justify a national initiative implementation and development of agricultural cooperatives.

Romanian agriculture, with his diversity and specific, with their traditions in the organization of farmers, direct solutions to solve significant structural problems to the agricultural cooperatives. [5]

CONCLUSIONS

Agri-Cooperatives are a driving force with a long tradition in Romania, especially in Europe and entire World when it comes to competitiveness and innovation in agri-food sector.

Now we have an increase in agricultural cooperatives number in Romania, having approximately 275, because of the emergence and operation of the law no. 566 of December 9, 2004, updated on January 25, 2007.

The main reason for the proper functioning of the agricultural sector in countries such as Netherlands, France, Italy, Spain and Germany is the functioning and healthy development of agricultural cooperatives.[1,4]

It is of great necessity the foundation of marketing agricultural cooperatives in each village.

Agricultural cooperatives, with their evolution take much of the problems encountered in the agricultural sector and the entire Romanian countryside regions.

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