

Agriculture Branch of the Romanian Economy

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Abstract. Agriculture is an integral part of contemporary Romanian economy and society. In terms of indirect effects, any significant cut back in European farming activity would in turn generate losses in GDP and jobs in linked economic sectors – notably within the agro-food supply chain, which relies on the Romanian primary agricultural sector for high quality, competitive and reliable raw material inputs, as well as in non-food sectors. Rural activities, from tourism, transport, to local and public services would also be affected. Depopulation in rural areas would probably accelerate. There would therefore be important environmental and social consequences.

Keywords: agriculture, economic sector, households of farmers.

INTRODUCTION

Current status of agriculture requires the approach it as a priority strategic (Zahiu *et al.*, 2010). Economy of which country is made up of several sectors: manufacturing, services and trade. Number and share economic sectors are closely related to many factors such as: size of economic sectors; quality and accessibility of the country's natural resources; size, efficiency and diversification of labor force; overall level of economic development; the development of education and science; accessibility to elements of technical progress political and ideological conceptions; relationship between the national economy and world economy.

Agriculture in our country has undergone in recent years, a long process of transition from centralized economy to market economy and adaptation mechanisms of the common agricultural market.

Common agricultural reform objectives were and remain food security and economic performance, rural modernization, exploitation of natural resources and higher living standards in rural areas.

In Romania, at the macroeconomic level, the most developed industries in recent years, the weight and importance are: industry, construction, transport and telecommunications, agriculture and food industry, services, etc. (Otiman, 1999).

In Romania, in recent years, there have been various studies on the economic importance of agriculture as a branch. Stanef (2010) in "Romanian agriculture in the EU exigencies" examines Romanian agriculture, the economic branch, in the pre and post accession to the European Union.

Ailenei *et al.* (2010) in "Agriculture in the Romanian economy - between expectations and reality" analyze the position of agriculture in the economy during 2004-2008.

These studies highlight the importance of agriculture as an economic branch, supplying agricultural products and raw materials for other sectors of national economy. In agriculture working a large number of labor force. Agriculture is a complex problem, having multiple openings and interaction with all business sectors.

The paper tries to highlight the development of agriculture as part of the Romanian economy and society in the pre and post EU accession (2005-2010).

MATERIALS AND METHODS

In this study we used the data provided in the Romanian Statistical Yearbook for the period 2008-2011, online data of MADR and the online database of INSSE. Based on the data, we conducted an analysis of their, to highlight the importance of agriculture as a branch of national economy. Analysis by comparing data over a period of 6 years. The analysis includes data on macroeconomic indicators, employment, labor productivity trade, investment, income and expenditure. Analysis of all these data highlights the importance of agriculture in national economy.

RESULTS AND DISCUSSIONS

Statistical analysis of the national economy operates several branches among which macroeconomic: industry, agriculture (including food processing), services, and other branches. Agriculture is an important, vital and very important activity for Romanian economy. Despite having a relatively high share in GDP, agriculture is a source of instability gives GDP values because it is the fact that agriculture is subject to changes in climate factors, low investment and low income families of farmers. Share of agriculture in GDP in Romania is shown in the following table (Tab. 1).

Tab. 1

Share of economic sectors in GDP in Romania

%

Year	Agriculture	Industry	Construction	Trade	Financial intermediations	Public aministr. and defence; Education; Health and social assistance
2005	8.4	24.82	6.53	21.9	2.01	11.09
2006	7.78	24.53	7.41	22.17	1.79	10.24
2007	5.76	24.31	9.12	22.68	1.90	10.08
2008	6.62	23.02	10.9	19.34	2.21	10.84
2009	6.36	24.46	10.60	18.95	2.25	11.18
2010	6.01	25.77	9.96	19.54	2.23	10.04

Source: data processed by Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

As shown in Tab. 1, agriculture plays an important industry in GDP than, but higher than the buildings in the first two years. This percentage was, high in the early 2005 (8.4%), following a slight increase after starting to fall, so as to, in the year 2010 reached 6.01%, about 85% the weight of 2005. Agriculture in the early '90s with a fifth part to gross value added, then began to decline as a percentage of participation, given the increasing share of other sectors.

Reducing agriculture's contribution to GDP in Romania is related to fluctuations in agricultural production period, the fluctuations due to droughts or floods that occurred in the period.

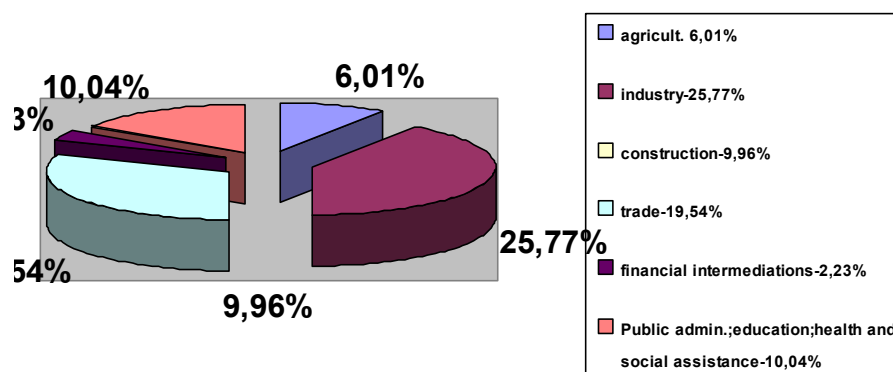


Fig. 1. Share of economic sectors in GDP in 2010

Analysis of structure and economic sectors to GDP ratio is not relevant, if not consider the structure of allocated resources (labor) to obtain value added (GDP) (Tab. 2).

Tab. 2

Employment civil structure of national economy

Anul	Branches and sectors							
	Agriculture		Industry		Other		Total	
	mii pers.	%	mii pers.	%	mii pers.	%	mii pers.	%
2005	2,674.0	31.87	1,973.0	23.51	3,743.0	44.62	8,390.0	100
2006	2,514.0	29.68	1,969.0	23.24	3,986.0	47.08	8,469.0	100
2007	2,462.0	28.21	1,958.0	28.44	4,306.0	43.35	8,726.0	100
2008	2,407.0	27.51	1,981.0	22.64	4,359.0	49.85	8,747.0	100
2009	2,411.0	28.66	1,774.0	21.09	4,226.0	50.25	8,411.0	100
2010	2,440.0	29.16	1,733.0	21.18	3,584.0	49.66	8,371.0	100

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

The weakening of civilian employed population in Romania (from 8,390,000 persons in 2005 to 8,371,000 people in 2010), employment in agriculture decreased from 2,674,000 persons in 2005 to 2,440,000 in 2010). This decreasing trend can be explained due to migration of rural population by EU countries to find a job (especially after 2007), but the economic crisis in Romania and the European Union. Besides those mentioned, decreased working population employed in agriculture, in 2005, is explained by the natural decrease of population in rural areas (the natural decrease of population in rural areas, noting that rural population is aged), and the fact that Romania is not practicing modern agriculture (but largely subsistence), and get loans, grants and aid to agriculture is very difficult, many people active in rural areas have chosen to go abroad

As a proportion of the active population in agriculture increased from 28.19% (1990), about 40% in the early 2000s, after which it decreased in future years to 29.16% (2010), we speak as one return the share of active population in agriculture after 20 years in the 1990s.

That resource allocated to achieve added value, agriculture has a role to nearly 40% of total resources to the national economy.

Dynamics of population working in agriculture, with reference year 2005, showed a sinuous (with smaller decreases followed by increases), reaching the year 2010 to 69.25%

from 2000. Compared to other sectors of national economy, agriculture, population dynamics was the lower employed (Tab. 3).

Tab. 3

Labor productivity by employed person

lei/person

Year	Agriculture	Industry	Construction	Trade	Total (employed population) EP
2005	11,517.4	63,169.3	37,632.6	28,808.1	27,541.5
2006	16,420.9	77,569.8	47,127.5	33,833.8	32,609.5
2007	16,066.3	97,330.4	57,295.4	37,742.1	39,334.1
2008	12,329.8	53,311.6	76,566.1	56,703.4	48,958.0
2009	11,684.3	60,078.4	72,900.9	54,018.5	49,120.9

Source: processed data from the Statistical Yearbook of Romania, 2008, 2010, 2011 and www.insse.ro

Labor productivity by employed person in agriculture has a lower level for the entire period analyzed front of the main sectors of national economy.

Structure of production is presented in the form of the two components: intermediate consumption (Ci) and gross value added (GVA).

It is another indicator that characterizes the efficiency at the macroeconomic level consumption across different sectors of activity (Tab. 4).

Tab. 4

GVA/ 1 leu Ci

million Lei current prices

Year	Agriculture	Industry	Construction	Trade	Total
2005	0.88	0.49	0.84	1.52	0.87
2006	0.98	0.51	0.84	1.51	0.86
2007	0.82	0.50	0.88	1.56	0.89
2008	0.87	0.51	0.87	1.48	0.86
2009	0.91	0.56	1.05	1.47	0.86

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

In the period (2005-2009), under consideration gross value added at 1 RON intermediate consumption in agriculture is superior to most of the sectors of the economy (industry, construction)

This means that 1 RON he spent in agriculture "leverages" as compared with other sectors (in the year 2003, a RON spent in agriculture "leverages" 2.4 more than industry and more than 1.4 construction).

In the year 2005, by the year 2008, gross value added at 1 RON intermediate consumption has decreased from 1.09 (2005) to 0.87 (2008), then increased to 0.91 (2009).

The value of intermediate consumption is less in agriculture to industry and higher than other sectors of national economy, as it is with GVA (Tab. 5).

This indicator has a comparative relevance only priority for the allocation of financial resources.

As regards external trade, export of products in the agricultural sector is far below possibilities of Romanian agriculture. The "possibilities" of agriculture preserve, the importation of agricultural products is unacceptably high (Tab. 6).

The value of the goods exported and imported is to be determined based on actual prices FOB in exports and the actual prices CIF imports.

Tab. 5

Intermediate consumption and gross value added by activity

million Lei current prices

Year	Indicators	Agriculture	Industry	Construction	Trade	Total
2005	Ci	25,398.2	129,528.2	22,516.6	18,496.2	292,661.6
	VAB	25,291.8	71,731.2	18,865.2	28,131.1	255,232.7
2006	Ci	27,411.3	15,,800.7	30,448.8	23,121.4	352,242.1
	VAB	26,861.9	84,556.0	25,547.8	35,007.8	304,269.8
2007	Ci	29,039.1	160,018.4	22,516.6	27,570.2	292,661.6
	VAB	23,992.2	92,609.4	18,865.2	43,026.0	255,232.7
2008	Ci	39,150.2	187,747.5	63,689.7	36,481.1	527,135.4
	VAB	34,126.4	106,165.1	56,130.6	53,994.8	458,535.5
2009	Ci	35,170.5	177,878.6	62,330.5	31,777.4	526,017.2
	VAB	32,297.8	105,101.5	52,809.4	46,986.9	450,979.1

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

Tab. 6

Place of agriculture in external trade Romanian

million EURO

Year	Export FOB ¹ (total)	Import CIF ² (total)	Deficit (total)	Export agriculture		Import agriculture		Deficit Agriculture	
				u.m.	%	u.m.	%	u.m.	%
2005	22,255	32,568	-10,313	414	1.86	475	1.46	- 61	0.59
2006	25,850	40,746	-14,986	567	2.19	562	1.38	+ 5	0.033
2007	29,549	51,322	-21,773	638	2.16	1,071	2.09	- 433	1.99
2008	33,725	57,240	-23,515	1,249	3.70	3,389	5.92	-2,140	9.1
2009	29,084	38,953	-9,869	1,331	4.57	3,047	7.82	-1,716	17.38
2010	37,368	46,902	-9,534	1,901	5.08	3,004	6.40	-1,103	11.57

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

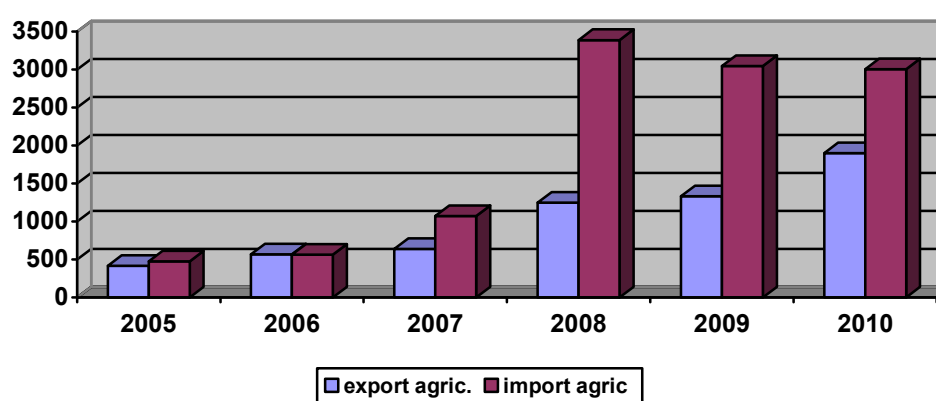
¹- FOB price means the price at the border country of export. Includes the value of goods, all transport costs to the point of shipment. Add all the fees incurred in that the cargo to be loaded on board.²- CIF price means the price at the border country of importation. Consists of both the components of price fob, as well as and the costs of insurance and international transport.

Fig. 2. Imports and exports of the agricultural sector during 2005-2010

Agricultural sector holds a weighted fairly low in total exports to the national economy, between 1.86 % and 5.08 %.

The value of imports is greater than the value exports, with the exception of 2006, when it has registered a surplus of +5 million EURO.

These things are a result of the situation of actual fact from agriculture, excessive crumb structure of the property of agricultural, low investment, small income of farmers and failure retail markets.

Once gross domestic product (GDP) format has the following destinations: final household consumption and government, gross fixed capital formation (investments have a significant weight, Tab. 7 and Tab. 8), stocks of finished products (goods), import and consumption (import-export balance).

Tab. 7

Net investments by activity of national economy

million Lei current prices

Year	Agricult	Industry	Constr.	Trade	Transp.	Education	Health and social assist.	Other	Total
2005	2.122,3	17.702,5	7.919,4	7.336,7	5.208,3	174,3	1.130,8	12.971,7	54.566,0
2006	3.843,6	23.728,0	10.943,7	10.001,5	8.686,5	960,6	458,6	14.268,5	72.891,0
2007	3.312,6	27.229,9	23.978,6	12.816,0	11.317,0	1.230,2	1.156,6	17.403,8	98.417,7
2008	3.393,3	32.071,5	13.538,0	14.403,6	8.656,9	2.087,8	1.223,5	24.151	99.525,6
2009	2.919,5	25.679,9	9.175,5	8.974,7	5.959,7	1.064,0	1.275,6	19.890,4	74.939,3
2010	2.659,8	27.187,7	9.228,3	6.840,9	4.381,6	919,3	980,5	20.096,6	72.294,7

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

On the national economy investments in agriculture are much smaller than in the industry.

In the period under consideration (2005 - 2010), investment in agriculture varies quite a bit from one year to another, (from 3.89% in 2005 and 3.68% in 2010). In 2007 they reached the lowest weighted of the analysis period (3.37 %). The investment requirements of agriculture (old technologies, active worn physical and moral category), the amounts allocated are not far from being sufficient.

Tab. 8

Share of net investments by activity of national economy

%

Year	Agricult	Industry	Constr.	Trade	Transp	Education	Health and social assist.	Other	Total
2005	3,89	32,44	14,51	13,45	9,54	0,32	2,07	23,78	100
2006	5,27	32,55	15,01	13,72	11,92	1,32	0,63	19,58	100
2007	3,37	27,67	24,36	13,02	11,50	1,25	1,18	17,65	100
2008	3,40	32,22	13,60	14,47	8,70	2,09	1,23	24,29	100
2009	3,89	34,26	12,24	11,97	7,95	1,42	1,70	26,57	100
2010	3,68	37,61	12,76	9,46	6,06	1,27	1,36	27,8	100

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

The size and structure of the consumption end indicators are important to characterize the level of economic development and the level of power of accumulation of households of farmers (Tab. 9 and Tab. 10). As shown, total expenditures have always had the same increasing trend as total revenues. The price for consumption is situated between 50 - 60% of the total expenditure. The share of investments expenses of households, of farmers still remains low below 7%. This shows that other costs have a weighted. There is no economic power for investment and no power of accumulation for households of farmers.

In this paper, from other studies in this field is an analysis of recent data regarding the indicators used. The analysis includes 6 years of those 4 years after accession to the EU.

Tab. 9

Total expenditure of households of farmers

Year	Total expenditure RON/household	Money expenditure %					Equivalent value of agricultural products consumption from own resources
		Purchasing consumed food and beverages	Purchasing non-food goods	Payment of services	Expenditure for investment+ production expenditure	Taxes, contributions, dues, fees	
2005	945.51	17.9	17.7	8.4	5.7	1.8	45.3
2006	1,026.28	17.9	17.2	8.5	6.7	2.0	45.0
2007	1,228.89	17.3	15.3	8.3	4.6	2.3	49.0
2008	1,501.31	17.5	15.5	8.3	6.3	2.5	47.3
2009	1,723.39	17.8	17.4	8.8	5.5	3.3	44.6
2010	1,618.49	18.4	17.8	9.1	5.5	2.7	44.0

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

Tab.10

Total income of households of farmers

Year	Total income (RON /household	Money income					Equivalent value of income in kind obtained by employees and receivers of social provisions (%)	Equivalent value of consumption of agricultural products from own resources (%)
		Total (%)	Gross salaries and other salary rights (%)	Income from agricult. (%)	Income from non-agricultural + independent activities (%)	Income from social provisions (%)		
2005	1.010,71	56,4	6,7	25,0	3,1	14,0	1,2	42,4
2006	1.077,77	56,0	7,2	27,3	3,0	13,6	1,2	42,8
2007	1.281,90	51,6	8,1	20,6	2,9	13,9	1,5	46,9
2008	1.594,47	54,0	8,6	22,1	3,1	15,2	1,5	44,5
2009	1.832,04	56,6	11,0	23,0	3,2	13,7	1,2	42,2
2010	1.672,24	56,3	9,0	24,7	3,2	22,1	1,2	42,5

Source: processed data from the Romanian Statistical Yearbook, 2008, 2010, 2011 and www.insse.ro

CONCLUSIONS

From the data provided we can see the actual position of agriculture in Romanian economy. During the analyzed period agriculture, that sector of the national economy has registered a decline in continue.

By the resources which agriculture holding them, land and labor, by contribution to the training it's GDP, agriculture should write to hold an a place and role in the national economy, although it has past, and pass it through a deep restructuring process of property and of the system of exploitation

Starting from this must be to say that agriculture must be sustained to be able to develop they must satisfy with our country integration in the European Union and the new CAP (2014-2020).

In the analyzed period (2005-2010), agriculture as a sector of national economy registered a steady decline, the indicators analyzed.

A growing number of rural areas have become increasingly driven by factors outside agriculture due to diversification of their socio-economic structure. Nevertheless, agriculture remains an essential driver of the national and rural economy in much of the Romania. The vitality and potential of many rural areas remain closely linked to the presence of a competitive and dynamic farming sector.

This characterizes especially rural areas where agriculture represents about 6% of GDP and 29% of the employed population, it is important to strengthen productivity growth and develop the full potential of agriculture. In addition, agriculture plays an important role in rural areas through generating additional economic activities, with especially strong linkages with food processing, tourism and trade. In many regions agriculture is the basis of local traditions and of the social identity.

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