



Original Article

Association and Cooperation in Agriculture, Sustainable Development Way of the Rural Space in Romania

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Abstract

Analyzing the current situation of the agriculture in Romania, we can observe a fragmentation of the landed property, so that, the subsistence and the semi-subsistence farms hold 60% of the total agricultural areas utilized (13.2 million ha of agricultural land), and the commercial farms 40%. Concerning the number of farms, out of 3.856 thousand farms, 99.2% are subsistence and semi-subsistence and 0.8% is commercial farms. The current situation is unfavourable to agriculture development and rural default. This call for an accelerated association and cooperation process, leading to increased competitiveness by capitalizing agricultural products on the market corresponding qualitatively and quantitatively, and also the production adjustment to market requirements can be significantly accelerated.

Keywords: agricultural cooperatives, farms, agricultural legislation, the average surface.

1. Introduction

Occupying almost 61% of European territories, agriculture affects the environment, namely water, air and soil. Environmental alteration due to agricultural activities can be perceived as the price paid for increased productivity. Sustainable development of rural areas means not only getting quality products, but these should be obtained by preserving natural resources, landscape and biodiversity conservation, contributing to employment land and providing jobs in rural areas.

In Romania, agriculture faces many challenges, difficult to control: a European agricultural model, opening borders to imports from other E.U. member countries, achieving a multifunctional agriculture in terms of sustainable development, income parity for farmers, access to information, education and culture.

The farmer's status is not only used for agriculture but also as a provider of environmental services [1].

2. Material and Method

Since ancient times people have worked together to achieve some goals, as the common shares have moved from native motivation to the conscious, there have emerged the economic activities which produced commercial goods and services for the entire society. The cooperatives have emerged as a social and economic necessity, addressing to the needs of the large class of small producers, managing in time to shape a district purpose that has proved its viability and offers future development prospects [2, 4, 5]. On a level with EU cooperatives are represented by national organizations being targeted and supported by community organizations such as General Committee of Agricultural Cooperatives (COGECA) and the Committee of Agricultural Producers (COPA), representing agricultural cooperatives in relation to European authorities.

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Table 1. The situation of agricultural cooperatives in EU countries 1996 - 2008

	Specification	UM	1996	1998	2000	2003	2008
Finland	No. of agricultural cooperatives	No.	64	69	52	48	46
	Turn-over	Billion €	*	8,4	11,8	13,3	14
	No. employees	thousands	*	33,6	39,7	45,2	39
France	No. of agricultural cooperatives	No.	4300	3750	3600	3500	3000
	Turn-over	Billion €	*	63	64	67	80
	No. employees	thousands	*	*	*	150	*
Italy	No. agricultural cooperatives	No.	8327	5574	5540	5169	4739
	Turn-over	Billion €	*	16,92	19,72	27,07	32,7
	No. employees	thousands	*	63,1	73,27	86,71	87,44
Ireland	No. of agricultural cooperatives	No.	113	122	*	99	150
	Turn-over	Billion €	*	11,3	*	12,4	12,58
	No. employees	thousands	*	37,12	*	35,29	36,5
Slovenia	No. of agricultural cooperatives	No.	*	105	*	86	76
	Turn-over	Billion €	*	0,44	*	0,51	0,687
	No. employees	thousands	*	*	*	3,42	3,022
Germany	No. of agricultural cooperatives	No.	4434	4221	*	3286	2994
	Turn-over	Billion €	*	37,7	*	35,3	44,5
	No. employees	No.	*	140,90	*	115,405	101,5
Holland	No. of agricultural cooperatives	No.	223	115	51	*	*
	Turn-over	Billion €	*	22,7	39,21	*	*
	No. employees	thousands	*	59,60	*	*	*
Portugal	No. of agricultural cooperatives	No.	952	908	931	901	905
	Turn-over	Billion €	*	*	*	*	2,6
	No. employees	thousands	*	*	60	*	18,15
Austria	No. of agricultural cooperatives	No.	1670	1047	1081	1046	1049
	Turn-over	Billion €	*	*	*	*	*
	No. employees	thousands	*	19,02	19,19	19,94	24,13
Greece	No. of agricultural cooperatives	No.	6800	*	6470	6370	6170
	Turn-over	Billion €	*	*	0,93	1,04	*
	No. employees	thousands	*	*	*	*	*
Spain	No. of agricultural cooperatives	No.	4350	3968	3902	4175	3989
	Turn-over	Billion €	*	8,75	10,82	14,19	18,889
	No. employees	No.	*	47	48,44	78,44	94,156
Sweden	No. of agricultural cooperatives	No.	84	53	*	36	30
	Turn-over	Billion €	*	10	*	*	*
	No. employees	thousands	*	13,6	*	*	35

Source: COGECA – Agricultural Cooperatives in Europe – Main Issues and Trends – Brussels September 2010, http://www.cazv.cz/2003/2002/ekon4_02/bouckova.pdf

Notes: * Data not available

In E.U. economy, agricultural cooperatives play an important role, as demonstrated by the large number of cooperatives in the Member States. Regardless of the level of organization of cooperatives, primary, secondary and tertiary based on vertical and horizontal integration, this type of companies has grown more and more, occupying the largest share in developed countries agriculture [2].

In some countries, like Germany are founded cooperative unions through regional cooperation, managing to impose not only

domestic but even foreign markets. The highest economic power has the agricultural cooperatives in France, where over 80% of farmers are members of a cooperative [5].

Analyzing data from different villages of the European Union there is a decrease in the number of agricultural cooperatives in 2008 compared to 1998, but also an increased annual turnover performed by them, respective an increase in the number of employees – the number the jobs they provide, demonstrating once again the importance they have both economically and socially (table 1).

3.Results and Discussions

After 1989, economic entities in agriculture (CAP's and IAS's) were auto dissolved, demonstrating that not free will,

mutual or material interests were the basis establishment and their operation.

The effect of dissolution was destroying their effects directly or indirectly (through idleness or obsolete), the local investment, regional or agric infrastructure [3].

Table 2. Evolution of farms and areas by ownership

Specification	UM	2002	2005	2007	2010
Total farm	Thousands	4485	4256	3931	3856
- of which	Thousands	4462	4238	3914	3825
- with legal status	%	99.49	99.58	99.57	99.20
- without legal status	Thousands	23	18	17	31
	%	0.51	0.42	0.43	0.80
- cooperative units	No.	87	:	71	149
Total utilized agricultural area *	Thousands ha	13931	13907	13753	13298
- from the farm:	Thousands ha	7709	9102	8966	7445
- with legal status	%	55.34	65.45	65.19	55.99
-without legal status	Thousands ha	6222	4805	4787	5853
	%	44.66	34.55	34.81	44.01
- cooperative units	Thousands ha	2.365	:	15.088	:
Agricultural surface average used on farm	ha	3.11	3.27	3.5	3.45
- with legal status	ha	1.73	2.15	2.29	1.95
- without legal status	ha	274.43	263.08	270.45	190.84
- cooperative units	ha	30.7	:	215.5	:

Source: National Institute of Statistics – General agricultural Census, January 2011

Notes: : -Data not available *-including arable land idle

From a legal perspective is trying to restructure the cooperative by Law 36/1991 on agricultural companies and other agricultural associations, but the effects were minimal. Only after 13 years is a long-awaited law on cooperatives - Law 366/2004 subsequently amended by four other acts (Act 134/2006, Law 343/2006, Law 32/2007 and Law 274/2011). Under the legislation it can be cooperative first degree (individual associations) and cooperatives second degree (first degree cooperative associations) [6, 7, 8, 9, 10, 11, 12]. Types of agricultural cooperatives may be organized under the law are:

- Supply cooperatives;
- Production cooperatives;
- Cooperative processing;
- Marketing cooperatives;
- Cooperative agriculture and rural specific services;
- Cooperative ventures.

Meanwhile, in 1994 the leasing law appears (16/1994) which provides a legal framework conducive to companies established according to 31/1990 law, which was taking advantages of the lack of cooperative structures,

had leased fields, forming agricultural exploitations.

We must note that beside agricultural cooperative, where the association reason is promoting the economic, social and even cultural lobby (claiming member's needs, obtaining dividends, facilities, services), the company associations are pursuing only the realizations and distribution of the benefits. Even so, the number of the farms with legal status is very small, representing 0.51% of total farms in 2002, reaching 0.80% in 2010, while the area used by them is 44.66% of the specific agricultural area of the country in 2002, and 44.01% in 2010 (table 2).

Analyzing the current situation of agriculture in Romania, one can observe a fragmentation of landed propriety, so, unincorporated farms have an average size of about two hectares, while as a number, represents 99% of all holdings (table 2).

The current situation is adverse to agriculture development and rural area default [1].

Table 1. The number of the MARD recognized cooperatives on Regional Development

Development Region NUTS II	The number of coops recognized by MADR	
	2010	2012
North- West (BH, BN, CJ, MM, SM, SJ)	15	17
West (AR, TM, CS*, HD*)	6	3
Center (AB, BV, CV, HR, MS, SB)	15	29
South-West Oltenia (DJ, GJ*, MH*, OT, VL)	20	10
South-Muntenia (AG, CL, DB, GR, IL, PH, TR)	32	27
South-East (BR, BZ, CT, GL, TL, VN)	45	19
North-East (BC, BT, IS, NT, SV, VS)	12	13
Bucharest-Ilfov (IF, B)	4	2
TOTAL	149	120

Source: Processing by MARD – Rural Development-2012

Notes: *- Data not available

This calls for acceleration of association and cooperation process, leading to increased competitiveness by capitalizing on the market of agricultural products corresponding qualitatively and quantitatively, also adjustment of the production to the market requirements can be significantly accelerated.

Analyzing existing public data in January 2012 at MARD level (Ministry of Agriculture and Rural Development) results that few cooperatives have more than 10 members. Most cooperatives are formed on the principles of cooperative operation which also have motivation in this structure and therefore not their organizational and economic performances are not encouraging.

In that concerning the number of cooperatives per Development Region reveals a decrease of cooperatives number recognized by MARD in 2012 compared to 2010 by 29 the cooperative, this number reached at 120 in 2012 (Table 3).

The data show that the largest number of agricultural cooperatives in 2010, was registered in development regions, South-Western Oltenia, South Muntenia, namely South, where their number reached 45, explained the situation considering that these regions have the largest share of total agricultural area of Romania. However, their number declined sharply in 2012 (January), reaching 56 cooperatives recognized

by MARD, ie a decrease of 42%, without a conclusive explanation.

Thereby they confirm the lack of confidence and perspective that we have farmers in the form of organization, both due to unclear legislation and non-stimulating of industry and the numerous changes to agricultural policy and tax legislation applied in Romania.

Romania with 13.3 million hectares of agricultural area used, equivalent to 7.8% of the surface used in the E.U. agricultural have the ranks 6 in the EU after France, Spain, Germany, Britain and Poland, but economic performance of Romanian agriculture, including the agricultural cooperatives and other forms of association of agriculture with legal personality can not be compared with all these countries, as confirmed by revenue, relative large number of jobs they provide the agricultural cooperatives in the states (table 1).

4.Conclusions

To date cooperative structures created so far in Romania are not similar to those of E.U. Member States, so the representation structures do not exist. To encourage setting up of and development of agricultural cooperatives in Romania is necessary to provide a sense of an environment's success from the point of view economic, legal and social, that would help to

create and evolve to support it, while contributing at rural development.

Creating a normal economic environment for developing agricultural cooperatives include the promotion of clear regulations on the organization, operation and control of the most important segments of the agricultural economy. Such action is necessary organization and systematization of agricultural land, establishment of branches in the functioning of the food product, development of agriculture lending and granting of credit guarantees and insurance against natural risk factors.

Without such measures to stimulate and setting up of cooperative development could mean for 56% of Romanian agriculture, further reducing the chances of qualifying for European funds, especially further deterioration of the situation since 2013 after application new CAP regulations.

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