

RURAL ECONOMY DEVELOPMENT - A SECTORAL BASED (AGRICULTURE) APPROACH

DEZVOLTAREA ECONOMIEI RURALE - O ABORDARE SECTORIALĂ (AGRICULTURA)

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Rural economy problems may be approached from many perspectives. The more and more evident tendencies are represented by the diminishing of the agriculture importance within the national economy, the formation of the agri-food sector, the approach of the agricultural problems in terms of rural development, the integration into the E.U. and the globalization. Without underestimating these tendencies, I consider that agriculture remains a component of the national economy with a special importance, with distinctive features, the nucleus for the formation of branches and activities upstream and downstream. Even if the agriculture percentage will continue to decrease within the national production and in the population employed, its importance will not be diminished; it will increase as long as life depends on the most „primitive” source – animals and plants – namely agriculture.

Key words: development, agriculture, rural area, competitiveness

Introduction

Agriculture, in most rural areas, represents the vertebral column of the rural area. Considering the rural area dimension and the rural population percentage, which represents 93.7% of the country surface and 47% of the country population, and the rural economy estimated at only 20-22% of the annual gross added value (of which 10-12% represents the agricultural economy) we may appreciate the exact dimension of the rural and of the Romanian agricultural sector.

Materials and Methods

During the last decades, agriculture functions have been subject to a mutation. The basic agriculture function of production, processing and provision with agri-food products, in conditions of overproduction or permanent surplus, was dramatically changed in some European countries. On the contrary, a series of functions, less important 25-50 years ago, have started to become dominant. It is about bioenergy production, agri-tourism, environmental and landscape

preservation and amelioration, etc. More and more highlight is put on the multifunctional aspect of agriculture, of turning the agricultural barycentre from the productivity aspect into the plurifunctional aspect (touristic, landscape, ecologic, social, etc.).

The multifunctional agriculture (plurifunctional) carries out virtually the same functions like in the case of the suprainensive and specialized agriculture, changing only the degree of importance of some functions within the rural life on the whole.

The plurifunctional agriculture functions are the following:

- production of food raw matter and food products necessary for population;
- production of raw matter for the processing industry (non-food industry);
- production of energetic raw matter (new function and extremely important in regions with overproduction of food);
- increase of the touristic capital through the maintenance and improvement of the landscape patrimony;
- preservation of vital elements (soil, air, water, flora, fauna) through their durable exploitation within an ecologic agriculture which should assure agri-systems' steadiness;
- harmonization of the social and cultural functions of the rural area in relationship with a healthy diverse agriculture.

Results and Discussions

Agricultural sector performance is low situated. The lack of competitiveness is reflected by a low productivity, by a low economic increase and by a deficit of agri-food commercial balances, considering that agriculture and food industry do not succeed to face the increase of the food product demand, caused by a quick general economic development and being not able to face the foreign competition, especially the one from the E.U.

The bigger and bigger deficit of the commercial balance reflects the permanent decrease of the competitiveness of Romanian agricultural and agri-food sectors. Structural changes occurred during the transition period have turned Romania into a country that imports agri-food products. The trade balance deficit in the agri-food sector attained 1.3 milliard euros in 2005, with an export level of 673.3 million euros and an import level of 2021.9 million euros. The products/sectors that recorded a positive trade balance in 2005 were: oat, wheat, maize, livestock (cattle, sheep, horses), sunflower oil and soy oil, wine, cheese varieties, honey, tinned meat and meat products, sunflower grit and nuts, totalizing 430 million euros. Regarding the products with a negative trade balance, summing 1779 million euros, over half of them (1041 million euros) are provided by sectors for which the national production has not cover the consumer requirement, like: pig

livestock (pork), flowers, fresh vegetables out of the season, fruit, sugar, malt, bacon, tinned fruit and vegetables, hop and tobacco.

The low level agriculture competitiveness is derived primarily from the agricultural low yields achieved in Romania during the last decade. About two thirds (69%) of the area cultivated is destined for cereals, especially for wheat and maize crops. The yield achieved from these crops during the last 15 years has remained constant and it is much below the level achieved in the West-European countries. In Table 1, we present a comparative situation Romania – France.

Table 1

Average yields per ha and individual. Comparison RO-FR

	RO 1990- 1994	RO 1995- 1999	RO 2000- 2005	FR 2005	FR:RO
Wheat (kg/ha)	2600	2600	2500	7000	2,8:1
Maize (kg/ha)	3000	3300	3150	8250	2,6:1
Milk (l/ind)	2300	3000	3100	6165	2:1

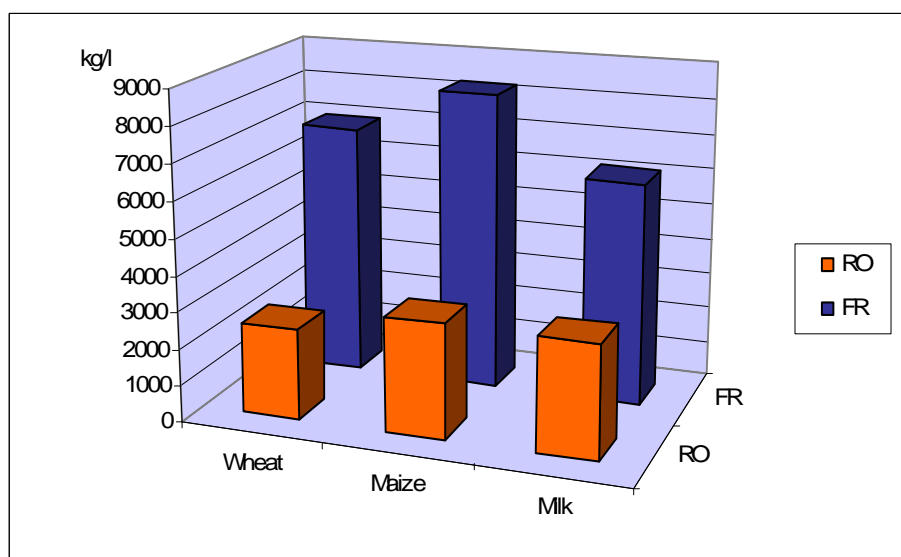


Figure 1. Average yields in Romania and France

During 2000-2005, average wheat yield in Romania was 2500 kg/ha, while the maize yield was 3150 kg/ha and the milk one was 3100 l/individual. These levels are lower than the ones available before transition and experts consider that they reflect only 40% of the agricultural potential of wheat, respectively 39.4% of maize. If we compare with the yields achieved in France, we may observe that in

this country the average yields in these crops are about three times bigger. This difference is evident in the case of milk, too.

Analyzing agriculture productivity, we should underline the fact that this effective competitiveness gap is a result of the difference between the agricultural support policies, too. The low profitability in this sector, in the central and East-European countries, has directed the production units towards decapitalization and represented the main factor of stagnation or reduction of the agricultural yield, and the budgetary constraints limited dramatically states' ability of offering support.

Regarding the productivity in agriculture, calculated as gross added value to the basic prices (the price obtained by producer, from which we subtract all taxes per product and add the subsidies per product), per annual work unit (work time equivalent, for an agricultural worker, with complete work time), the gaps are extremely big. Countries with a competitive agriculture like the Netherlands, Denmark and Belgium have a productivity of more than two times bigger than the European mean (figure 2).

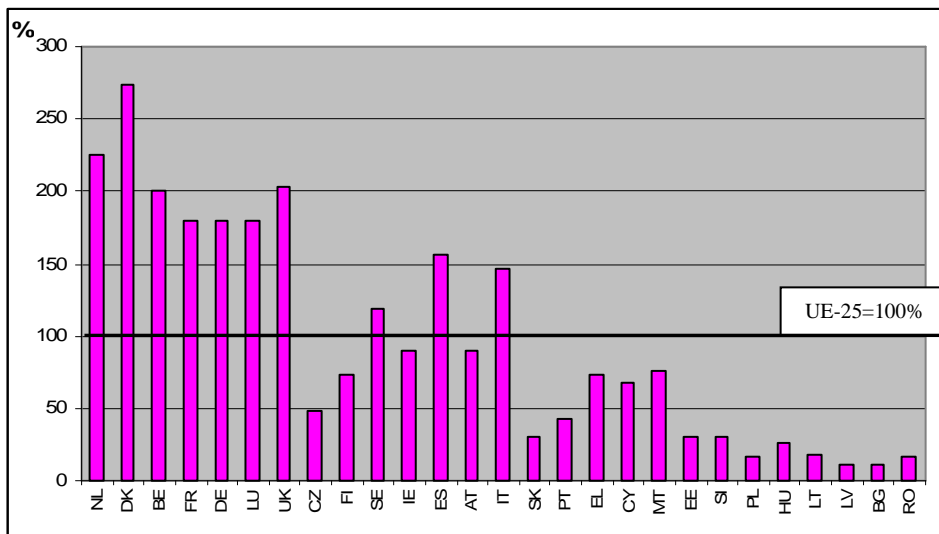


Figure 2. Added value in agriculture to basic prices/annual work unit

In the central and East-European countries' agriculture, after 1990, the modification of the property structure, associated with land fragmentation, production units decapitalization, market liberalization and the effect of „price scissors” have led to the agricultural competitiveness decrease. In Romania, the argument for the comparative advantage of cheap labor force and the abundance of production factors work and land have created the illusion of a potentially high agricultural competitiveness compared to other countries. Actually, the decapitalization tendency of the production units, respectively the capital

substitution with labor force have led to a dramatic reduction of productivity and incomes, representing only 17.2% of the EU-25 average level.

Conclusions

There is still an important gap between România and the old E.U. member states, and the new members, as well, in terms of agriculture competitiveness. The increase of efficiency per hectare or animal and of work productivity represents decisive conditions for the enhancement of the economic activity efficacy in this field and within the national economy, and for the reduction of the gap between Romania and the E.U. These actions require:

- the increase of the labor force occupation degree, including its involvement in non-agricultural activities, and the rural area has vast reserves for the development of such activities;
- the increase of the professional and managerial education level;
- the endowment with improved technology and the promotion of the high-quality technology;
- production direction towards products providing the added value increase and that are required on the national or international market.

How much is Romanian agriculture able to conform to this coordinate, if it represents a stimulation factor for the national economy and an approach of the level reached by other countries are questions whose answers depend on the level and evolution of the economic activity efficiency.

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