

Professional Associations and Agricultural Cooperatives from Romania and U.E. – Key Factor in the Development of Agriculture

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Abstract

Establishment of producers in associative forms open more opportunities for economic development by attracting local, regional advantages, using collective power in order to increase the prosperity of members and communities from which they belong. Worldwide, in last years, farmers are forced to adopt fundamental decisions, namely: activation in unsafe conditions in order to achieve viable agricultural holdings, resistant to competition. The association, with the purpose of a better representation in front of the authorities, is practiced also in Romanian agriculture starting from the 1990. There are in Romania numerous forms of association, both by activities and by specific branches, at county, regional and national level. Associations and national federations have a relevant representation in the territory, these becoming the dialogue partners of the authorities. Organization in professional associations and cooperatives led to improvement of the incomes of its members, strengthening the economic position and providing a service that is needed leading, ultimately, to the progress of agriculture in general. In U.E. countries, agricultural cooperatives are founded in shapes and types that vary by countries, but witch in essence have the same principles of organization and functioning. Agriculture of U.E. associates in cooperatives, called of first degree, which have as purpose realizing of the investments in upstream and downstream of agriculture for collection or processing of agricultural products. Third degree cooperatives are organized by participating of cooperatives of second degree, forming powerful financial, commercial and industrial groups. Professional associations and agricultural cooperatives from European Union, formed and consolidated over decades, plays a key role in obtaining performant products and high profits for farmers from those countries.

Keywords: professional association, agricultural cooperative, modern agriculture, cooperative farming system

1. Introduction

Worldwide in last years due to concentration or development strategies, farmers are putted in face of a fundamental strategic decision namely: to choose how to act in unsafe conditions of the world in which we live in order to realize viable, profitable, strong to competition agricultural holdings, the access being to accessing financial funds.

Viable alternative for farmers, in these terms is the association which takes various forms such as: cooperatives, producer groups and producer associations.

Representation in face of authorities of any kind can be done much better by forming professional associations and national federations, dispersed farmers being unable to strengthen a unitary strategy.

2. Materials and methods

Working methods used by the authors of the paper are the following: identification and data

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collection, processing, analysis, observation and their interpretation.

3. Results and discussion

From the legal point of view, the professional association is an organization with legal personality established by individuals belonging to the same profession. The establishment of the professional association is made through free association of its members in base of an authorization given in advance by the competent authorities and under the conditions provided by the law.

The association in order to a better representation in face of the authorities is a practice well placed in Romanian agriculture even since the 1990s. The objectives of all professional associations are in general common: promotion of the domain, representation of the interest of the members, lobby activities, negotiation of public policies from agriculture with authorities, representation on internal and external plan, etc. [1,2].

Large organizations inform their members about market evolution, organize events, participate to fairs and exhibitions, provide logistical support for the members, publish magazines and advice in order to access grants and funding. National federations have a representative relevance in the territory becoming a dialogue partner of the authorities.

The main agricultural associations from Romania are:

- LAPAR - League of Associations of Agricultural Producers from Romania
- FNPAR - National Foundation of Agricultural Producers from Romania
- APNFL - National Professional Association Fruits-Vegetables
- ACEBOP – Association of Breeders and Exporters of Cattle, sheep, pigs from Romania
- Federation of Cattle Breeders
- APCPR - Association of Pork Producers from Romania
- National Federation PROAGRO.

Specific for Romania is the division of these entities in different organizations, such as for example organic farming, which has eight national or regional associations or to the segment "sheep and goats" there are 69 local and county associations and two national organizations

(Federation of sheep and goats breeders from Romania and Association of sheep breeders).

However, at national plan, there is a movement of strengthen these forms of association, negotiation power growing with the members.

Establishment of farmers in associative forms lead to the development of agriculture in particular and of the economy in general by attracting some local, regional benefits and using of the collective power in order to increase the prosperity of the members, their families and communities to which they belong.

Romania being still in the process of adoption to the new community regulations has a agriculture in witch develop the activity about 37% from the population with large division of the number of plots with average area of 1.5-2 hectares, the organization of farmers in associative forms being an urgent necessity to modernize this economic branch.

Agricultural cooperatives from Romania are regulated by two laws: Law 566/2004 (Law of agricultural cooperation) and Law 1/2005 (Law of cooperation) [3].

Among the economic benefits of farmers witch form a cooperative, we enumerate:

- Reducing the number of intermediaries from the supply chain;
 - Growth of the inflation of the producer in price establishing in relation to buyers;
 - Ensuring a regular income source and in good time;
 - Ensuring delivery on time of raw materials necessary for good quality production to a reasonable price;
- Opening of new opportunities for the producer witch can adopt new technologies (mechanization, planting material) witch to enable him the transition to manufacturing practices more productive.

The cooperative may develop several types of activities with different benefits that can be grouped into marketing activities that help to the improving of the negotiation power with customers, reducing the acquisition costs, facilitation the access on market or expanding the market opportunities, improving the quality of products or services, reducing the costs or increasing the incomes, reduce the operating costs and also the activities of acquisition the goods or services. So, cooperatives often offer services or

products, helping to obtaining goods or services otherwise indispensable.

Through the cooperation members share the costs of market research, respecting of environmental legislation or training for employees.

After the economic profile, agricultural cooperatives from Romania are divided into:

- *Cooperatives of services* which provides in cooperative system the services for small producers. Medium and small farms do not have the equipments necessary to perform agricultural works and in those circumstances calling to specialized services is a must.

- *Cooperatives of acquisitions* and sales that ensure both the acquisitions of materials and technical resources required for agricultural production, but also the sales of agricultural products. This type of cooperative agricultural can be considered the bases of agricultural cooperation, on this principle developing vertically the cooperative associations are horizontally, depending on the specific, collecting and processing cooperatives (meat, milk, etc.), services, etc. In small Romanian agricultural holdings, agricultural works are often made rudimentary and small producers are abandoned at marketing or are victims of small traders on an unregulated market. Romanian fruits, vegetables, traditional products through cooperation could be token, stored, sorted, packaged and sold at standard market standards, the value of Romanian products on the market, increasing the incomes by capitalizing own products could generate another interest of small producers to agricultural activity providing another perspective of rural area and agriculture in general.

- *Cooperatives of agricultural products processing* provides branded typical products with permanent presence.

- *Cooperatives handicraft and of small industry in agriculture;*

- *Cooperatives of capitalization and management of agricultural land, forestry, fisheries and livestock,* witch have functioned in Romania since the interwar period under the name of cooperative of lease or purchase of land.

- *Cooperative for financing, agricultural insurance and mutual assistance.*

In Romania, the advantages of formation an agricultural cooperative are: a small social capital at creation, tax breaks (exemption from agricultural tax for the first 5 years from the

formation; breaks of tax duty for import of tractors and agricultural machinery), access to grants and public funds, recognition by the state of cooperatives as producer groups, employment of youth in a form of organized activity.

In Europe the cooperative movement occurs from the second half of the nineteenth - century [4].

In U.E countries, agricultural cooperatives are found in various shapes and types, but essentially are based on the same principles of organization and functioning.

So the organization of these cooperative takes place on three levels:

1. At primary level farmers associates in simple forms of associations named, in the European Union, cooperative of first degree and having the following objectives:

- conducting agricultural works;
- exploitation in common of the earth;
- using in common o some production capacities;
- performing investments in various fields.

2. At the secondary level are organized associations of primary agricultural cooperatives, which are called cooperatives of second degree and witch have as purpose to invest in upstream and downstream of agriculture for collection or processing agricultural products [5].

3. At tertiary level are organized cooperatives by third degree, by regions or even at national level by participating of second degree cooperatives witch form financial, commercial and industrial powerful groups.

In European Union countries agricultural cooperatives are constitute through participation with capital of the members and organizes in various fields of agriculture, in order to supply farmers, processing and marketing the products, provision of agricultural services etc.

In the Member States of U.E have not organized agricultural production cooperatives, in witch to bring the lands to work those lands in common, after the model of former communist countries.

An exception from the rule makes East Germany, where it has been maintained a number of cooperative of production, of large size, of over 1500 hectares, the land belonging to the owners.

Agricultural holdings in EU, especially the small ones, develop cooperation and integration links with large agro-food companies, which take over the agricultural raw material, based on contract. The cooperation is promoted in all forms of social organization of farmers: small, medium and large

holdings, agricultural cooperatives and cooperative societies, national or transnational food companies.

The basic principles of cooperation relations in European Union's agriculture are:

- the principle of freedom of choice for the form of cooperation;
- the obligation on members to bring contribution of capital and to participate to the economic activity of the cooperative through delivery of products, respecting the technologies of the production of agricultural raw materials delivered to the cooperative.
- the principle "one man-one vote" in the decisions adoption at the cooperative level regardless of capital contribution;
- the principle to receive dividends according to the status.
- the principle "territoriality", meaning limiting the area of action of a cooperative to a given community. [6]

The main types and forms of agricultural cooperation in the European Union are:

1. *Marketing cooperatives.* They develop collection activities, processing and marketing of raw products or finished wholesale or retail and operate at regional or national level, being specialized on a product or group of products.
2. *Supply cooperatives* provide to farmers the necessary production factors (seed, fertilizer, feed, fuel, tractors, agricultural machinery, etc.).
3. *The cooperatives providing services* are organized in order to facilitate members' access to services for agricultural production.
4. *Credit cooperatives* witch are banks of agricultural cooperatives, which in some countries are extended than in others.
5. *Cooperatives of exploitation in common of land* meet, especially in East Germany [6].

Countries with the largest cooperative network from U.E. are: Italy, Greece, Germany, Spain, France, but the highest economic power has the agricultural cooperatives from France, Germany, Denmark and the Netherlands.

In **France**, were known different ways of organizing of the farmers, into simple forms of cooperation: Groups of Agricultural Exploitation in Common (GAEC), Agricultural Development Groups (GDA), Land Associations (AF); and various forms of agricultural cooperatives, specialized in various fields.

In **Holland** economic cooperation among cooperatives is complex and diversified, by product and in territorial profile. Agricultural cooperatives maintain relations of collaboration also with the major international and national food companies, especially regarding to the import of raw materials for fertilizer production and the export of finished products. These forms of cooperation have developed both inside the European Union, but also with other companies from other countries [7].

In German agriculture, cooperation is, most often, meet at the level of agricultural production, under the form of common production units called production associations [8]. All cooperatives from Germany belong to the German Federal Union, which is the largest cooperative Union from the country.

At the level of European Union, agricultural cooperatives are represented through national organizations and are supported by Community bodies: the General Committee of Agricultural Cooperative (COGECA), the Committee of Agricultural Producers (COPA) and the International Cooperative Alliance (ICA).

4. Conclusions

Association in professional associations is practiced in Romania, even since 1990, in purpose of a better representation in face of the authorities; Establishment of agricultural producers in associative forms, both in U.E, overall, and in Romania in particular, lead to the development of agriculture by attracting some local, zonal and regional advantages.

In all U.E. countries, agricultural cooperatives are found in various shapes and types, but witch in essence relies on the same principles of organization and functioning.

Highest economic power of agricultural cooperative network from U.E has France, Germany, Denmark and the Netherlands, although the cooperative network is very extensive also in Italy, Greece and Spain.

The conditions of uncertainty, adapting to competition, better capitalization of production, a better representation in face of the authorities at all levels are allowed in order to develop, both professional associations, but also the agricultural cooperatives from Romania, at the level of those from the countries economically developed.

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