

## RESEARCH ON AGRICULTURAL ASSOCIATION OF THE ROMANIAN FARMERS AND THE EFFICIENCY RECOVERY OF FOOD PRODUCTS RESULTING FROM THEIR WORK

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### Abstract

*The paper aimed to present the results of a meeting and discussion with many farmers about their business and the agricultural association they are dealing with. These discussions were focused mainly on the agricultural association of the Romanian farmers, about its objectives, activities, production and agricultural products and food products and economic efficiency. The research work was based on a Field Survey, using the questionnaires designed in advance including a list of questions destined to identify the situation of farmers between whose age was between 25 and 45 years. The two young farmers have been the interviewees included in the target group who answered the questions. The conclusions presented in this study emphasized the aspects regarding the collaboration within the association in order to achieve the production and products, how problems are solved and performance is achieved.*

**Key words:** agriculture, association, capitalization, farmer, tax

### INTRODUCTION

All time, the intermediaries located between the farmer and the final consumer, were considered a useless parasite responsible for dear life and suspected scandalously enriched at the expense of people.[12]

However, urbanization is inseparable from economic development, because the association of many people in one place allows to take advantage of economic differences, generated by jumps in productivity that would not occur if the production would be fully dispersed territorially.

Furthermore, agriculture needs space because production per unit area is low, compared to the one achieved in the industry.[4]

It follows that urban nutrition keep the farmers away from the places of consumption, and therefore inevitably the intermediaries are involved. They deal with transport and store.

All such operations performed in a modern economy by the agri-food are as important as

the very agricultural production is.

They ensure food security and nutrition of population [5].

For this reason, the associative forms the farmers are interested to set up are a solution to avoid the losses produced by intermediaries to farmers.

In this context, the goal of the paper was to present the results of a field survey within the Romanian Association of the Farmers, based on questionnaires focused on the objectives, activities, agricultural production and agri-food products and economic efficiency.

### MATERIALS AND METHODS

The research work was run within a POSDRU training project where one of the authors were involved as trainers on entrepreneurial skills.

The research area was represented by Alba Iulia, Timisoara, Abrud, Sebes, Aiud, Lopadea Noua, Bozovici, etc. where the target group included, among other students, some

farmers who were involved in discussions about their agribusiness and problems within their association.

These discussions led to the conclusion that our country needs more associative forms for farmers in order to enable them to face the competition with the farmers from the more developed countries.

Many of farmers, only expect help from the state but are not willing to associate. But, also, within the target group there were farmers who are part of an association, and keen to receive grants and European funds.

Also, in the locality Lopadea Noua, at Biomilk Factory, specialized in cheese paste scalded and fermented cheese in brine, cream cheese, cream and butter, there were run several discussions with the decision makers of the firm, who explained the policy of the company regarding the traditional agricultural potential of the specific geographical area in the foothills Apuseni.

Nowadays they accomplished an integration of agroindustrial elements beginning with a link chain of farming and ending with finished products production and distribution to shops. Using its own machinery and equipment, the farm produce fodder for the livestock of the dairy farm. The milk produced in the farm and the milk produced by the farmers in the area is collected and processed in the factory located in the same locality. The dairy products obtained are distributed using its fleet of trucks in the country and abroad (Hungary, Italy, Spain). Biomilk own stores are currently under construction in Alba.

The farmers from Biomilk are part of the Association of Sheep and Goats in the Alba County, one of the strongest associations in the country. The farmers are satisfied with the association because it helped them with information and animal medicines. However, they have not too much activity with the association, but more on their own[16].

Shortly after these discussions at Biomilk, the questionnaires were designed in order to identify the situation of the 25-45 years farmers who are part of an agricultural association.

Two farmers, one a beginner and the other one with a long experience in agriculture,

answered the questionnaires for getting information about how they cooperate with the associations to which they belong, how they value their products and what issues they raise. The questions that we used are:

1. The social situation.
2. Education, training of adults.
3. What kind of agriculture rendered?
4. Land on lease?
5. The assets of the firm? (Stables, annexes ...)
6. Do you own or rent equipment?
7. What made you to enroll in an agricultural society? What is it called?
8. How you meet the income you currently have in agriculture?
9. What are you willing to invest in an association? (time, money, goods, etc.)
10. How do you see your revenue growth in agriculture in the future?
11. Do you think that being part of an association will increase your income?
12. What are the main needs that you identify as farmer now?
13. How to get your products to the final consumer?
14. The market regulates the price of your products?
15. Do you received grants?
16. Some words about agricultural tax, vama tax and tariffs in agriculture.
17. SWOT analysis of your farm. (Strengths, Weaknesses, Opportunities, Threats) [1, 2, 6, 7, 8, 9, 10, 11].

## RESULTS AND DISCUSSIONS

Regarding the social situation, the first farmer, who is at the beginning of his career, answered that he is unmarried and dealing with sheep raising. His profession is agricultural engineer and has 22 years. He replied to questions and informed that he is a part of the Association of livestock farmers in the locality, as its chairman and founder member. He explained that he is doing agriculture with his own financial resources but he also get APIA subsidy for pasture area that he owns. The area of land he owns is between 150 and 200 hectares leased from the municipality. He also has the necessary equipment to work his land and gets to a level

of self-sustaining farm.

When we asked if he thinks that being part of an association will increase farmers' incomes, he replied that first he does not want to increase his revenue, but to develop the association buying meat sheep and accessing European funds to build a milk and meat processing plant. This young farmer explained that people are keen to gather in order to get European funds and not to develop the association.

To the question "How to get your products to the final consumer?", he farmer replied that because of high taxes they have to pay, and because of the rules (cold room and slaughter) he works predominantly with a closed loop with friends. All these because of the fear of controls, although all the animals were vaccinated.

The farmer has not missed the opportunity to expose some problems he was facing with: the trouble with the local mayor in the town framing favored area when it actually is not because they have no infrastructure, no gas, water, etc. As the village is part of the favored area it is assigned with fewer funding programs. He told us that the decision makers are not good in the local administrative management.

He also mentioned that in Europe the subsidy is Lei 60, equivalent in Euros per head of sheep and in Romania is only 32 lei. There were also substantial differences between the money paid for grassland (Lei 360/ha), equipping wells, a granary in the field, cleaning, for overseeding management and APIA subsidy paid of EUR 100/ ha.

He also said that there is no interest from the authorities and that farmers are not well informed, and because they are busy all the time with their work, they have no time to inform. Here he wants to intervene with the association. He wants to try to change something by the active involvement, but he encounters the lack of interest in gathering the farmers. They prefer to work on their own closed circuit. The only area where there is common ground between farmers is the price setting. It is the same for all farmers.

At the last question, the SWOT analysis allowed to identify many aspects which are

presented in the tables given below.

Table 1. The SWOT Analysis results for the 1st farmer, the beginner

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- River walk by village</li> <li>- Pasture is in the vicinity of the river</li> <li>- Help from young people who remain in the village</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Lack of infrastructure, electricity, gas</li> <li>- Corruption</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Visits by foreign tourists in the area</li> <li>- 9% VAT</li> <li>- Natural potential of certain areas</li> <li>- Potential market and increasing demand for certain products</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Imposing major manufacturers prices</li> <li>- The fear of monopolization revenue percentage decreases</li> <li>- Late spring frosts and other restrictive environmental factors that determine the quantity and quality of production cuts</li> <li>- Imports of similar products</li> <li>- Competition</li> </ul>

Finally the farmer said it should be encouraged working 100 % legal, informing small farmers and also that the State should intervene to prevent monopoly.

The second farmer operating as a commercial society of SRL type is registered in cattle breeders association, dealing with agriculture and animal husbandry, cultivating plants like corn, wheat, barley for beer, triticale ( feed wheat ), sunflower and alfalfa. Also he owns cows and pigs. He works his own land and also has leased land, totalizing 300 ha. He owns the farm stables, garages, meat processing, milking and bottling milk and dependencies.

The equipment consists of a tractor, plow, baking powder, wheat and corn seed, mowers, loaders, trailers, rake , etc.

For the European funds joined the association but they do not meet the revenue they currently have in agriculture. The farmer said that he is willing to invest in equipment and in association. He also mentioned the problem of infrastructure (roads, because you can not

move machinery on highways but there are no other roads), selling at low prices because they are small farmers and the prices are imposed by large consumers and exporters in the region ( Transavia, etc ).

Another issue raised by this farmer is preparing his colleagues for facing the market: on the one hand they need training in agriculture which provides work and also they need training in trade to assert effective products. The farmer believes that being a part of an association this will help you to increase your revenue.

When asked about identifying needs, he answered he needs a combine. Also he believes that holdings below 5 ha will not help because, in this case, small farmers do not want to associate. They have grants received from the state and are happy with them. From what this farmer said, most small farmers do not work as the state receives it, namely: there are exchanges of land with farmers more developed, for compaction, and small farmers are forced by digitizing land and by property, to declare for grants land that they actually are not working.

He added that there is no difference between producers, growers, vendors and those who make all the three.

The tax is a big problem because all products are taxed separately, namely: once the animal is taxed as a being, then it is taxed the resulting meat, milk, eggs, and also it is taxed the food produced in the farm as food for animals.

Another issue raised by our farmer is taxation of the seed holds for the next year and here again begins the chain of taxation.

The farmer has a gas station and explained that the price of diesel is Lei 2.5 ,the rest of the price (Lei 5.10) is represented by other taxes.

The subsidy on diesel is Lei 1 and the remaining Lei 1.5 per liter of diesel tax is not justified as long as the machines are not used on public roads and highways.

A new method was found to use oil for tractors in order to escape to pay charges for diesel.

The farmer has his own distribution net for eggs, milk and milk preparations, meat and

meat products. He owns a shop where he sell his products.

He declared that about 80 % of production is sold, and the remaining 20% is kept for seeding and animal feeding. Like other farmers, he is forced to do this to get away from taxes and over taxes.

When asked if the market adjusts prices, the farmer answered that there is a producers' association, and the market does not regulate the price, only the producers establish the same price. Here it came another the question: why do you not associate to make other things and the answer was that the farmers are individualistic and do not want to associate.

Our farmer also gets subsidies from the state.

Table 2.The SWOT Analysis results for the 2nd farmer, the more experienced farmer

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>-Good tech and implementation</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>-Lack of irrigation systems</li> <li>-Lack of sales of certain products</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Irrigation systems</li> <li>- Little investment in fleet</li> <li>- Cheap labour</li> <li>- Background and experience of the farmers</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Stronger emergence of other investors</li> <li>- Increased demand for competing products</li> <li>- Excessive humidity</li> <li>- Financial blockage</li> </ul>

## CONCLUSIONS

In Romania, some farmers' associations are not used in their true sense. The idea is that many farmers are individualists and many of them have no idea about what an association does really mean.

The establishment of various forms of farmers' association could open new opportunities for the economic development using the collective power so that the association members, their family and the community they belong to become more prosperous.

If the population dealing with agriculture, representing 37% of the whole population, would join the forces to modernize agriculture, farmers' incomes would raise and their standard of living would increase significantly.

Also, taxation legislation should be designed in other ways for agricultural associations so that the population not to resort to various tricks in order to avoid paying the state.

The poor infrastructure does not allow the farmers to operate productively.

Farmers are associated when we talk about the starting price of some products, which is not created by the market, but by producer [3], [13], [14].

Having the example of Germany, it is about BayWa system, it could be applied in Romania.

BayWa is a German company operating in sectors such as agriculture, building materials and energy sector. BayWa was founded in 1923 and has headquartered in Munich, Germany. It has a turnover of around € 8 billion, approximately 2,700 retail locations and approximately 16,000 employees. Most of the group's profits comes from agricultural division.

BayWa makes business with agricultural resources and agricultural products in the food supply. It is one of the largest companies in this area and some of its products are exported worldwide.

Agriculture is divided into three units: Agriculture – Trade, Agriculture Equipment and Fruit. Agriculture segment makes about 45 % of company revenue. Products and services provided to farmers including seeds, fertilizers, pesticides, animal husbandry etc. also stores and selling the harvest for farmers. In Germany, BayWa has approximately 500 locations, 16 of them with their harbors.

Even if the distribution of resources and agricultural products is essential, this is not just a trader. Rather, this is in a global partnership, directly with farmers, accompanying and supporting them in all stages of seeding, fertilizing, plant protection and harvesting.

This is true for livestock farms, helping them with the best feed supply and advising them regard to animal health. BayWa provides services such as collection, storage, packaging and marketing of crop, close the gap between producers and consumers on the one hand and the processing industry on the other.

Agriculture Business Unit sells machinery and

equipment, buildings and facilities. High standards of service are guaranteed by a dense network of garages.

Through a nationwide network of workshops, complemented by a mobile repair service, maintain the highest standards of quality. They also provide renting and leasing of machinery and equipment. BayWa offer complete technology. BayWa is the largest supplier seed fruit retail.

BayWa takes, stores, grades and packs the products named WOG and sells on the domestic and foreign markets.

With about 150 fruit-cider collecting points, 16 BioIndustry fruit collecting points and 8 cherries and blackberries collection points, the company is a competent partner for the processing industry.

The production area is approximately 3,300 hectares with more than 600 growers which produce mainly apples and pears and berries. About 15% of fruit came from organic farming.

At BayWa market, the fruits are inspected and then sorted with the latest technologies at the central production class, size and coloring. In more than 200 different packaging and under several trademarks, goods are then shipped only with its own logistics.

BayWa also provides building materials. This segment provides products and services for new construction, renovations and modernization, both in urban and rural areas. It also has two subunits, building materials and DIY and garden centers. BayWa has its sales centers in Germany. It also works through franchises in Germany, Austria and Italy.

Energy

This segment is particularly involved in the sale of oil. In addition, there are also traded other fuels and lubricating oils. This is the third most revenue BayWa and generates about 25% of total revenue. The main items of interest are oil, diesel, lubricants and solid fuel generally as pellets[15].

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