

LAND PROPERTY STRUCTURE - A LIMITING FACTOR IN STRENGTHENING THE AGRICULTURAL HOLDINGS

Ramona DOBRE¹, Alexandru Costin CÎRSTEA¹

¹The Bucharest University of Economic Studies, 6 Piata Romana, Bucharest, 010371, Romania
Email: ramonadobre88@yahoo.com

Corresponding author: ramonadobre88@yahoo.com

Abstract

Romania has the largest number of EU holdings. For this purpose, this paper analyses the effect of the excessive agricultural land fragmentation caused by the laws and measures adopted in the previous period. The existence of small holdings is influenced by the land property structures and at the same time, by the training and experience level of holders (heads of holdings). For writing this paper, analyse of statistical data was used in terms of identifying the impact factors which led to this holdings situation and, specially, to the fragmentation phenomena, obviously in the agricultural economy. Are highlighted, in order to study the impact, the historical evolution of the Romanian village, the Romanian peasant psychology on property, ownership thirst, desire to have land that would be just his and the need of being the only one who operates it and has benefits of its exploitation. This conception, however, tends to obsession and is generated by a system that has taken the land from the peasant, leaving him without the essential object of his work. There still exists the fear of no longer having the land, impregnated a lot in their thinking; these resulted in a blockage concerning association, cooperation, lease or any form that could increase the agricultural holdings dimensions. This thinking is manifested in aged population, which is still one of the main problems of the Romanian rural. The effect of these factors, but also of others who will be found in the work act in a negative manner on the formation of a competitive agriculture with an European management orientation. That is why studying them may lead to solutions for the reduction of their influence, the formation of viable social structures and economically valuable.

Key words: agricultural holdings, agricultural land, property, rural development

INTRODUCTION

Direct measures, be they economic or extra-economic with indirect measures of agriculture led to changes in ownership structures, which generated a number of effects on the performance of agricultural holdings.

Concretization of these effects was performed by changes in the land use. Some of these measures, such as the extra-economic, especially reforms also generated effects on the mentality of land owners. These effects can be described by the reluctance of owners and / or holding heads of resorting to other measures such as cooperation or association in agriculture. The large number of small agricultural holdings, in which is included the peasant households is determined by the high number of landowners. This direct link between ownership and exploitation, determines the agricultural branch

performance and its knowledge help to find solutions to increase efficiencies in agriculture.

From historical point of view, the property experienced both crumbling land and assembly in compact form. Analyzing reforms, starting with that of 1846 and up to the one in 2000, one can see the main directions of substantiation and the effects of decisions that were taken through these reforms. Therefore, reforms represented state interventions that focused the orientation towards the large or small property. The reform occurred following the adoption of the law 18/1991, also known as the Land Law, makes its effects felt in the present (even if they were made modification by Law 1/2000), due to errors on the distribution of land to former owners. These measures led to excessive fragmentation of agricultural land and propelled Romania to an extensive system of exploitation that is far from being

competitive and to ensure a high standard of living.

Therefore it is necessary to know the situation regarding the agricultural land property and exploitation in order to find solutions that will contribute to the development of Romanian agriculture and generally of the rural environment.

MATERIALS AND METHODS

The main instruments will be documenting research, and processing statistical data, collected from EUROSTAT and National Institute of Statistics, relevant to the topic, analysis and interpretation of data on surface and exploitation with the European Union to demonstrate the link between property and exploitation structures as limiting factor in strengthening the agricultural holdings.

RESULTS AND DISCUSSIONS

Land property structure and its influence

Existence of over 3 million of landowners determines an exploitation of small areas of agricultural land. This leads to low efficiencies per hectare and an inefficient use of resources. Land property structure in Romania are represented on one side by possession of small areas of agricultural land and on the other side of large areas.

Exploitation of these lands situation is as follows:

Table 1. Evolution of utilized agricultural land, number of holdings and surface per holding (2002-2010)

Specification / Year	2002	2005	2007	2010
Utilized agricultural area	13931	13907	13753	13298
Number of farm holdings	4485	4256	3931	3856
The average area of agricultural holdings	3,11	3,27	3,50	3,45

Analyzing Table 1 it can be seen that the number of farm holdings is very high, but shows a decreasing trend, and once with the decrease the number of agricultural holdings increases the average area of agricultural holdings.

Utilized agricultural area also shows a slight decrease which is explained through removing of agricultural land from the economic circuit,

failing to take use the agricultural land owned by people who do not live in rural areas, aging population in rural areas which hampers the exploitation consequently promote the reducing of used surfaces and so on. It can also be observed that the average of the surface of agricultural holdings range from 3.11 ha/holding(2002) to 3.45 ha/holding(2010) and reaches its peak in 2007 (3.5 hectares / holding). This fact is worrying because these low values cannot ensure the competitiveness and neither a reasonable standard of living of the rural population and hampers the rural development. Predominating in rural areas, in Romania, are holdings without legal personality, which hold about 99 percent of all holdings, as shows Figure 1.

Of the total agricultural holdings, in the year 2010, only 30,669 have legal personality, but these uses 5,852,854.26 hectares, while holdings which have no legal personality are 3825576 and uses 7445336.63 hectares. This is explained by the small size of agricultural holdings, through existence of numerous holdings of and semi-subsistence subsistence that occurred as a result of the law 18/1991, when the lands were returned to the owners and were worked, in a traditional manner, by them, to this day.



Figure 1. The structure of holdings by juridical form 2010(number)

Agricultural holding category without legal personality are individual agricultural holdings and freelancers, individual enterprises, Figure 2 captures that at the level

of 2010 there were 3,820,393 individual agricultural holdings and only 5183 authorized individuals, individual enterprises.



Figure 2. The structure of holdings with no legal personality(2010)

These figures are alarming because for a good part of those who have such farms, particularly individual, agriculture is the main source for ensuring the family needs while low yields they obtain from such exploitation makes it hard to them achieve this purpose. This type of exploitation is the most common due to the specific environment in which agriculture has evolved. On the one hand in the confrontation of Romania with problems of the land and on the other hand, problems of the technical and technological modernization process which is slow due to lack of resources. The land problems require solutions regarding resizing, to increase farm areas and modernization acts to increase efficiency and higher yields can be obtained with a higher quality that can help increase gross margin. These two aspects can form the basis of changes in the holdings size in order to increase economic dimension.

In terms of holdings with legal personality can be observed according to Figure no. 3 that in the year 2010, the highest share in the total of these companies were owned by private commercial companies (63%) followed by other types of exploitation (31%), Local Councils and Mayors (9%) and cooperative units (5%), while autonomous administrations, state companies and other

public institutions hold only 2% of total holdings.

These types of farms are generally large, which makes their exploitation to be more productive. Existence of an excessive number of agricultural holdings whose physical size is very large leads to imbalances through possession of too much power for producers.

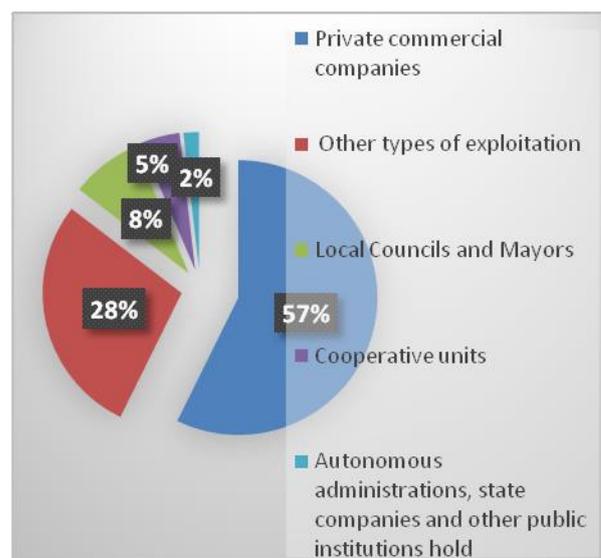


Figure 3 The structure of holding with legal personality(2010)

Otherwise this type of farm tends to suppress rural culture through major influence it has on its general purposes of carrying out human activities and agriculture in particular. This type of holding leads to the disappearance of smallholdings by "swallowing" them effectively.

Regarding the form of property of the land, it can be observed in Table no. 2 that for the analysis period 1990-2010 the private property has experienced continuous growth since 2000 until now. This fact is explained by the distribution of land that were conducted after the post-communist period, and the lack of data from 1990 and 1995 is explained by the slow process of restoring the property.

Table 2 Evolution of the private property for agricultural land,1990-2010(Ha)

	1990	2000	2005	2010
Total	23839071	23839071	23839071	23839071
Private property	:	15873954	17040004	17509298

Evolution of the number of holdings is closely related to land evolution, the manner of using it and property structures.

The situation presented reveals practically the opposite effect of post-communist period to the communist period, in the communist period the land was exploited under state tutelage while after communism to the present exploitation is performed by rural population and by people who no longer reside in rural areas, but who live in the close proximity and continue to conduct some agricultural activities.

Other differences can be pointed out in this case is about the size of agricultural holdings, which by destroying CAPs and IASs were excessively reduced.

The fact, however, that land is in private property change however the vision, the Romanian peasant, the farmer is free to practice agriculture in the way he wants, he can exploit traditional, to move towards organic farming, may associate or cooperate or he can alienate it or lease it. But the problems with which rural areas confront, restrict certain actions that can take place. Lack of resources, especially the financial ones leads to unexploitation and improper exploitation of agricultural lands, rural aging population limits the capacity to work the land and to conduct agricultural activities that generally require a high physical exertion, lack of interest from young people to practice as a farmer leads to outdated concepts, ideas suitable for a time past situations etc.

On the other hand the exploitation by the State of a smaller and smaller part of the land has implications at the control level of market situations that may appear.

Exploitation in Romania and the European Union

In terms of agricultural area used Romania make a contribution of 6 percent at the utilized agricultural area. Greatest contribution has France with 16 percent, followed by Spain with 15 percent. Thus the ranking in terms of utilized agricultural area Romania ranks 6.

Graphic exposure of the utilized agricultural area share for holdings larger then 1ESU in total EU-27 utilized agricultural area:

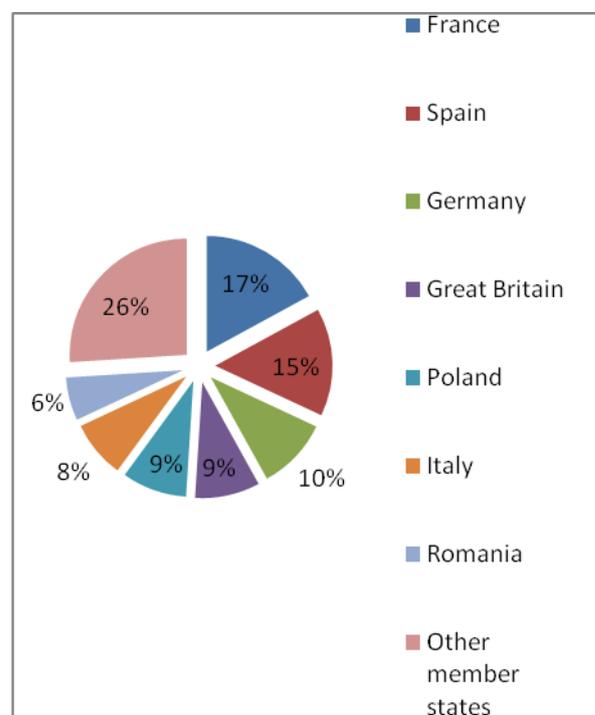


Figure 4 The utilized agricultural area(UAA) share, for holdings larger then 1ESU in total EU-27 UAA

This position reflects the importance of Romanian agricultural surface and demonstrates that it has agricultural potential. Regarding the mode of agricultural land exploitation, Romania is characterized by a large number of peasant households and the evolution of the number of holdings with at least one economic size unit in the year 2010 was as follows:

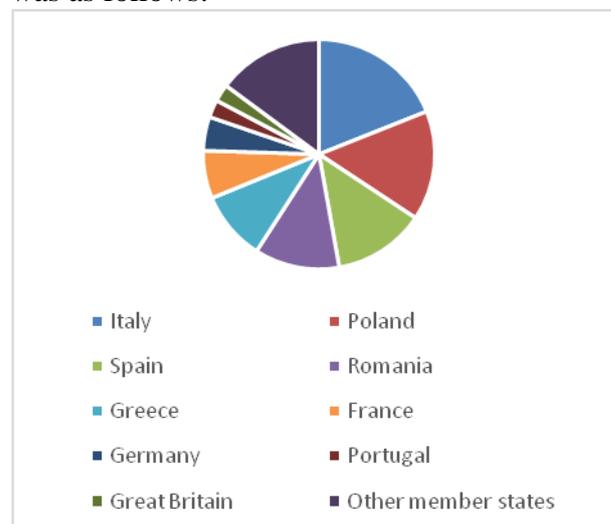


Figure 5. Number of holdings with at least one economic size unit in UE 27(2010)

The data shows that at the level of 2010, of the number of holdings 76% of the 745 million farms larger than one economic size unit (ESU) are formed by Italy with a contribution of 19 percent to that number, 15 percent Poland, Spain with 13 percent, Romania with 12 percent, Greece with 10 percent and France with 7 percent.

Gaps can be explained by the state of the agriculture development as a whole, Romania still represents the space in which operates very small holdings, many of them being less than one economic size unit. Also in the case of Romania it can be explained by the degree of excessive fragmentation of agricultural land and parcelling of it, besides this factor also operates the Romanians reticence to cooperate, associate or lease.

To this situation is added a large number of agricultural holdings are less than 1 ESU. This type of holding is more common in the former communist countries and those who by agricultural model practiced kept small holdings. Although at the level of in 2010 according the European Commission these holdings occupied only 7% of the EU UAA and 1.6% of the EU 27 standard gross margin agriculture, in structure analysis cannot be neglected because it holds a 48.85 percent share in total farm. Romania had in 2010 a total of 3 064 700 farms which represented approximately 50% of the total number of such holdings in the EU27.

In terms of share of agriculture to GDP the situation is as follows:

Table 3 Share of the agriculture in the GDP (%)

	2000	2006	2007	2008	2009	2010
UE 27	1.7	1.2	1.2	1.2	1.1	1.2
Romania	11.4	7.2	5.1	6.0	5.4	2.7

Is distinguished a decrease in the share of agriculture to GDP in 2010 and a closer value to EU-27 average. This illustrates a situation that indicates a favourable formation of GDP, it represents that a higher contribution to the GDP was made by other sectors and this reflects development.

From Table 4, one can observed that yields per hectare in the case of Romania, for wheat, maize and sunflower in the period

2000-2010, is below the EU average in 2010, even if the yields have experienced an increase compared to 2000.

Table 4 Evolution of yields for maize, sunflower, wheat in EU, 2000-2010(kg/ha)

countries	item	2000	2005	2010
Romania	Maize	1606,1	3981,6	4317,6
	Sunflowerseed	8223	14010	16067
	Wheat	2310,8	2998,5	2700,0
European Union	Maize	5520,9	7033,2	7095,8
	Sunflowerseed	1408,8	1672,6	1851,8
	Wheat	4985,8	5120,9	5257,5

CONCLUSIONS

Data analysis showed that the land property structure affects agricultural land exploitation. The importance of knowing this relationship derives from the need to counter the effects of agricultural policy errors made and exploitation, elaboration of solutions that exploit the possibilities of alliances Romania among developed EU member states.

These are the basis of drawing up strategies which has as fundamental purpose Romanian rural area development in general and specifically agricultural development as well as bringing it to the level results obtained in the EU.

Strengths regarding property structures in Romania:

- Large utilized agricultural area ranks Romania on 6th place in the European Union
- The geographical position of Romania, which prints favourable features for organization of agricultural activities
- Soil structure that includes a large area occupied with land whose soil are classified as class I
- Tradition regarding agricultural activities
- Agricultural land structure that offers the possibility of using land use categories
- High suitability for arable land
- The legal framework which facilitates the establishment of agricultural holdings
- The large number of agricultural holdings, which have a size higher than one economic size unit

Weaknesses regarding the situation of property structures:

-Excessive fragmentation of the agricultural land, mainly due to the adoption of Law 18/1991

-Increased level of land abandonment

-Average area of agricultural holdings in Romania inferior to that of the European Union

-Accentuated reduction of the area occupied by vineyards and meadows

-Inefficient land use as a fundamental resource in agricultural activities

Ambiguity within legal status of the agricultural land

-Incomplete use of agricultural area

-Practice of extensive farming

-Develop in time a mentality of refusing the agricultural land parcelling and association, which prevents the increase the holdings size

-Poor land-exploitation due to an aging population

-Aid delay of granting to the farmer which slows the development of holdings

-Disinterest manifested by the youth to practice agriculture, which prevents the change of attitude regarding association and fusion

-Reduced EU competitiveness due to low yields per hectare

Suggestions

-Increasing the degree absorption of European funds in order to develop holdings

-Consolidating the legal framework to solve issues relating to property and lease

-Supporting land consolidation and agricultural association in an accentuated manner;

-Rational exploitation of the agricultural land
Romania is a country with a high agricultural potential.

National changes in general and changes at the level of agriculture in particular through reforms have led to the present situation of agriculture. Balancing land structures as well as its proper exploitation is the basis for evolution and the possibility to align Romanian at EU agricultural performance.

The study demonstrates that ownership structures in Romania acts as a limiting factor

in strengthening agricultural holdings therefore all agricultural measures aimed at agriculture and rural development in general, should be based on property without neglecting the reactions of rural population when discussing property issues.

REFERENCES

[1] Pascariu Gabriela Carmen, 2000, Uniunea Europeana Politici si pietele agricole, Economica Publishing, Bucharest

[2][Kantorovic, L. V.](#), 1963, Calcul economique et utilisation des ressources, Dunod Publishing, Paris

[3]Mare, V., 2003, Evaluarea terenului din exploatatii agricole, Tribuna economica Publishing Vol.14(13): 45-46

[4][Popescu, A., Cornoiu, D.](#), 1998, [Drept funciar si proceduri funciare](#), Romania de Maine Publishing, Bucurest

[5][Popescu, G., Constantin, Florentina](#), 2004, Economie si politica agrara: aplicatii, ASE Publishing, Bucurest

[6][Popescu, G.](#), 2001, [Probleme de politica agrara](#), ASE Publishing, Bucuresti

[4][Legea fondului funciar: aplicare retroactiva](#), Economie si administratie locala Vol.11(6) : 60, 2006

[4]OECD, 2008, Soutien à l'agriculture, valeur des actifs fonciers et ajustement sectoriel: Conséquences pour la réforme, OECD Publishing.

[4]www.epp.eurostat.ec.europa.eu/,

[4]www.insse.ro

[4]www.faostat.fao.org

[4]www.europa.eu