

## PROSPECTS FOR AGRICULTURAL COOPERATIVES IN ROMANIA IN THE CONTEXT OF CAP REFORM 2014-2020

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### Abstract

European and global cooperative sector is a powerful economic and social actors within these societies, with significant results can be summarized as market shares both in their work and contribution to GDP and the number of members and the welfare of citizens offered through job creation. Global cooperative activity operates on cooperative principles cooperative companies regularly reviewed by members of the International Cooperative Alliance (ICA). This cooperative movement worldwide organization founded in 1889, is composed of 226 active cooperatives in all sectors of the economy that brings together more than 800 million members in 89 countries. This work is part of the CAP reform in Europe after 2013, by which Romania will have to undergo a series of transformations including: promoting and encouraging cooperation and association in agriculture; stimulate the development of alternative economic activities such as organic farming, ecotourism, development and promotion of local products labeled specialized human capital development and collaboration and sharing of best practices with experts from other EU Member States. Macroeconomic paper wants to answer a series of questions: Is a viable alternative for Agricultural Cooperative Farm? What is the economic and social impact of cooperatives in the next stage? Through agricultural cooperatives can better penetrate markets closer to the consumer? What is the specific model of cooperation forward Romanian society?

**Key words:** agricultural cooperative, association in agriculture

### INTRODUCTION

Associative life in Romania is well known in the communist period, but decreased more than in rural areas.

Romania has some of the most favorable assumptions productive agricultural associations, but it is not capitalized enough to become a true pillar in support of the local economy. In the EU27 from a total of 13.7 million 3.9 million farms are located in Romania, represented 28.7%. If the EU27 average size of a farm is 12.6 hectares, in Romania it is only 3.5 hectares, about four times smaller. The differences are even greater when considering farm size: EU27 average is 11.3 ESU ESU and only one in Romania. (Table 1).

Table 1. Size and the size of farms in Romania and EU27 in 2011

Specification	Romania	EU 27
Number of farms (millions)	3.9	13.7
UAA (Thousand ha)	13753	172485
Average farm size (ha)	3.5	12.6
Average size of farm (ESU)	1.0	11.3

Source: [www.ier.ro](http://www.ier.ro), Sudi SPOS - Reform of the Common Agricultural Policy post-2013 context of budgetary perspective

Table 2. Share of farms by size class in Romania and EU27

Specification	Romania	EU27
<5ha	89.9	70.4
5-50 ha	9.8	24.5
> 50 ha	0.4	5.1

Source: [www.ier.ro](http://www.ier.ro), Sudi SPOS - Reform of the Common Agricultural Policy post-2013 context of budgetary perspective

Table 3. Share of farms by size classes in Romania and EU27

Specification	Romania	EU27
<2 ESU	<b>94.0</b>	<b>60.8</b>
2-100 ESU	6.0	36.9
> 100 ESU	0.0	2.2

Source: [www.ier.ro](http://www.ier.ro), Sudi SPOS - Reform of the Common Agricultural Policy post-2013 context of budgetary perspective

From the table above it can be seen in Romania associative potential represented by very large share of small farms (<5 ha) and sizes (<2 ESU) compared to EU27. Subsistence farming is the category of farms where farming is rather in an individual manner in which every family work primarily home practically such individuals are employees of their families. Moreover, old and inadequate technology, lack of knowledge and lack of education community agriculture for small farmers has led to exploitation fractional land for their own use.

In Europe a competitive market, the lack of an organized collection, transport, storage and marketing systems brings significant crop losses and constitute a barrier to market supply and inability to radiate intermediaries speculators. Without an efficient route to market, low value agricultural resources and, therefore, efficiency / profitability and competitiveness in agriculture are declining.

However, associative initiatives can provide development value chain of production-processing-marketing, so necessary for a competitive agriculture.

## MATERIALS AND METHODS

This study aims to provide arguments for specific processes, community development as the basis for public policies for rural areas, with emphasis on the participation of citizens and increase their ability to be active citizens of their communities. All these aspects are presented for rural communities in Romania for sustainable development.

## RESULTS AND DISCUSSION

Rural areas in Romania covering 87.1% of the land area and are home to 45% of the population, or about 9.6 million Romanian. In

2012 a survey of farmers' associations, forest owners, collective composesoratele Romania, shows that 75% of rural residents live in poverty. Also over 1,000,000 Romanian living in rural areas are unpaid family workers, people who do not receive a salary and live in their own household. Residents of rural communities belong to the poorest groups in Romania, with poor access to services, reduced employment opportunities, and also a low level of civic education.

However employment in rural areas show a slight increase, even under severe crisis over Romania during 2009-2010. As an apparent paradox, the employment rate showed an upward trend from 5.4% in 2009, the worst year of the economic crisis in Romania, 0.5% more than in 2007.

*At the same time, long-term unemployment in rural areas showed an average decrease of 2%, even among young people - who are most affected by unemployment category. This could be a warning regarding poor rural communities in Romania ability to respond to crises. In Romanian rural employment opportunities are close to zero, and access to services (poor quality) is very difficult. These are the reasons that cause as well migration from rural to urban areas, especially among young people, with 8.3 per thousand in 2010, compared to 6.8 in 2007 and 6 in 2009, which stress aging rural population.*

*However, rural areas of Romania have great potential, which is well worth the recovery and exploitation in a sustainable manner to increase the quality of life for residents.*

RDP funds will end eventually and rural communities are at risk of passive state remains the same, waiting for external resources. when instead the program should provide an opportunity for rural communities to develop from the inside out first.

Authorities as part of the social economy should play a role in mobilization, the active participation of rural community life, to encourage new associations, the provision of information, consultation necessarily lead to influence the direction and execution of the project development.

In recent years, the concept of social economy recently entered the public debate and academic

though its constituent forms have a history more or less extended both in Romania and in other countries in Europe.

*Future associative structures in Romania are considered key elements in the new social economy which lists three specific organizational forms, namely: cooperatives, associations and foundations and mutual societies.*

These are the main institutional components of the social economy, sometimes known as the *social economy organizations and enterprises*.

**In Romania, in 2009, out of a total of 70,000 social economy organizations, only 2278 (or 3%) are specific to agriculture and fishing activities represented by cooperative agricultural associations (Table 4).**

Cooperatives are associations of persons (natural and / or legal), autonomous and voluntary, democratically run deplinerea aimed at common goals of economic, social and cultural domains as diverse as agriculture, trade, craft, housing, utilities and more recently, social services etc..

Table 4. Distribution of agricultural associations by region, 2009

Region	Agricultural associations -Number-	Crafts Cooperative %	Consumer cooperatives -% -
North East	186	27.0	17.7
West	271	9.0	19.9
Southeast	339	16.0	12.5
Center	612	11.5	16.6
Northeast	363	13.5	17.1
Southwest	245	8.1	8.6
South	229	9.4	12.5
Bucharest Ilfov	33	6.0	3.1
Total	2,278	100.0	100.0
% Of Rural	71.7		

Source: www.ies.roAtlas SE, 2011

Another form cooperative refers to credit unions, constituted as autonomous associations of persons whose activity takes place mainly on the principle of mutual aid cooperative members, they are established and operating under the Emergency Ordinance. 99 of 2006. In Romania, the number of credit cooperatives / cooperative banks decreased significantly in

favor CAR - employees, ie from 191 in 2000 to 65 in 2009.

In Romania, cooperatives are established and operating pursuant to Law no. 1 of 2005, the most popular forms to the general public as craft and consumer cooperatives. Cooperatives in Romania recorded a marked involution especially during 1990-2000. Handicraft cooperatives are an organizational form only while urban consumer cooperatives are mainly rural, 74% of the total working in rural areas. Both forms cooperative has a relatively uniform regional distribution, higher percentages being found in areas with lower development level (North-East, South-Muntenia). In Romania were in 2009, 788 and 894 craft cooperative consumer cooperatives.

At the current stage, the associative structures to become future lead actor for socio-economic development of the Romanian rural areas, where all citizens and other stakeholders should become active with the opportunity to develop, inform, and critically analyze the social, economic and political and develop their skills into action.

This is why the community needs identification, analysis and prioritization, followed by planning and implementing the solution must be performed by or at least with people directly or indirectly affected by the problem to be solved. We believe that the direct involvement of beneficiaries is a prerequisite for sustainable rural development projects and the use of local resources (human, material, financial, etc., natural) with maximum efficiency to ensure further success of each project.

The key is that the emphasis should be on how to solve it - participatory and involves also civic education, developing community spirit, human and social capital altogether.

The challenges are that the process is slower, often need more resources to encourage, support and sustain participation, and sometimes requires changes in the balance of power at the local level.

In general, the benefits of participatory approaches directly and genuinely involve local citizens (which may turn also the risk of loss otherwise) are:

- Efficient use of existing resources in a responsible way (in fact, an opportunity for local authorities, not citizen involvement from the initial project phase high risk that the community will not take the responsibility of project results, development projects are more probably perceived to belong to their originators - mostly local public administration - which represents a loss of opportunity for the local authority to transfer responsibility to the community);
- Effectiveness in the sense of legitimacy (lack of legitimacy the difficulties in implementation, community members likely will not support projects that are not real solutions for their needs as they perceive them, even if they will support the phase implementation, they probably will not support them in the use phase results);
- Using local resources helps to avoid dependence on external solutions (community should not depend on the outside, but instead of being able to identify solutions based on local resources, office support depends on community members who are responsible for their own solutions to the needs them);
- Human resource development (human capital is itself a community development engine before any other factors, capital of a community is the capital of trust and reciprocity, which is the main resource of rural communities)
- Balancing power relations between different sections of the community (otherwise deepens inequity between different socio-economic category);
- Control the process of local development, empowerment, ownership, continuity and sustainability.

## CONCLUSIONS

- Direct support measures are needed to form associations of farmers enabling them to develop a professional management, strategic planning and business appropriate specialized training in managing associative and cooperative forms.
- A community needs assessment provides assurance that development strategies chosen by a particular group will respond to

community needs also reflect the priorities of the initiative group and ability. Practical experience and learning will lead to the development group as a combination of capacity building for those involved and organizational capacity building.

- Local authorities to develop participatory processes, programs and projects in order to help local communities obtain the best financing opportunities available locally and regionally.
- The economic development of a community is a process by which communities can initiate and generate their own solutions to general economic problems. A community in this process contributes to long-term community capacity building and promoting an integrated approach aims of economic, social and environmental.
- Community economic development based on the principle that people have the ability and responsibility to implement economic community initiatives and community initiatives for the benefit of all community members.
- A process of economic development in a community may begin when community members think they can make their contribution to changing living conditions in their community.
- The economic development of a community based on organized collective action, which is a group process and economic development strategy of a community is prepared following a decision by the group. Although leadership is essential in this process (the role played by a single person), community initiatives require cooperation and collaboration.

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