EXCEEDING THE RESTRICTION IN AGRICULTURE, ECONOMICAL SPEAKING, AFTER ADHERING TO THE EUROPEN UNION

Professor PhD. Dorina ARDELEAN University Vasile Goldi , Arad, Romania <u>dorina_ardelean@yahoo.com</u> Lecturer PhD. Marius BOI University Vasile Goldi Arad, Romania <u>cocosboyz@yahoo.com</u>

Abstract:

If we take in consideration the profound structural discrepancies from the Romanian agriculture and rural environment, of the extended state of severe poorness from the rural areas, as well as the budgetary restrictions, which appear to main on the medium term, it is showed the importance of a pragmatic agricultural policy.

In the present conditions, in the process of carrying out of this unitary system of objectives- derived from the fundamental strategic objective which aims at a significant growth of the Romanian agricultural products and producers completion- are two major objective restrictions: the success of the Romanian agriculture within the European Union structures and the relative limited possibilities of financial sustainment through the public resources of the governmental action from the agricultural sector.

Keywords: agriculture, resources, capital, market, agricultural products

JEL Classification: Q 18

INTRODUCTION

In the 2007-2009 period, the Romanian agriculture benefits from a substantial financial support from the PAC founds, namely 4,037 milliards of euro. A significant part of this founds, 60%, is meant for the rural development. The purpose of this development is the improvement of the Romanian peasant wellbeing, which almost doesn't exist in the Romanian village. It is given a great attention to this policy, because our current capacity to absorb the communitarian founds is still low.

Also, there are foresee founds for the market measurements (18%) and for direct payments (22%).

Integration in the common agricultural policy assumes the reduction of the variance of the agricultural products prices with at least 10%.

The growth of the investments in the agricultural sectors is one of the min advantages of the adhesion. The existence of the cheep manpower and the current underdevelopment of the agroalimentary industries will attract important investments. In the last years, E.U has attracted approximately 50% from the total worldwide volume of investments, while U.S.A. has attracted only 25%, volume in which China isn't included, its position being unknown.

Another positive effect of the adhesion is the growth of the products specific to our country, interesting for a European market of 450 million consumers (such as honey, nuts, forest fruits, etc).

Through the support programs for products are introduced the quality norms of the European Union, superior to Romanian one's.

CONTENT

The financial support given through the common agricultural policy and the productivity growth expected as a result of the investments will have as an effect the growth of the agricultures incomes.

Through the measurements of anticipated retirement, the complementary measurements to fluidity the landed market and the measurements of rural development it is desired that in the next 20 years the quota of population from agriculture to drop to 10%.

On the plan of the governmental action, of the agricultural policies, the competitively deficit of the Romanian producers has been deeply as a result of a complex of circumstances and causes, of which we consider significant the following:

> The lack of an accepted pragmatic strategy of development of the Romanian agriculture on the medium and long term (at least in what it concerns the general coordinates) of the whole spectrum of political force from the country. The non existence of this consens generated a state of confusion with inevitable consequences upon the process of consolidation of the agricultural sector.

> Forming and promoting of the agricultural policy based upon punctual and situational broaches/solutions in the detriment of a systemic vision which would assure the taking into consideration of the medium and long term perspective;

> Insufficient attention given (or, if in certain periods has existed in a pragmatic plan, it was shadowed by hesitations, inconsequence, half measurement, etc) to the process of structural adjusting of the agricultural sector, in it essential two components:

- Enterprise reform;

- Forming and developing competitive markets.

If we take in consideration the profound structural discrepancies from the Romanian agriculture and rural environment, of the extended state of severe poorness from the rural areas, as well as the budgetary restrictions, which appear to main on the medium term, it is showed the importance of a pragmatic agricultural policy.

Exceeding the present state imposes- in our opinion- situated in the central of the agricultural policy- as a fundamental strategic objective- the real and profound reorganization of the agro-alimentary sector seen as an ensemble of interdependent economic-social processes, which must firstly aim at: consolidating the private propriety, enthroning of the propriety sense and of responsibility in given and administrating the resources, facilitating the concentration of the landed and of exploitation capital in viable agricultural exploitation/enterprises (in the conditions of an economy objectively more opened) simultaneously with the forming and development of alternative incomes sources in the rural areas, as an essential premise to overcome the barriers from the way to get out of the present surplus of work resources; creating a favorable economic environment for the efficient development, on competitive grounds, of the agricultural activities, inclusively through forming effective stimulants and conditions for savings in the rural households and the realization of private capital disposal came from outside or from inside the agricultural sector, developing partnerships in protection and conserving the natural environment from the rural space.

Accomplishing this fundamental strategic objective- which finality is represented by a systemic and structural adjusting of the agro-alimentary sector, an adjusting able to fully valorizing the agro-productive potential given by the natural resources, and on the other side, to create or to consolidate the competitive advantages of the Romanian agriculture- it will have to be subordinated to a coherent system of partial/derived objectives, from which we mention:

> Forming a competitive agricultural structure, constituted from a preponderantly mass of viable exploitation/enterprises supported by an adequate infrastructure and by a functional system of specific services;

> Creating the indispensable condition for equitable, stimulating remuneration of the capital geared in the agro-alimentary sector- preponderant development of agriculture based on the own resources and of the private capital attracted from within the country and from abroad;

> Stabilizing and growing the agro-alimentary production in concordance with the agroproductive potential and the competitive advantages of Romania: co-interesting the agricultural producers in obtaining, permanently, of a significant surplus of agro-alimentary products valuable in the conditions of efficiency on the internal market and international markets;

> Limitation and diminishing gradually the rural environment poorness; growing the

agricultural incomes, developing and diversification of economic activities that generate alternative incomes in the rural space; complex, integral development of the rural communication;

 \succ Consolidating the capacity of support- conservation and regeneration of the rural environment.

In the present conditions, in the process of carrying out of this unitary system of objectivesderived from the fundamental strategic objective which aims at a significant growth of the Romanian agricultural products and producers completion- are two major objective restrictions: the success of the Romanian agriculture within the European Union structures and the relative limited possibilities of financial sustainment through the public resources of the governmental action from the agricultural sector.

On this general fund, a major problem is represented by the alternatives of preponderantly allotted of limited budgetary resources: for the current needs of production or for the creation and consolidation of the premises for a competitive agricultural growth (forming and developing the fundamental determinants of dynamic competitive). It cannot be left aside neither the fact that the orientation to a priority given to the current needs or to solving the fundamental problems of dynamic competitive it determines the base orientation of the governmental action in what it concerns the legislate and institutional frame.

The orientation to the current needs of the agricultural production may contribute to a fast re-launch of the agricultural production. In the conditions of the existence of some functional markets, this growth would have as a result of the increase of financial resources of agricultural producers and of the state budget. Unfortunately, currently this kind of markets is missing. The spore of production risks to not finding development in satisfactory conditions for the agricultural producers, to not generate real stimulants for re-starting the economic activity, and in its absence to appear new demands for budgetary resources. Obtained in the conditions of the current agricultural structure- characterized by profound structural discrepancies and a low efficiency of allotting/utilization of resource- the mentioned growth is more and harder to sustain. As time goes by, of the progressive opening of the Romanian economy it is needed a bigger volume of budgetary resources given as a form of production, stocking, commercialization (on the internal market and the external ones) subventions of agricultural products. In the moment, in which, this budgetary resources, more important, couldn't be assured anymore the consequence would be diminishing or, in extreme conditions, crashing of the agricultural growth. The treaties from within the OMC already bring to date this moment. We are highlighting that the preference given to the present in the detriment of the future risks to miss the Romanian agriculture of the essential premises of a durable agricultural growth in an economy more objectively opened.

The priority given to forming the bases for dynamic competitive, without a doubt can't be accompanied on a short term by spectaculars results of the agricultural product growth, as well as of the structural adjusting of the sector. Talking about this last aspect, it would be naïve to think that the inertial forces that persist (already for too long), in the process of structural adjustment of the Romanian agriculture (restriction and blocks in forming and developing the competitive markets, the deformed structure of agricultural exploitation, behavioral deficiencies, blocks at leaving the agricultural activities and not least, the modest resources that can be allotted on non inflationist bases for sustaining the structural adjustment process) may be "annihilated"/exceeded on a short term. The experience of the worldwide agriculture - especially of the old countries of the European Union- convincingly attested. But, even in this conditions, every realized step in a systemic vision (long term oriented) would bring a lasting contribution to edifying the bases for a real agricultural growth (competitive and durable), that can sustain the process of development of the branch in a more opened economy. In our opinion, it is worth the effort and it must be made today, when the restrictions that are a result of the obligations assumed at international level leave enough space to promote objectives/actions of structural adjustment specific to the present stage of development of Romanian agriculture through budgetary sustainability.

In this context the natural question that we pose is: what should be done?

As a first general answer, the basic coordinates of political agricultural and rural development principles that we suggest are:

 \succ Moving the accent from the interventionist policies of direct stimulation of the offer (subventions for revival of the annual production cycles, regulating the markets through financial sustainment policies of the stabilization policies of it, export subventions, etc.) to the structural ones, namely sustaining the forming and functioning at efficiency parameters of some agricultural exploitation of medium dimensions through the market mechanism, the development of the institutional frame and of the necessary infrastructure for the rural market functioning and the urgent finalization of the privatization of the economic unities from the rural environment to which the state is of a majority.

> Moving the accent from the exclusive agricultural policy to a real rural development policy, with the purpose to facility the occupying of the non agricultural sector from the rural environment, parallel with reducing the occupying in agriculture.

At the present moment, in the agricultural sector, the competitive environment is under develop and strongly damaged in the behalf of the agricultural producers. For a wide range of agroalimentary products the markets continue to be segmented (the offer is mostly designed to local markets) and without having a proper connection with the international markets. The" pale" signs that the current markets emit don't offer the indispensable mark for the orientation of the production structure to the real present and future demand. This situation exercise o strong unfavorable flow upon the agricultural production: there are missing the agricultural producers of necessary stimulants/resources for the enlargement or intensification of the economic activity, on one side through the lack of existence of functional channels of knowledge of demand and of production development- especially in the case of pulverize most peasant households- and on the other side, through the buyers "saying", as a result of the mostly territorial presence of some monopole position of the local wholesale dealer. In the lack of offer organization, the peasant households don't have the necessary straight to oppose the power of the wholesale dealer As a result, in the case of a normal croft, frequently, the products are undervalued at the farms gate and in numerous situations it don't finds the development in the right time of the croft, moment in which the agricultural producers feel acute the lack of financial resources to pay the debts (towards the commercial banks, suppliers, etc.) and restarting the production cycle. In the lack of adequate storing spaces or of the financial means to necessary to "rent" it, important stocks of products go into an inevitable process of deterioration. Aren't exceptions the situations in which a part of the agricultural products are defalcated from their normal usage to other usages (such as the weed for bread to animals food). All of it reduces the interest and the available resources for the production from the agricultural sector.

CONCLUSIONS

In the case of the inputs necessary for production, the biggest difficulties are generated by agricultural producers of low development of the services market specific (namely the mechanic works) and of the financial markets, of the rural loans (retail banking services). For other categories of input (such as fit-sanitarian products) the cost with obviously implication upon the process of agricultural growth- are strongly greave by the blowing out of the demand (it attracts, inevitably higher costs of transaction) and of the high level of the commercial adding. This lest one is partially explained, through of protection that the dealers are obligated to assume in front of the risk of not paying or time or even in the impossibility to recuperate the value of the products given ob credit (a practice wide used frequently as a result of the de-capitalization of the agricultural producers) with payment at crafting. In the lack of functional channels of development of products, in frequent cases, the agricultural producers can't honor their contractual obligation towards suppliers and commercial banks.

A favorable contribution to the forming and developing of competitive markets may bring:

> Organizing the offer through developing the rural cooperation in the supplying,

processing and development domain of agricultural products. The appearance and developing of modern rural cooperation in our country, in accordance with the functioning principles and the organization modalities practices in the West-European countries is conditioned by both assuming the Law of rural cooperation (the Law of agricultural cooperatives) and as well of the given of the public power of financial support in the initial stage of creating the cooperatives for creating the infrastructure of production and commercialization;

➢ Forming and consolidating the markets at term (forward) and of the stoke markets of contracts at term and of other credit titles;

> Facilitating the consolidation process of some reprehensive professional and functional association of the agricultural producers;

 \triangleright Promoting an ensemble of actions/measurements of de-monopolization of demand through forming a "critical" of true wholesale dealers reducing the barriers of entering of the new private operators on the market; fluidity of the cereals markets transactions and implicit of the monetary fluxes from the agricultural producers to silos and finally, dealers and the merchandise stoke exchange trough creating the necessary conditions to implemented the system of warehouse certificates; developing the commercialization infrastructure, actions to promote the Romanian products on international markets, consolidating and developing the merchandise stoke exchange, etc.

 \succ Actions which purpose are to enhance the markets transparency, first through forming an informational system regarding the specific markets, dates that would be put at the agricultural producers disposition, systematically and operative through the National Agency of Agricultural Consultancy;

 \succ Creating a control system of the markets under the quality standards and the control of products origin.

We also have to mention, even tangential, the problematic of forming and developing the financial markets in the rural environment/with impact in the rural environment, currently a major restriction in the process of agricultural growth (in the conditions of the high degree of decapitalization of the agricultural producers and of the restoring possibilities to form the capital). In order to clearing this market it would be wanted to:

 \succ Facilitating the extension process of the coverage area of commercial banks in the rural environment through: financing studies / projects concerning opportunities/restrictions and the projection of the of the financial situation of the points of business which would be carried out by a private bank in the rural environment; elaborating the appropriate technology of offering financial services to the agricultural producers, to small and very small companies from the rural environment; financial support (direct/indirect), in order to start a pilot filial/point of business in the rural areas;

 \succ Regulating the conditions that would make possible the creation of some small private commercial banks with local coverage;

Sustaining the forming and developing process of the mutual agricultural credit;

> Supporting the improving process of the offer and of the quality of the assurance services (of the crop and/or of the producers incomes), inclusive the forming and developing of the mutual assurance system;

Developing the leasing market for the capital goods;

 \succ Facilitating the enhancement process of the capital fluxes in the rural environment trough creating the regulating frame which offers the possibility to imply financial non-banking intermediaries in the assurance of the necessary resources for the agricultural producers;

 \succ Facilitating the process of realization of a functional system of agricultural culture based upon on term contracts (forward) and of the financial instruments market.

REFERENCES:

- 1. Fruja Ioan, 1993 Structuri agrare mondiale, Ed. Universitatea Tibiscus, Timi oara
- 2. Fruja I., Milin A.,2007 Agricultura Regiunii de Vest Realiz ri i perspective, Ed. Agroprint, Timi oara;
- 3. Gavrilescu D., Daniela Giurca (coordonatori), 2000-*Economie agroalimentar*, Editura Expert, Bucure ti;
- 4. Lasok, D, i Kpe Lasok, 1994- Law and Institutions of the European Union. London: Butterworths.