

# OPPORTUNITIES AND RISKS FOR THE RURAL DEVELOPMENT OF ROMANIA

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*For the new member states of the European Union, the integration of the agro-alimentary and rural sector has proved to be one of the most difficult and sensitive issues of the accession trial, and Romania is no exception from the rule. However, the 2 year experience of the new EU member states has proved that such integration has considerably sped reforms and has triggered a re-organization process of the agro-alimentary and rural sector, with multiple positive aspects.*

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*Key words: the re-organization of agriculture, competitiveness, ecologic agriculture.*

The new capacity of "member state", with all its implied undertakings and requirements, represents one of the major opportunities in what concerns the activation of the trial already initiated for the re-organization of agriculture and of the Romanian rural economy. This statute will trigger the sector's increased performances and competitiveness, diminishing the trends atypical for a modern European economy, registered in Romania during the last decade, such as: increase of the population involved in agriculture, high weight of self-consumption and expansion of the sustenance and semi-sustenance economy.

Romania has plenty of advantages, called by experts "strong points", which should be put forward. Low industrialization and extensive agriculture have led to low and limited pollution, thus allowing the preservation of bio-diversity and highly qualitative biologic productions. The agricultural potential is noteworthy in terms of financial resources and labor resources.

The agriculture's capacity to cause higher gross added value to a unit of global product, compared to other branches of the national economy, consequently to the relatively low intensity of intermediary consumption, represents a positive aspect of the Romanian agriculture.

Agriculture has the capacity and resources for rural and ecologic tourism, ecologic and traditional agriculture, as expanding sector of the unique European market and as complementary income source in the rural environment.

Moreover, the existence of a proper legal frame regarding the reconstitution of the ownership right upon agricultural lands, the private agricultural sector representing today 96% of the land patrimony, will lead to the strengthening of the current agricultural exploitations and to the establishment of new agricultural exploitations – economically viable. Romania has a significant number of experts, who have average and higher professional training, able to apply performing technologies and a modern management in the farming production.

Besides agriculture, which is the main economic activity, there are plenty of non-farming economic activities taking place in the rural environment, even though the said are not very expended. The rural environment possesses an increased touristic potential and a rich natural and cultural-spiritual environment. Based on a brief analysis of the recent years, the accommodation capacity has followed a crescent trend, the rural tourism representing at present an option more and more tourists are selecting for their holidays.

Another advantage must be taken into account, namely the emerging market under full process of organization, with its demand for products and services insufficiently satisfied, which might generate an effective demand and, subsequently, higher possibility of establishment and development of rural IMMs. The increase of the housing number in the rural environment has registered a constant rate, exceeding the

increase in the urban environment and which has also led to the continuous increase of the utility networks (water, gas, sewer, etc.), thus improving the living standard of rural inhabitants.

A major aspect is represented by the powerful traditions and the good experience regarding the villages' cultural life. A good tradition regarding the research of the villages' cultural life (folklore studies, handicraft, construction of specific houses, clothes, etc.) provides the necessary terms to support the villages with experts capable of reviving cultural activities. It is well known that many village artistic ensembles have competed in foreign shows, being awarded with various prizes.

Romania has the institutional infrastructure for specialized education and we also have to remember the attendance of education and farming research institutions to the international research programs in this field. Romania offers a great socio-humane advantage, namely the preservation of a specific rural environment, which offers alternatives to the urban environment. Thus, the existence of a less polluted rural environment, the possibilities of supply with unpolluted agro-food products create favorable conditions for the preservation of the health of certain population classes in the rural environment.

A new image emerges about life in rural communities, which ties people to the rural environment and becomes a social force of adhesion to the villages' realities and of strengthening the social adhesion.

We have presented above the positive aspects of the Romanian villages, but there are also weak points of the rural economic and social life, which we will try to reveal and analyze below.

One of the problems would be the inter-yearly variability of the meteorological parameters, which create a high variability of crops. Extreme meteorological phenomena have amplified recently and have worsened the soil degradation process. This soil degradation process is due to a faulty management upon farm level together with the decrease of the funds needed to improve degraded lands. Also, the physical conversion parameters of the production factors in agricultural product are quite low and thus the potential efficiency of the sector diminishes. There is also a strong fragmentation triggered by the high number of sustenance and semi-sustenance farms, with an average area of 1.7 ha.

Other negative aspects would be:

- Discordance (higher in the territory profile) between the structure of the technological capacities (mainly mechanical equipment) and the size of the agricultural exploitations;
- Low export of farm products with high processing degree;
- Low competitiveness of farm products;
- Negative agro-alimentary commercial balance sheet;
- Income per rural inhabitant with 27% lower than in the urban environment;
- The land patrimony in the farming exploitations is affected in proportion of 20-25% by the action of restrictive factors and by the use of non-performing technologies;
- Insufficient specialized services to ensure the production factors for the farming exploitations;
- Improper structure of crops (over 60% - cereals and over 16.3% - technical plants) and insufficient technical-material equipment.

Also, the financing sources are insufficient; loans granted by banking institutions are restrictive for the rural areas. The banking system in the Romanian rural environment is undeveloped (we could say almost inexistent) and if it exists, it is not adjusted to the environment's specificity. Most farmers do not have the means to secure a loan or the down-payments needed for the regular credit instruments, most of them not meeting the eligibility requirements provided by banks at present.

Support services for those who could establish IMM in villages (assistance, information regarding the legislation in force, effective support for business commencement, legal assistance, etc.) are inexistent and, consequently, their number is very low.

In terms of infrastructure, there are also sever malfunctions: the sewer system for waste water is below the needs of the rural environment; road infrastructure is poorly updated; differences regarding water supply for consumers living in disadvantageous areas (high areas); interruptions of water supply due to insufficient water or blackouts.

Numerous deficiencies are characteristic to the education system and culture, among which: dramatic decrease of the number of schools in the rural environment based on efficiency criteria (low number of pupils; old equipment; lack of jobs, which led to school abandon), inexistence of funds needed for

permanent improvement of village libraries, leading to the decrease of the number of libraries; inexistence of funds allowing prestigious artistic groups to perform in Romania and abroad; lack of institutional procedures for attracting and settling young performing graduates. The development degree of the social infrastructure, mainly health and education services, influences in its turn the population's decision to stay or leave the rural environment; the access to attend qualitative education forms influences the training level of future rural labor force. Low number of education institutions in the rural environment and their location, sometimes very far from pupils' homes, together with the family's low financial resources, has increased the differences between the rural environment and the urban environment regarding access to a form of training for young people.

For age groups between 6-9 and 10-14 the values registered for the population attending an education institution are slightly equal in the two environments – rural and urban – differences between averages increasing once the children grow up. Thus, only 48.4% of the population aged 15-19 and 7.7% of the population aged 20-24 from the rural environment attend an education form, compared to 67.6% and 24.6% from the urban environment. Per development areas, the percent of university graduates working in rural areas is of 2.0% in North-West, 2.8% in West and 0.8% in North-East and South-East together. In the Eastern area over 60% of the labor force has graduated primary and secondary schools.

Unfortunately, it is very hard to put forward the positive aspects of the village due to the low economic-social level of its population. There is no cultural-social vision regarding education among most part of the rural population, the strictly instrumental attitude being the dominant one, which gives credit to education as long as it brings a well-paid job.

A weak infrastructure meant for health assistance combined with certain economic difficulties of the population has led to the accentuated decline of the health of most village inhabitants. Unfortunately, people choose the rural environment not because they want to, but forced by the hard life they have to face in cities (unemployment, low pensions, women with children left by their husbands, etc.).

Analyzing the strong and weak points of the Romanian agricultural sector, we can say that Romania has both opportunities and risks. We can consider as opportunity the fast growth of the areas meant for ecologic agriculture. The development of durable farming systems which would counter-balance the consequences of the massive exploitation of farming lands by enforcing a durable management in order to diminish the erosion phenomena.

Authorities must pay a higher attention to the steps which would form and strengthen the sector's competitiveness: concentration of capital in competitive exploitation in an increasing open economy; technical upgrade of farming exploitations; development of the competitive environment. But also the need to take measures which would stimulate and persuade small landlords to form partnerships, to cooperate in terms of organization and management of farming production within modern systems. Programs for the establishment of new farming exploitations must be set up, which exploitations would be economically viable and also the existing exploitations must be developed in order for such commercial agricultural exploitations to hold 70% of the country's farming lands.

We have to be aware that only investments in the agro-alimentary industry create the grounds to increase the quality standards and the food's safety as per the requirements provided by international markets. Measures and technical-economic actions must be implemented which would lead to: decrease of negative effects of the restrictive production factors and use of performing technologies for animal and plant production.

It is important to acquire the knowledge to comply with the sanitary-veterinary regulations, animal and environment welfare in order to improve farming products.

The traditional peasant economy may be stimulated by developing large and modern peasant markets, which would attract consumers willing to rediscover their grand-parents' products.

Also, it is important to train human resources in order to create local strategies, contributing to the horizontal development of the rural environment and to the development of the rural infrastructure's upgrade and improvement; this would lead to the development of the population's basic services and to investments likely to make rural areas more attractive, namely to reverse the descendent economic and social trend and the depopulation of the rural environment. At present in Romania 68% of its population benefits of water supply from the public system, that is 92% of the urban population and 33% of the rural

population; only 11.2% of the rural population benefits from sewer services compared to 86% of the urban population.

If we address the heating systems used in housings, stoves dominate the rural environment (97.98%), only 1.03% having own central heating systems and 0.66% - connected to central heating plants. It is important to gather together the inhabitants from rural areas to form strong communities able to answer coherently to the decisions regarding the community development.

There are real chances to decrease poverty (on its different levels) as constant economic growths are accomplished in the following years and fair social process for the increase of people's living standard is ensured, which fact would guarantee the basic conditions for the rural communities' viability.

As per the perusal above, it is necessary to establish a connection between the priorities of the four axes in order to overcome the key-problems the Romanian rural environment is facing and so, at the end of the programming period, Romania will have a more developed agricultural and forest sector able to cope with the competition on the common market, guaranteeing the development's grounds within a rural area which preserves the environment and offers, at the same time, new opportunities to create and maintain new jobs and diversity. Romania's general objectives for 2007-2013 which form these axes are:

- To develop a competitive agricultural and sylvan sector based on knowledge and private initiative, able to adjust to long term changes and which takes into account the community rules, preserves the environment and strengthens the processing sector;
- To preserve the quality and diversity of the rural and sylvan environment in order to reach a balance between human activities and the preservation of natural resources;
- To improve living standards in order to guarantee a long-lasting population within the rural environment and to contribute to a territorial equilibrium both in economic and social terms;
- To implement a pilot LEADER program

The allotment of 45% of the total funds for Axis 1 – Increase of competitiveness in the agricultural and sylvan sectors, is justified by the continuance of the reorganization and upgrade process in the agricultural and sylvan sectors in order to improve the company's performances and to obtain new technologies and, as well, by the national priorities in agriculture, which pursue to re-divide the farming lands, to develop the agricultural infrastructure, to support the transformation of semi-sustenance farms into commercially viable exploitations and to stimulate the development of a competitive agricultural and sylvan sector able to comply with the international market's requirements.

For Axis 2 – Improvement of rural environment and landscape, the 25% allotment is performed by means of measures which support users of farming and sylvan lands. There are endorsed farmers who carry out their activities in naturally disadvantageous areas, Natura 2000 sites, farmers who voluntarily take agro-environment measures for the animals' welfare and for unproductive investments. Also, there are financed measures regarding the durable use of sylvan lands such as: first forestation of farming lands, first implementation of agro-sylvan systems on farming lands, first forestation of non-farming lands, Natura 2000 payments, payments for sylvan-environment measures, reestablishment of sylvan potential and preventive measures and productive investments.

Axis 3 – Life quality in rural areas and diversification of rural economy has 30% of the financial allotment, considering that, besides the measures for the diversification of the non-agricultural activities and rural tourism, there are provided measures to refurbish villages, rural infrastructure and formatives' training. Also, we have to mention that, compared to SAPARD where the rural infrastructure measure represented 80% of the 3<sup>rd</sup> axis, in PNDR, it is limited as type of investments and location on rural settlements, and therefore the financial resources for this axis are lower.

Axis 4 – LEADER represents 2.5% of the allotments for the three axes for 2010-2013 in order to implement the measures provided under art. 34 of the Regulation 1698/2005.

For 2007-2009, support will be granted to form and support private-public partnerships on local level, to draft and promote local development strategies, to finance research and draft support requests, objectives sustained under axis 3. Four major objectives are needed for the implementation of the Lisbon strategy: large investments in research and development (3% target of GDP until 2010), increase of the entrepreneurship potential by putting focus on small and medium companies, development of an efficient energy market and solutions for the problems generated by globalization and demographic changes.

Our general objective is to promote a progressive and dynamic agricultural and sylvan sector, taking into account that in the Romanian rural environment there is an immediate and severe need for economic growth. At the same time, we must admit that the Romanian agricultural sector is characterized by a potential oriented towards two development directions, which must be equally encouraged.

At the same time, it is important to create new jobs in the rural areas by developing services and non-farming activities, significant objectives which would increase the attractiveness of the rural environment. Moreover, by moving the decision-making process on local level, the endogen development potential would be mobilized.

The recent opening towards beneficiaries with lower economic power has been a significant decision, granting development chances to small exploitations. Maintaining such opening towards multiple exploitations and including other sort of beneficiaries, such as churches and monasteries with farming lands (not only forests) or other means of economic production, small manufacturers form national parks or other rural areas, who make traditional agro-alimentary foods, of those who have agro-touristic and eco-touristic business should be considered for the future. For them, the strict European norms regarding food safety could become eligibility requirements, but they could also be discouraging and would not stimulate such activities with a significant development potential in Romania.

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