

# STRATEGIC SOLUTIONS TO INCREASE PERFORMANCE IN ROMANIAN AGRICULTURE

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## **Abstract**

*In order to have a competitive and performing agriculture in Romania, a series of national strategic solutions must be identified as quickly as possible. Once these solutions are outlined, the responsible institutions will be able to climb and the immediate result can develop in a balanced way the entire agriculture and implicitly the development of the agricultural performance degree. In this article, starting from the current situation of Romanian agriculture, the author analyzed a series of factors and possible solutions that can be integrated and implemented within the Romanian sustainable agriculture development program, solutions meant to increase considerably the performance and the Romanian agricultural potential in the next decade.*

**Keywords:** agriculture, food security, strategic solutions, agricultural potential, sustainable agriculture development.

## **Introduction**

In order to achieve high economic income and also the possibility to use all the agricultural potential of Romania, the development of high performance in agriculture must be one of the main priorities for our country for the next period 2018-2030. Only the sustainable development directly connected with the highest technologies will contribute to the development of the agricultural sector in order to stimulate the economic growth and changes in rural areas, enhancing the welfare of the country's inhabitants.

In order to achieve this goal, Romania must create a strategic plan which will include a set of solutions, rules and recommendations to increase the performance in agriculture.

This strategic plan must use all the possible opportunities European and national together with public and agricultural entrepreneurs as partners, committed to increase the profitability of each hectare of agricultural land, increase the quality and productivity of grown products, increasing the local and international sales of the agricultural sector.

## **1. Sustainability framework for productivity and agriculture in Romania**

The Romanian policy framework for improving food productivity and sustainability in the field of food and agriculture is based rather on innovation, structural change, sustainable use of resources and adaptation to climate change rather than to support agricultural income. Increasing the growth of sustainable agricultural productivity in the commodities, food, food industry and all the agriculture sectors is a common goal for our food security and economic development.

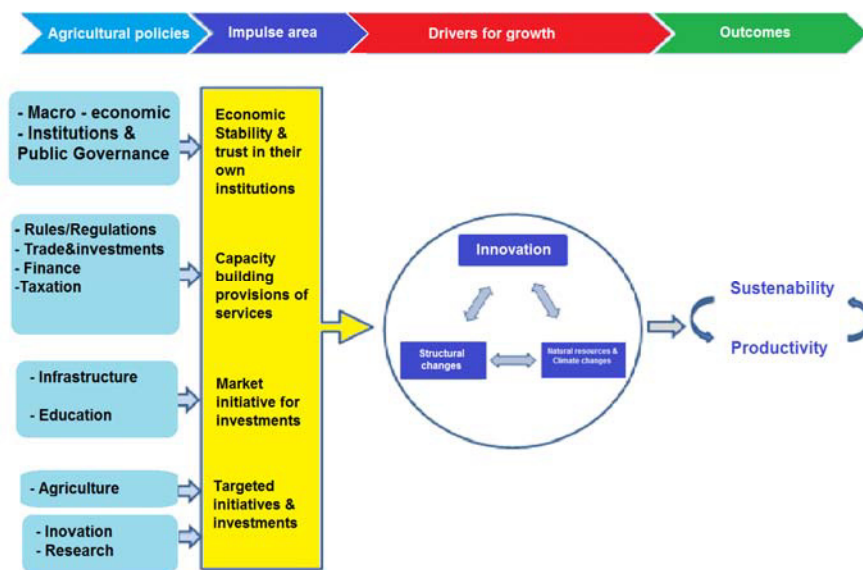
Based on concrete analyses, the agricultural and food sector needs to strengthen its capacity in order to respond to the growing and diversified demand for agricultural products and

services, to face stronger competition on European and international markets, flexible and well prepared to adapt to the market volatility.

Considers that, based on the full range of policy incentives and structural changes at the production and consumers, the main five pillars or areas for agriculture stimulation in Romanian are:

- Economic stability and trust in institutions, essential to attract long-term investment in the economy.
- Private investment, for a transparent and predictable environment that balances the interests of investors and society.
- Capacity building, including the provision of essential public services.
- Agricultural, domestic and commercial policy.
- Agricultural Innovation System

Inside on agriculture policies umbrella, the main four pillars are: economic stability, capacity building of services, market initiative for investments and targeted initiatives. These pillars are directly influenced by three main sources of agriculture development, connected to each other: innovation, structural changes and natural resources. (Figure 1)



Source: www.oecd.org; Author interpretation.

**Figure 1. Innovation, productivity and sustainability policies for food and agriculture**

In this context, in order to have a real agriculture development, price volatility is the main factor of economic stability. After the unprecedented global economic crisis started in 2008, many new challenge is added to the food insecurity in the world. The main causes of agriculture decline was price volatility of agricultural commodities and this crisis has shown us the lack of governmental coherence and medium-term crisis management plan.

More, besides price volatility of agricultural commodities, other elements elements have degraded the condition of 2008 economic crisis:

- Constant land degradation and desertification
- The limit of food security independence
- Poor management of the food chain traceability and traceability system
- Indulgent treatment of global warming and climate changes
- Poor management and / or lack of response to the global economic crisis
- Different levels of development between regions

Since last five years all this elements, step by step, have been brought to a normal level, but not yet at that level at which can ensure sustainable development.

### 1. The agricultural potential of Romania.

Agriculture in the economy at the national level, agriculture is one of the important branches for the Romanian economy. In Romania the contribution of agriculture, forestry and fish farming to the formation is around 6% of GDP, and in the EU Member States it is around 1.7%.

**Table 1. Share of agriculture, forestry, and fish farming in GDP – Romania**

<b>GDP</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Agriculture, forestry and fishing	23992.2	34126.3	31734.9	30728.6	2229.2	31582	24018.4
TOTAL GDP	416006,8	514700	498007,5	513640,8	106723,5		
% from GDP	5.8	6.6	6.4	6	2.1	4.6	4.8

Source: www.inss.ro.

Starting from the increasing the capitalization and investments, the agricultural potential can turn Romania into an independent state in terms of ensuring the food security of the population, but also by providing such security to other countries through a net export of agricultural products, raw materials and food. But this can only be achieved through appropriate strategies and policies designed to stimulate investment in this sector and increase performance and competitiveness in the agro-food sector and in all the economic organizations that are contributed. The international organisations, such is OECD or FAO believes that "Investment in agriculture in developing countries will be particularly important for increasing the amount of food available but also for earning income and creating new jobs."

Without a systemic approach and without proper financial and investment support accompanied by advanced agricultural strategies and policies and rural development, our country's food security can be heavily affected in the future. It should be borne in mind that this issue will be amplified by the effects of global warming and climate instability, in general, by the aggravation and widening of the territory of drought and other natural phenomena with negative impact on agriculture.

The process of globalization leads to new challenges and risks for the health and consumer interests, so the main objective of food security policy at the level of European Union<sup>22</sup> its basic sub-component "food safety". In this regard, the EU ensures the smooth functioning of the internal market by monitoring products, including traditional ones, and their corresponding labeling.

Romania is one of the most advantaged states at the EU level, in terms of ensuring food security because it has an agricultural potential capable of delivering large quantities of agricultural raw materials and food to its national needs. Based on the EUROSTAT official report, Romania is ranked at the 5<sup>th</sup> place among EU countries on arable lands<sup>23</sup>, while the Romanian experts on food security demonstrate that our country is able to cover the food needs of approx. 43 million people. It can be appreciated that such countries can have - and most of them have - of course - food independence.

This comparative advantage of Romania is insufficiently capitalized because, according to the experts and national and international institutions estimations, approx. 70% of the food demand, existing on the market, is covered by the import of such products.

Taking to account the fact that, the available food available to the population is an essential issue for any nation, but not effective, it is necessary for the population to have sufficient incomes well distributed.

Global population growth, demographic change and rising wealth and urbanization will lead to increased demand for food and changing patterns of demand - rising wealth is associated with an increase in food consumption, especially meat and dairy products. Improving food security (especially accessibility and availability) is closely linked to the need to reduce poverty.

Differences in population density and population growth, as well as political factors, determine trade flows between regions. Countries with a slower population growth and naturally favorable tend to become agricultural exporters, while those with a rapidly growing and less favorable population tend to become importers.

Based on the provisions made in common by the OCDE and UN experts, in 2100, the world's population will be about 11 billion. If the planet's population continues to grow at the current rate, and for that we will need more food at the global level, distributed well balanced<sup>24</sup>. In the same manner, with this growth must be well developed also the GDP/person. (Figure 2)

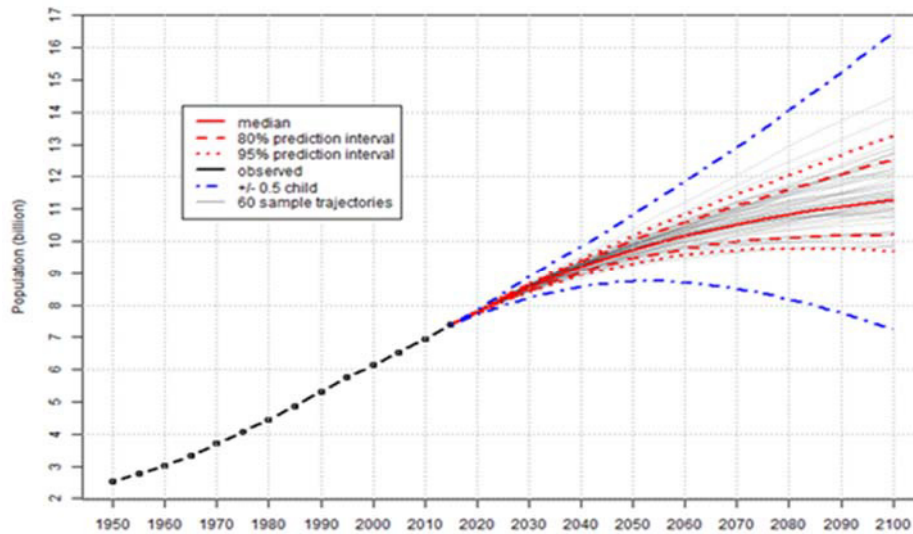
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<sup>22</sup> [https://ec.europa.eu/europeaid/sectors/food-and-agriculture/food-and-nutrition-security\\_en](https://ec.europa.eu/europeaid/sectors/food-and-agriculture/food-and-nutrition-security_en)

<sup>23</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Agricultural\\_census\\_in\\_Romania](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Agricultural_census_in_Romania)

<sup>24</sup> <http://www.un.org/en/development/desa/population/publications/policy/world-population-policies-2013.shtml>

**Figure 2. UN projection of population**



*Note:* +/- 0.5 child projection represents the high and low population variant scenarios

*Source:* United Nations, Department of Economic and Social Affairs, Population Division (2017).

The alarming rises up of food prices, over the last four years, has drastically affected millions of people, undermining the state of nutrition and global food security. The price level on commodity markets has also undermined the prospects of developing countries for economic growth and poverty reduction.

Exponential global price increases indicate that farmers, and especially those in Europe, will find it difficult to make decisions about their future production due to uncertainty about future prices.

At the European level, the Common Agricultural Policy (CAP) faces a relevant number of challenges that make the EU member states to take a strategic decision on the future of agriculture and its rural areas for the next period. Efficiency in addressing these challenges and implicitly in meeting EU objectives in the field, both at European and national level, can be achieved primarily through sound economic policies and financial sustainability.

European countries will need a new and strong CAP to stimulate development and improve competition on international markets that is more market oriented and takes into account public interests such as food security, biodiversity, good water and forest management and sustainable development, based on education and knowledge, and at the same time to generate cohesion. In the European Commission's view, the reform options consist of both major changes requiring a new project and improvements in the elements that have proved useful in current policy.

That is why the future CAP should become a more sustainable, more balanced, better targeted, simpler and implicitly more effective policy to truly meet the needs and expectations of European citizens.

Future agricultural issues will be linked to the production capacity, the growing diversity of agricultural and rural areas as a result of successive extensions, and the demands of EU citizens on the environment, food safety, food quality, healthy eating, health and animal welfare, plant health, conservation of rural areas, biodiversity and climate change. However, the instruments used to meet the objectives have changed considerably, and these are currently structured on two complementary pillars, the first consisting of annual direct payments and market measures, and the second consists of multi-annual rural development measures.

### **Conclusions**

Tacking to account the author analyze based especially on the 2018 report on “The state of food security and nutrition in the world”<sup>25</sup>, regarding the need for strategic solutions to increase performance in Romanian agriculture, the author reached the following proposals:

- Improving policy coherence and transparency is essential to build trust and increase efficiency and effectiveness of policies.
- Policy strategies for agriculture and food-industry should cover the entire food supply chain and the productivity and sustainability need to be improved along the chain, and stakeholders need to work together.
- Must be a business case that will innovate and improve productivity and environmental performance, from farm to fork. Functional market and a regulatory environment and solid policies are essential to capitalize on market opportunities.
- Government policies should address market failures that impede productivity and sustainability at the appropriate level.
- Better information and analysis is needed to support decision-making and policy improvement. It can also help improve communication to foster acceptance of reform and innovation.

The author also considers and propose a series of strategic solutions that can lead to sustainable agriculture in Romania. Thus, in order to develop harmoniously and in a sustainable way, the agro-food sector is needed the following strategic solutions:

- The agricultural and food sector needs to strengthen its capacity to respond to the growing and diversified demand for agricultural products and services, to face stronger competition on global markets, to overcome resource constraints, and to adapt to climate change;
- The use of Romanian agricultural potential to its real capacity;
- Must be improved the policy coherence and transparency at the local and governmental level, for that it is essential to build transparent communication between public and private, based on trust and increase efficiency and effectiveness of public policies;
- Orientation of agricultural policy to measures to improve the long-term productivity and sustainability of the agricultural sector, investments in general services at the

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<sup>25</sup> <http://www.fao.org/state-of-food-security-nutrition/en/>

rural area, strengthen human and infrastructure capacity and connect farmers to local and international markets;

- Private investment in agriculture, which in turn requires a transparent and predictable environment that balances the interests of investors and society.
- The development of human capacities allows the provision of essential public services and the development of skills necessary for food and agriculture.

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