

THE ROMANIA'S ACCESSION INTO THE EUROPEAN UNION – OPPORTUNITIES AND POTENTIAL RISKS FOR THE BREAD INDUSTRY

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Abstract:

The European Union has emerged as a response to intensifying competition on global markets, but also as a consequence of changes in the economic role of states. The Romania's accession into the European Union didn't have a special effect on the bread sector, but, for the good of consumers, the requirements on food safety increased. The purpose of this work is to highlight both the opportunities and potential risks to which our country must respond in the context of integration into the European Union. One of the areas that felt the effects of integration is the bakery, and companies from industry will need to align the new standards imposed.

Key words: *bakery industry, food safety, nutritional potential, health guide, European standards.*

JEL classification: M20, M31

Introduction

The European Union is a community of European independent states – gathered today around the values of political, economic, cultural and social interests. The European Union functions as an intermediary who negotiate for reducing the tensions generated by splitting resulted during the globalization phenomenon within the EU among the national states being while one of the most important factors in the multilateral commercial negotiations and one of the supporters of the International Trade Organization.

If the states members of the European Union will reach will reach a political economic and social joint, distribution of roles on the global stage will change in a sustainable way. Based on a market with more than 400 million consumers, a politically united Europe would have a weight not less than the U.S

European integration can be seen as an effort of Western European to control the consequences of globalization. According the ex-president of the European Committee Jacques Delors affirmation, „the European societies were more than markets, citizenship more than the consumption and Governance rather than economic agency”.

The European Union has emerged as a response to intensifying competition on global markets, but also as a consequence of changes in the economic role of states. The politic and economic range, formed from many levels, influences the world range. The EU responded to the challenges of the globalization and promoted as an result an exaltation of the phenomenon.

Helmut Kohl, the German chancellor, said that „the common currency would become the key's political unity of the continent would lead to the dissolution of the American domination”. That because the monetary union gave to Europe the possibility to gain an important fraction of stately suzerainty in the monetary, financial and taxing politic domain. In that way, the interest rates and the exchange rates became less dependent from the US market.

Opportunities and potential risks at the bread industry level in the context of Romania's accession into the European Union

The Romania's accession into the European Union didn't have a special effect on the bread sector, but, for the wellness of the consumers, the exigencies regarding the alimentary security grew up. As in the first quarter after the integration the prices of the imported bread products would have to decrease to be reduced due to elimination of customs duties, this has not happened given that suppliers and retailers have kept prices too high, using additives trade large in order to obtain a substantially larger profits.

Romania is not currently a very important player in the external segment bakery. Among the breadstuffs we can mention: biscuits, dough, wafers, pasta. In the first quarter post-accession, our country exported 2000 tones biscuits from country as Hungary, Poland, Czech Republic and Germany, 500 tones pasta from African countries and 1000 tone dough from Germany, Poland and Italy. The imports are relatively small and represent 10% of the total domestic bakery.

The market value of bread in Romania exceeds, at present, one billion euros, annually are produced 2.3 millions tones of bread. 40 percent from the entire bread market is occupied from the big players as Vel Pitar Râmnicu Vâlcea, Dobrogea Grup, Pajura, Lujerul, Spicul, Bâneasa and Pambac Bacău. The rest (60 percent) is occupied by the little producers. On the milling sector, comparing the bread one, the market is full reverse: the big willing companies, as Boromir, Dobrogea, Pambac and Loulis own 60 percent from the entire market and the little millers own 40 percent from it. The most important producers of pasta are: Baneasa, Pamba and Monte Banato.

In order to transform the industrial players, many little producers, as Redal Sibiu, Garbea Ploiești (Prahova District), Oltina Urlați (Prahova District) or Pati Pan Mariano (Argeș District) tend to the process of industrialization investing in this regard million for increasing production capacity and processing.

The Romania's integration in the EU found the bread industry unprepared from many points of view. Although large processing units are modern and networks are very good in the years before accession, the industry has not kept pace of development. Comparing our situation with other countries certainly the big players will own a bigger percent from the market. More than that, the little producers will remain only on the local market and then big one will monopolize the entire national market in the same time with the increasing of the deliveries which will be made externally and on the retail sector.

Many mills and bakeries do not meet the standards imposed by the European Commission and because of that, they will be closed. In early 2007 the National Sanitary Veterinary and Food Safety Authority decided to close more than 1000 bakeries because they did not respect the condition for hygiene and alimentary security. Many of them were practicing tax evasion and were selling bread on the black market.

The National Sanitary Veterinary and Food Safety Authority said in the next years thousands of unities will be closed due to the fact that they do not correspond with the European Union request. Actually, there is no need for the emergence of new players on the Romanian market of bakery because production capacity is 2.5 times higher than consumer needs.

Currently the bakery segment operating about 10 000 traders, and those who have invested in the bakery were from all areas, from actors till football players. However, in the next years on the Romanian market will penetrate more foreign capital and the international players will pivot on the production of bread with a big availability, pasta and biscuits. The effect of the changes that will occur on this segment will be the changing, in a good way, of the entire industry. The players from that sector will make more reliable products in terms of hygiene and food safety and while preserving the well known taste of the Romanian bread.

The consumption of breadstuffs from our country recorded growth trends, meaning that Romanians eat a lot of bread, about 110 kilograms per capita per year, one of the causes are poverty and tradition. Compared with the European average which is less than 82 kilograms per capita per year, Romania has a consumption well above average in the European Union.

Regarding the cereal's consumption were we include bread, pasta, bakery products and confectionery, a Romanian consumes annually 128 kilograms of grain. If we refer at the pasta's consumption the average in Romania is only 2.5 kilograms per capita while in the EU it can reach 10 kilograms per capita and in Italy 30 kilogram per capita. In conclusion, our country is not big consumer pasta but still remains on the top from the list of bread's consumption. This gives to our country a favorable position in the way of a healthy food – bread is a basic food which gives the human body a potential nutritional in order to maintain health and prevent and combat disease (anemia etc.).

The basic objective in the diversification and reconstruction of the production and trading from the baking industry is to create the a functional market economy, compatible with the principles, rules, mechanisms, institutions and policies of the EU, which is based, in the context of globalization, on the evaluation of resources in the field.

The Romanian bread industry's objectives, in the integration in EU context, must be based on the next aspects:

- the alimentary security assurance;
- the introduction of technologies and production processes competitive on the European market, the match between the Romanian law and the community acquired and its implementation;
- the alignment of the Romanian standards to the European and international standards;
- the improvement of the image and status of the millers and bakers;
- training improvement.

Today, the manufacturers of breadstuffs become more conscious by the market and alimentation hygiene. They must respect the technological and sanitary norms for making more safety products. The main coordinates of the Romanian breadstuffs market were analyzed and the results showed that this market needs to be integrated in a functional market economy defined by the existence of a developed and loyal competition, a business environment as required with all types of competitors, an increasing purchasing power.

In the context of Romania's accession into the European Union, were organized a series of events which aimed to “food safety”. In this respect were discussed current and major issues relating to the legal framework of food hygiene and safety and its application in industry being presented by experts from the European Union (England, Netherlands) and from National Sanitary Veterinary and Food Safety Authority. ROMPAN introduced the next topic of major interest “The importance of the guidelines for implementation of the legislative package of hygiene. Hygiene Guidelines in Romania”. In the discussion were developed and presented topics about:

- law enforcement relating to food safety;
- implementation of HACCP and its role in providing on the market of food safe for consumption;
- developing guidelines for Good Practice for baking, milling, bakery-confectionery - purpose and importance;
- measures taken by the companies ROMPAN to implement European standards and implementation of HACCP system.

The companies from milling industry and bakery invested in 2007, over 300 million to align the rules of the European Union in order to modernize and implement its requirements. The National Sanitary Veterinary Authority allowed the operation of the units which do not meet requirements. Also, there were, at that time 16 100 units in food industry (bakery, milling, sugar, etc.). At the same time, there were many differences between European law and national legislation in the sense that the law was improperly made. This has led to discontent in the field of management which had to notify the management profile of the European Union with a view to remedying the situation.

Approximately 2,000 players in this sector had in the first year after integration, a degree of only 15% in terms of their receptivity towards fulfilling the requirements imposed by the EU and Romanian legislation.

Also, because ownership issue is still unsolved, because the map drawing of the entire territory of Romania it is not over and because there is no system of management of the farm, according to the rules of the European Union, after integration, till the respect of these conditions will no longer work, practical, state aid in the production of cereals, which will lead directly to prohibit the use of wheat in the Romanian industry's bread and importing it.

The milling and bakery sector has benefited in 2008 from European funds worth 80 million euros, funds used for modernization and development. Also, Romania was at that time the only country in the European Union that benefit from investment funds for this sector. This happened after about two years of requests and assistance in European forums and where no action of the National Program of Rural Development (PNDR) was addressed to that sector. In 2008, disposable were approximately 118 million for all secondary units processed cereals as for those in the bread, pasta, pastry, sugar confectionery, milk products, and cereal products for breakfast.

Food safety policies in the European Union consider the whole chain of food for consumption. It provides extensive regulations and stresses the responsibility of manufacturers and suppliers regarding their participation in quality assurance of food.

Regulations of the European Union are among the strictest in the world. There was a review of food safety in the European Union since the end of the 1990s for making more transparent and scientific regulatory food. In 1997 was established a new system of scientific advice for the European Union. European Food Safety Authority was established in 2002. EFSA is an independent organization working in close collaboration with various agencies and scientific institutions of the European Union member states providing independent scientific advice on all issues with direct or indirect impact on food security.

Conclusions

The main advantages of the integration of Romania into the European Union are linked to opportunities for growth of the bakery. There are many risks brought by the integration as a result of increasing competition but also as a result of the imposition of compliance standards and norms by companies in industry.

The requirement imposed by the European Union an order to be respected by the players in the bakery industry relates to food security. In this regard, companies should be aligned to the standards of quality and hygiene required by the European Commission.

Romania isn't a very important player on the external bakery market, but certainly in the bakery market from our country will penetrate very much foreign capital and international players will focus on the production of bread with high validity, pasta and biscuits.

In my opinion, will produce a concentration of production units and processing, and players will hold a large share of the market than at present. This implies respect for the legislative framework of food hygiene and safety required by the European Union, by all those present in the bakery industry.

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