

# COMPARATIVE STUDY OF AGRICULTURAL EXPLOITATIONS IN THE EU AND IN ROMANIA

**SIMONA CRISTINA COSTEA**

TIBISCUS UNIVERSITY TIMIȘOARA, FACULTY OF ECONOMIC SCIENCES, DALIEI STR. NO.1  
simona.costea@gmail.com

**Abstract:**

*Agriculture is an important strategic sector in the European Union, providing food security and balance within the market.*

*Organizational structures in communitarian agriculture have formed over a long period of time, in specific circumstances for each country and by means of guiding measures promoted by the Common Agricultural Policy (CAP) supporting the modernization of agricultural exploitations.*

*The main goal of Romanian agriculture is to reduce the production and economic gap that separates us from developed countries.*

**Key words:** *communitarian agriculture, agricultural exploitation.*

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Agriculture is an important strategic sector in the European Union, providing food security and balance within the market. Agriculture provides the necessary food supply for member countries of the EU, and also produces for export purposes. According to recent statistical data, the main producing countries in the order of their share in the total agricultural production are: France (20%), Italy (14.1%), Germany (13.5%), Spain (13.2%), Great Britain (7.5%), Holland (6.1%) and Poland (4.1%).

European Union member countries have the physical, human and capital resources necessary in order to produce a wide variety of agricultural products required by the population [1].

Organizational structures in communitarian agriculture have formed over a long period of time, in specific circumstances for each country and by means of guiding measures promoted by the Common Agricultural Policy (CAP) supporting the modernization of agricultural exploitations.

The main types of economic organization in EU agriculture are: small rural households, family farms/exploitations, agro-food firms (corporations or companies), agricultural cooperatives, associations of agricultural producers etc.

In terms of number and size of exploited agricultural field, family farms/exploitations are dominant in the EU member countries.

In Western-European countries, the creation of medium-sized farms has been stimulated for a long time in order to increase production destined for the market. As a result of interventional agricultural policies, and also of the action of market forces, large farms have developed along with medium-sized ones, together with a reduction in the number of farmers, an increasing rural exodus and the endangerment of environmental deterioration. Following the reform measures of the Common Agricultural Policy, small and medium-sized exploitations have been supported in view of adapting their size and structure to market requirements. Besides these, there is a different number from country to country of farms and agricultural companies exploiting large and very large amounts of land and animal stock [2].

The widest category of family farms is the one of “professional farms” producing large quantities of products destined for trading. In Western Europe family exploitations have widened their territorial size, although this process has been slower in recent years [5].

In Romania, according to the Land Law, Law 36/1991 regarding agricultural companies and other types of association in agriculture, as well as other applicable laws, the country's agriculture comprises the following types of functional agricultural exploitations: rural (individual) households; different types of household and owners associations (family agricultural associations, farming companies); agricultural commercial companies; private administration and public administration agricultural exploitations.

As for the member countries of EU 15 agriculture, these are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Great Britain, Holland, Portugal, Sweden, and Spain.

The new member countries are: The Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, and Slovakia. These countries, together with the EU 15 ones have formed the EU 25 group of countries. This group was completed by two new member countries starting from January 1<sup>st</sup> 2007, namely Romania and Bulgaria, thus forming the EU 27 group.

**Table 1**  
**The stand of the agricultural exploitations in the EU member states**

Country	Agricultural area used (1000 ha)	Number of farms (thousands)	Utilized agricultural area per holding (ha)	Production in agricultural activity (mil. Euro)	Gross value added in basic prices (mil. Euro)	Share of agriculture in GDP (VAB/PIB) (%)	The evolution of food prices (%)
1	2	3	4	5	6	7	8
<b>EU-25</b>	<b>162.393</b>	<b>9.871</b>	<b>15,8</b>	<b>330.455</b>	<b>167.672</b>	<b>1,6</b>	<b>1,6</b>
Belgia	1.394	55	25,4	6.858	2.674	0,9	1,4
Republica Cehă	3.631	46	79,4	3.623	1.255	1,4	3,9
Danemarca	2.664	49	54,7	8.573	3.311	1,7	-0,6
Germania	17.020	412	41,2	44.010	19.226	0,9	-0,3
Estonia	770	37	21,6	473	199	2,2	4,4
Grecia	3.960	825	4,8	12.106	8.627	5,2	0,8
Spania	25.249	1.141	22,1	43.800	28.615	3,4	4,0
Franța	29.632	614	45,3	64.839	31.077	1,9	0,5
Irlanda	4.307	135	32,3	6.169	2.719	1,8	-0,3
Italia	13.159	1.964	6,7	45.715	30.141	2,2	2,1
Cipru	158	45	3,5	595	314	2,5	4,2
Letonia	1.642	127	11,8	703	285	2,6	7,6
Lituania	2.604	272	9,2	1.381	516	2,9	2,7
Luxemburg	128	3	52,3	278	129	0,5	2,0
Ungaria	5.862	773	5,6	6.567	2.531	3,1	5,8
Malta	10	11	1,0	123	58	1,3	-0,7
Olanda	1.927	86	23,5	20.494	8.230	1,7	-3,0
Austria	3.254	174	18,7	5.804	2.799	1,2	1,8
Polonia	16.301	2.172	6,6	14.283	5.974	3,1	6,6
Portugalia	3.819	359	10,4	7.310	3.358	2,4	1,1
Slovenia	491	77	6,3	1.104	499	1,9	0,1
Slovacia	1.935	72	29,8	1.914	646	2,0	5,1
Finlanda	2.253	75	29,9	4.233	1.459	1,0	0,6
Suedia	3.153	68	46,1	4.778	1.575	0,6	-0,1
Marea Britanie	17.069	281	57,4	24.721	11.456	0,7	0,9
Bulgaria	5.331	666	4,4	3.464	1.589	8,2	7,0
Croatia	2.695					8,2	2,1
România	14.324	4.485	3,1	13.654	7.205	12,2	9,5
Turcia	26.578					11,1	8,3
Statele Unite	379.323	2.113	179,5			0,9	4,4
Japonia	4.714	2.869	1,6				-0,1

Source: European Union Yearbook

An analysis of the data presented by the Statistical Yearbook of the European Union 2005 has revealed certain differences between member countries of EU 25 and EU 15 and Romania.

Thus, in terms of exploited agricultural land, Romania's share in the EU 27 total is 7.86%, close to Germany (9.43%), Spain (13.87%), France (16.27%).

Romania's share in the EU 27 total in what concerns the number of agricultural exploitations was 29.85%, similar to most member countries holding a relatively low share. The explanation resides in the fact that in Romania there is a high number of small-sized agricultural exploitations, while in most member countries of the EU their number is smaller, but they have significantly larger sizes.

In Romania the exploited agricultural land per exploitation is approximately 5 times smaller than the EU 25 average and about 6.51 times smaller than the EU 15 average. In this case differences are also significant compared to the majority of EU member countries.

In terms of the number of jobs in the agricultural sector, forestry, hunting and fishing, Romania's share in the total EU 27 was 23.27% and in EU 15 it was 48.71% in the same year. Romania holds one of the largest shares when it comes to this indicator in comparison with the majority of other member countries. The explanation resides in the fact that the extent of mechanization is pretty low compared to other countries and consequently, a large number of people are employed in agriculture, most labors being performed manually.

The share of people employed in agriculture, forestry, hunting and fishing of the total civil employed population is 6.52 times larger in Romania than the EU 25 average and approximately 8.58 times larger compared to the EU 15 average.

When it comes to the share of gross added value in agricultural production, in 2005 it was 50.74% in EU 25 member countries, 51.85% in EU 15 member countries, and 52.77% in Romania. This share is pretty close to the average of EU member countries.

In 2005, the share of agriculture in GDP was 1.6% in EU 25 and EU 15, while in Romania it was 12.2%. Differences in this indicator are also significant compared to member countries.

The share of agricultural and food products in the total products import in 2005 was 6% in EU 25 and 6.1% in EU 15, while in Romania it was 6.8%, close to the member countries average.

When it comes to the share of exports of agricultural and food products in the total exports, it was 6% in EU 25 and EU 15, while in Romania it was only 3.3%. Romania exports a smaller amount of agricultural and food products compared to the EU member countries average.

In terms of price evolution of food products, it was 1.6% in EU 25, 1.1% in EU 15 and 9.5% in Romania. This means that the evolution was 5.94 times larger in Romania than the EU 25 average and approximately 8.64 times larger than the EU 15 average. Differences are obviously very large compared to the member countries average. The measures required in this matter are: increasing agricultural and food production, increasing exports, while reducing the prices of these products.

The size of agricultural exploitations varies greatly. While in the European Union the average size of an agricultural exploitation is 18.4 ha, in Romania it hardly reaches 2.3 ha.

There are significant differences between countries, determined by legislation causes, as well as the polarization of the agricultural workforce towards other economic sectors.

In terms of crops, EU exploitations seem to be more profiled and specialized in general.

As for Romania, a higher specialization is noticed when it comes to field crops, fruit tree growing and viticulture due to regions with a longstanding tradition.

Another important matter is the revenue conservation and stability for farmers. Almost all countries have prioritized the conservation of agricultural revenues. Opinions converge towards believing that a fall of agricultural revenues would determine a massive invasion of farmers to other, already saturated sectors of the labor market, which in fact happened in Romania.

The main goal of Romanian agriculture is to reduce the production and economic gap that separates us from developed countries [4].

The basic name of the economic approach to an agricultural exploitation is ESU (European Size Unit) and represents the exploitation's economic potential. In Romania, less than a third (29.3%) of the total number of farms has reached the threshold of a European Size Unit (ESU), which could translate into 1.200 euros. By comparison, the share of agricultural exploitations having at least one ESU is 21.7% in Hungary, 62.4% in the Czech Republic, 78.9% in Slovenia, 43.7% in Poland, and 50.8% in Lithuania. On the other hand, farms having at least one ESU in Romania exploit 74.4% of the agricultural land, compared to Hungary - 94.8%, Czech Republic - 99%, Slovenia - 92.3%, Poland - 89%, and Lithuania - 83.7%.

Subsistence agricultural exploitations (under the economic size of an ESU) hold a 71% share of the total number, while they exploit a little above 25% of the agricultural land. Out of the total number of individual agricultural exploitations, 81.3% consume over 50% of their own production, which means that more than 3.3 million farmers have their own production as a source of food.

The evolution of the agricultural sector in the European Union has shown a decrease in the number of agricultural exploitations. This tendency is about to be followed by Romanian agriculture as well, considering the fact that the first signs of it have begun to appear [6].

The causes of these large disparities reside in historic legislation, as well as the extent of polarization of the agricultural labor force towards other economic sectors. The system of ownership transfer has discouraged or encouraged the development of agricultural exploitations. For instance, in Southern countries such as Portugal, Italy or even Spain and France, permanent inheritance division has led to a high segmentation of land [3].

We can state that most EU countries are practicing a highly industrialized agriculture, requiring a large intermediate consumption of fertilizers, pesticides, energy and so on.

In the future, going for a certain production structure will not suffice in order to organize the activity of an agricultural exploitation. The selection of branches must be accompanied by sizing each and establishing proportions between them. This should result in the specialization and diversification of agricultural production.

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