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STRUCTURAL DIMENSION OF VITICULTURE

ABSTRACT

In Romania, the rural economy is poorly diversified and it is still dependent on the agricultural activities. In this context, in the traditional zones, viticulture has a main role in the rural economy, and from the identity point of view, viticulture has a patrimony value, by its following components: occupational identity, cultural identity and social identity.

Key words: farm, viticulture, prices, commercialization, consumption.

JEL Classification: Q13.

1. INTRODUCTION

In the present context of wine market, characterized by the prevalence of the large domestic and world competitors, the analysis of the main structural changes can contribute to a better management of resources. At present, it is of great interest to develop a way of thinking and action that should prevent the occurrence of serious socio-economic and ecologic disequilibria. Due to the knowledge of the current state of things in the vine and wine sector, the present paper contributes to the development of this approach. The importance of the sector also resides in the fact that over one million people in our country earn their living from vine farming, processing the grapes into wine, the trade with grapes and wine, activities in the industries and related activities (packaging, transport, etc.).

2. STATE OF THE KNOWLEDGE

The viticultural eco-systems have a specific structural and functional diversity that reveals the various ecologic conditions, in the first place related to the weather and soils from different bio-geographic areas of the country. They also reflect the tradition and practical experience of the different agricultural communities and the socio-economic outlooks of agriculture development at a certain moment.

In all the countries with viticultural sector, different working programs are initiated with technological and socio-economic character. These actions can have an effective finality if the viticultural and wine production sector is considered in all its complexity, with its interior and exterior links, with its specific dependence on the natural conditions and material resources.

3. MATERIAL AND METHOD

The study investigated the relations between the different links in the viticultural and wine production chain. The documentation involved the use of statistical information sources available at national level, and the final stage of the study presupposed the selection and organization of data under an accessible form, as well as the classification, analysis and interpretation of results.

4. RESULTS AND DISCUSSIONS

The economic situation in viticulture experienced a continuous deterioration.

Seen from the point of view of grafted and hybrid vines, the structure of vine plantations has deteriorated throughout the years: in early transition, the grafted vines accounted for 70% and the hybrid vines 30% of the area under vine plantations; since the year 2000, the share is balanced, with over 50% noble vines, yet unsatisfactory from the quality point of view. In the noble vine plantations, the area under table grapes has continuously decreased, to reach only 11% in the year 2008.

From the distribution by size classes of holdings, it results that in the year 2002, 47% of the grafted vines on bearing were found on the large-sized holdings of over 100 ha, while in the year 2007 their share in this size class of holdings diminished to 34.5%.

Under the background of structural changes produced in the period 2002–2007, the small agricultural holdings decreased in importance, mainly from the point of view of their number. At the same time, a consolidation of holdings in the size class 2–5 hectares can be noticed, by the strong decrease in their number, cumulated with the increase of the average area of holdings in this size class.

95% of the hybrid vines on bearing are found on the holdings up to 10 hectares, distributed as follows: 47% on the holdings up to 2 hectares, 35% on the holdings in the size class 2–5 hectare and 13% on the holdings in the size category 5–10 hectares.

4.1. Production structure by types of farms

The individual holdings have almost 86% of the ***total area under vines on bearing*** and obtain 83% of the grape production. As regards the ***distribution of the area under noble vines by types of holdings***, 72.1% belong to individual holdings, followed by the commercial companies, with 22.8%. ***Out of the production of noble grapes***, 71% is obtained on the individual holdings, while 25% in the commercial companies. The best yields are obtained in the commercial companies, which can be explained by their concern in the renewal of their plantations, in using high quality biologic material, as well as in respecting the cropping technology.

In the case studies that were conducted, the annual maintenance costs of the plantation on bearing, calculated as weighted mean, reached over 8000 RON/ha, higher in the commercial companies that apply all the crop technology links and lower in the agricultural associations and individual holdings (by 40%). In frequent cases, the farmers are trying to reach a balance between costs and the prices on the market, giving up the application of certain modern production technologies by the decrease of industrial inputs application; they also give up crop insurance and filling in the gaps in the plantations. As a result, the production decreases and in case of natural disasters the losses cannot be recovered, with negative impact upon the future activity.

In total costs, a significant share is held by the labour costs, as the vine crop involves manual works, both dry and green, which add to the manual harvesting costs. On the chain there are two main types of primary production use: on the one hand, there are vertically integrated units, which produce the grapes, process them into wine, bottle and sell the wine. These units procure part of the grapes from the producers who do not have the possibility to process their grapes into wine. These are paid in cash and/or in kind. On the other hand, there are non-integrated producers, whose activity consists only in producing wine grapes. They sell their production to wine makers on non-contract basis. As a result, the free game of supply and demand of wine grapes on the market leads to unfavourable prices for farmers, with negative effects upon incomes. Besides these factors, due to the high perishability of the wine grapes, the producers are obliged to sell even at prices below the production cost. The problem of prices is present on the wine grapes market year after year. The farm gate prices are different on the different markets, depending on several factors, mainly on the interest manifested by wine-makers. From the MARD data on the average prices in 2008, it results an extremely large difference between the lowest prices, *i.e.* 0.62 RON/kg in the county Vrancea and 0.88 in Constanța; 0.9 in Prahova; 1.33 in Timiş; 1.5 in Mehedinți and Sibiu. In the distribution of value added along the chain, the most favoured units are the vertically integrated units, as these accumulate value added in each link. Part of these units also has a commercialization sector, on the domestic or foreign market, Romania being represented on the world wine market by this type of economic operators.

4.2. Wine production

According to the national statistics, more than 60% of the primary production is processed into wine on people's households, part of the obtained wine going to self-consumption, while the surplus wine is sold on the local markets.

According to market data, the first great players on the Romanian wine market are the following: Murfatlar, Cotnari, Jidvei and Vincon. These are strong companies, focused on quality and investments in plantation restructuring, in modern processing and bottling equipment.

By the year 2002, 86 active enterprises were present on the wine market, and their number increased to 167 by the year 2007. Besides the large companies, the smaller-sized producers also develop their business, supplying quality wines through specialized shops.

Source: https://statistici.insse.ro.

Graph 1. Number of active enterprises on the wine market, 2002–2007.

4.3. Commercialization

As it has been already mentioned, the wines obtained on the individual holdings are sold on the local markets. The table wine prices are different according to the wine type: for the white dry and semi-dry wines, the prices range from 3.5 to 5 RON per liter while the prices for the red wines are slightly higher, *i.e.* 4.5–6 RON. The commercialization channels of the wine obtained in vinification installations are represented by wholesalers, supermarkets, mixed shops and specialized stores.

According to a study conducted by the audit and market research company MEMRB IRI, from the point of view of the structure of bottled wine sales, depending on the package capacity, the wines bottled into 0.75 l bottles account for 40% of this market, and 72.2% of the value of sales. At the same time, an increase of sales can be noticed in the segment of wines bottled into 2 l bottles, these representing about 38% of the sold wine quantity.

According to the calculations based upon the statistical data, the consumer price increased by 50% on the average in 2008 compared to 2005. Although a stronger increase can be noticed in the rural consumer price (+62%), the urban consumer continues to pay a higher price for the purchased wine, *i.e.* by 36.3% in 2008. This can be explained by the fact that in the rural area the wine is sold on the local market, the prices reflecting the first commercialization stage, and they do not include the transport, storage and bottling costs.

Table 1

Average wine consumer price, per total and by residence areas

Specification	**2005**	**2006**	**2007**	**2008**
Total	3.32	4.04	4.82	5.48
Urban	3.89	4.72	5.52	6.36
Rural	2.62	3.05	3.76	4.05

Source: calculations by https://statistici.insse.ro.

4.4. Consumption

The average consumption of agri-food products and beverages represents the amounts of available foodstuffs for human consumption, regardless of the consumption form (raw or processed), of the supply source (wholesale or retail trade, collective consumption, self-consumption) or of the place of consumption (on household, restaurants, etc.). The level and structure of food consumption represents economic variables that reveal the population's welfare in a certain country, being conditioned both by the agri-food policies and by the general macro-economic framework, as well as by a wide range of other economic, demographic and social factors.

The structure and quality dynamics of the consumption of beverages is revealed by means of the indicator: evolution of the share of expenses for beverages in the cash expenses for food consumption.

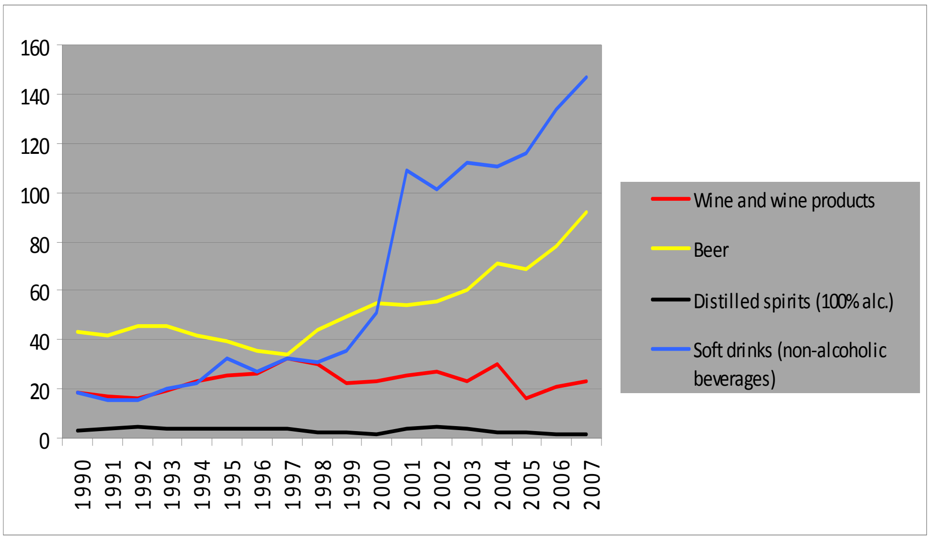
This indicator reveals a structural modification of the food consumption expenses: more precisely, the rural consumer's orientation towards mineral and soda water and soft drinks as well as towards the beer consumption. The share of wine expenses remained relatively constant, *i.e.* 0.6–0.8% both in the rural and in the urban area.

Table 2

Share of beverages in the food expenses, by residence areas, %

Mineral waters and other non-alcoholic beverages	**Urban**	2.5	2.8	3.2	3.3	3.4	3.6	4.0	3.9
	Rural	1.9	2.1	2.2	2.5	2.8	**3.1**	**3.5**	**3.3**
Wine	**Urban**	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.8
	Rural	0.8	0.7	0.6	0.7	0.8	0.7	0.7	0.6
Beer	**Urban**	1.5	1.5	1.7	1.6	1.7	1.8	1.9	1.8
	Rural	2.1	2.1	2.0	2.0	2.3	**2.6**	**2.7**	**2.5**
Plum brandy and other natural distilled drinks	**Urban**	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	Rural	0.9	0.8	0.8	0.6	0.7	0.8	0.6	0.6

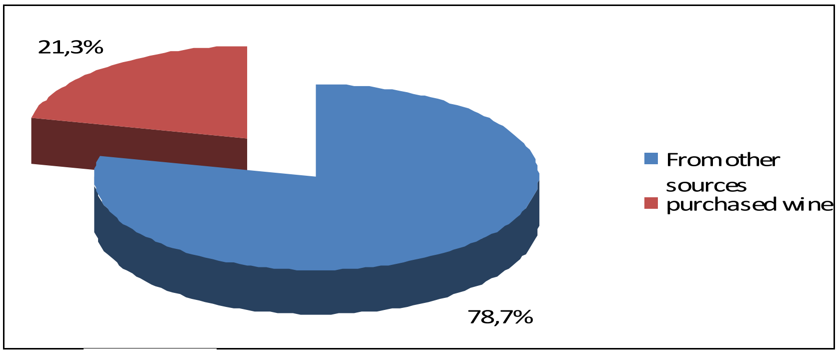
Source: calculations by https://statistici.insse.ro.



Source: https://statistici.insse.ro.

Graph 2. Evolution of the yearly average wine consumption/capita in Romania compared to other beverages, 1990–2007.

The domestic wine consumption/capita is over 20 liters per year (23.4 in 2008). In the rural area, the wine consumption is almost double compared to the urban area; in this case, the wine is mainly obtained from the rural people's own production. However, if we take into consideration the slightly increasing trend of the consumption, we can expect an increase of imports in the years to come. As the next graph reveals, the main competitors of wine are the soft drinks and the beer. The brewing industry, extremely dynamic in investments and active in promotion, determined a spectacular beer consumption increase: consumption increased 2.7 times in ten years (94 l in 2007).



Source: processing by https://statistici.insse.ro.

Graph 3. Structure of wine consumption by origin source in 2008.

The structure of wine consumption by origin sources reveals that 21.3% of the consumed wine is purchased from stores or from private people, the remaining quantity being represented by self-consumption. The extremely low share of purchases in wine consumption reveals a traditional consumption pattern characterized by the grapes processing into wine on the rural household. The wine distribution takes place mainly on the local markets and by exchanges inside the local communities and parental groups.

5. CONCLUSIONS

The weaknesses that have been identified, *i.e.* raw production fragmentation, the small-sized individual holding and the low productivity, the weak connection to the market of the small-sized viticultural holdings, a wine consumption ceiling, are associated to certain risks related to the continuous diminution of the areas under noble vine varieties and the decrease of grapes supply implicitly, the loss of viticultural area by the access to the clearing premia, demand reorienting towards other beverages to the detriment of wine. All these factors finally contribute to the loss of the occupational identity in the rural communities. We can conclude that the viticultural activity on small and medium-sized holdings has a main socio-cultural role that adds to its economic and ecologic function. From this perspective, the existence and support of this type of holding contribute to rural area development while complying with the principles listed in the European Charter for Rural Areas. In essence, this is based on placing man at the core of conceptions and decisions, on the protection of positive values, *i.e.* the traditional family life in the development of young rural people and their integration into the community; strengthening the community identity; promoting the cultural and historic particularities; encouraging the economic and social diversification.

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