

**Păun Ion OTIMAN**

*Institute of Agricultural Economics, Romanian Academy, Bucharest  
otiman@acad.ro*

## ROMANIA'S PRESENT AGRARIAN STRUCTURE: A GREAT (AND UNSOLVED) SOCIAL AND ECONOMIC PROBLEM OF OUR COUNTRY

### ABSTRACT

The present paper is based on the idea according to which the present situation of the Romanian agriculture, its development level and the development of rural area in its most part, are largely determined by Romania's agrarian structure. The paper investigates Romania's current agrarian structure by size classes of agricultural holdings, as well as its evolution in almost one century (1921 – the great agrarian reform – 2011) and its implications upon the population's social situation in the rural area.

**Key words:** agrarian structure, agricultural holding, rural development, rural poverty.

**JEL Classification:** Q01, Q12, R11.

More than two decades have passed since the first Romanian agrarian reforms and five years since Romania's accession to the EU, which was a sufficiently long period to have palpable results in our country's agriculture. Two economic indicators, of maximum importance for the analysis of agriculture dynamics, i.e. the **average grain yields** in 20 years and the **gross agricultural output** reveal quite a contradictory aspect: overall, Romania's agriculture, as an effect of the agrarian policies promoted by all Romania's governments, did not have a noticeable positive evolution, on the contrary, it featured stagnation and even regress in many years, in the case of cereal production (Figures 1 and 2).

The reality of rural Romania, after 20 years of agrarian reforms, is next presented, **the current situation of agriculture and rural area in Romania** being the result of political, economic, juridical and social events and actions throughout the 20<sup>th</sup> century, as well as the effects of the present agricultural policy after 1989.

Four major changes (four fractures of the Romanian agrarian structures in only one century – the great agrarian reform in 1921, the agrarian reform of 1945, agriculture collectivization in the period 1949–1962 and the effects of the enforcement of the Land Law from 1991) made it impossible to design and mainly to implement a **long-term Romanian agricultural project**, similar to that in most West-European countries. The main successive system changes have generated instability and, what is mostly critical, absence of continuity, stability and sustainability of the national agricultural system.

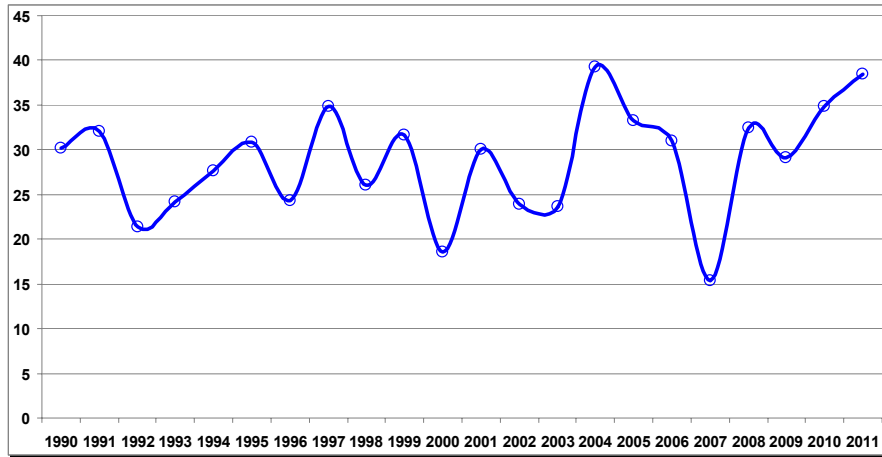


Figure 1. Evolution of average grain yields in Romania, 1990–2011 (q/ha).

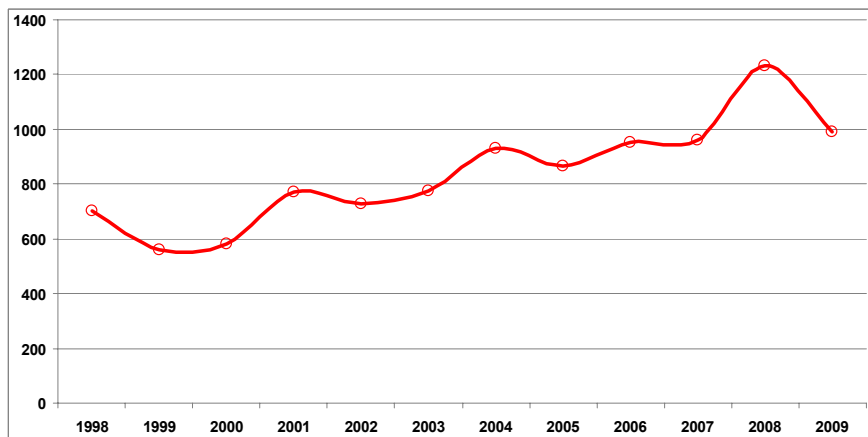


Figure 2. Gross agricultural production in Romania, 1998–2009 (euro/ha).

The effects of the agricultural policies (reforms, restructuring, adjustments) that were applied on a contradictory basis, lacking continuity after 1989, generated a fluid agriculture, unstructured, non-performant, non-competitive as well as the shift from very large agricultural units (state farms, agricultural production co-operatives), characteristic to the East-European socialism, to large agricultural units (associations, companies), in an early capitalist stage, on an area totaling over 5 million ha.

The prevailing reality of the Romanian rural area is marked by serious economic and social phenomena, the most obvious being the following:

– **lack of concern for the farming sector**, by non-farming the arable land and turning it into idle land (about 1.5–1.7 mil. ha/year), the non-utilization of

natural pastures (more than 1–1.2 mil. ha), of the fruit and vine plantations, the use of maximum 8–10% of the country's irrigation potential;

– **severe decline of livestock production importance** in agriculture, by the drastic diminution of livestock herds, the loss of their genetic potential, the destruction of most livestock production premises, etc;

– obvious **physical and social desertification** of rural areas, depopulation and strong demographic ageing of the rural population, the decline of agricultural labour force in quality and professional terms;

– existence and persistence of huge **poverty pockets**, which are being enlarged in many rural areas of Romania (see Figure 6);

– the rural economy, where **primary agriculture prevails**, accounting for 60% of its structure (compared to about 14–15% in EU), has negative effects upon the employment of active rural population, low processing level of agricultural raw products and consequently low value added and non-significant fiscalization of agricultural and food production;

– **quasi-total disappearance of the social rural economy** (handicraft cooperatives, small village handicraft workshops and private-family workshops providing services); this phenomenon resulted in about one million small rural craftsmen becoming unemployed or being obliged to retire before their due retirement age.

From the analysis of the causes that generate the **technical and economic unperformance** in agriculture, it results that a chronic scarcity exists in the allocation of production factors, together with a defective management on most agricultural holdings and commercial companies and agro-processing SMEs, as well as great deficiencies in the management of the chains taking over, storing, processing and marketing the agri-food products (agricultural market operation).

The effects of **capital scarcity** are materialized into low agricultural yields compared to those in EU: 40–45% in average cereal yields, 35–40% in the value of primary agricultural output (800–900 €/ha in Romania, 1800–2000 €/ha in EU), and only 1 € processed food production obtained from 1€ primary agricultural production, compared to 3–3.5 € in EU.

The analysis of the **Romanian agri-food consumption** data reveals negative aspects from the economic and social point of view, both for agriculture and for the general economic balance of the country:

– the share of food expenses in total population's expenses (about 40–45%) is maintained at extremely high levels, with values twice as high compared to the EU-25 average and almost 2.8–3 times higher compared to the EU-15 average;

– although the share of food self-consumption was significantly down, from 64.9% in the year 2000, to 41% in the year 2007, it is still the highest in EU-27, three times higher compared to the EU-15 Member States;

– in absolute value, the food consumption per capita in Romania is at the minimum level of subsistence, with 9.41 RON/day (about 2.24 €/day) in 2009,

much under the daily consumption (by about 2.2–2.5 times lower) of the average consumption level of the EU countries;

– **the food expenses from imports have a too high share, unacceptable for an agricultural country like Romania** (17.9% of the food consumption and 34.1% of the cash food expenses).

The value of foodstuffs imported by Romania reached 4.35 billion € in 2008. In the period 2000–2009, the share of imported food commodities in Romania's population' food consumption increased from 11.4% in the year 2000 to 25.1% in 2008, yet down by 3.3% in 2009, due to the decrease of imported food consumption following the diminution of the population's incomes.

It is important to highlight that more than **60–62% of Romania's food imports are products that could be obtained from the domestic production: meat and meat preparations (over 31–32% in recent years), grains and wheat flour (maximum 20% in 2003, and 8% in 2007), soybean and soybean oilcakes (almost 50% of the necessary amounts after 2005, when the cultivation of GMO soybean was banned; in the period 2001–2004, the trade balance in soybean and soybean oilcakes was positive), fresh vegetables, fruit and flowers (8–12% each year in the period 2000–2009), sugar, tobacco, hops, etc.**

The constraining factor to Romania's agriculture development is represented by the **assets and operating capital**: the endowment of a Romanian farmer is by 16–17 times lower on the average compared to a EU farmer (540 € tangible assets/farmer in Romania; 9000–9200 €/farmer in EU); the operation expenses in cereals account for 50% in Romania compared to France, and the banking credits provided to the Romanian agricultural holdings are 15–16 times lower compared to the credits provided to the EU farms (110 €/ha in Romania and 1700–2000 €/ha in EU).

**On Romania's EU membership and the integration, compatibilization and convergence of Romania's agriculture with the EU Common Agriculture Policy.**

The technological performance gaps, measured by the average yield/ha in cereals, are obvious not only by the low yields but also by their strong fluctuation and instability. In countries like France, Italy and Spain, an **annual production differential** (difference between maximum and minimum yearly yield), of about 1300 kg/ha, is noticed in the cereal crops, in an average multi-annual yield of 6300 kg/ha (20.6%); by comparison, in Romania, the maximum differential is 2000 kg/ha, in an average multi-annual yield of only 2770 kg/ha (74.1%), which demonstrates the lack of performance and the great yearly agricultural fluctuations of Romania.

The **non-performance of the yearly agricultural yields** is generated by the **still too high dependence on the annual weather conditions** (meteo-dependence of agricultural production) in the first place, as the irrigation systems are largely

degraded and non-functional, by the precarious equipment of farms with irrigations installations and the high cost of irrigation water, as well as the **use of obsolete agricultural technologies**, with low application of inputs that contribute to performance (quality seeds, fertilizers, crop protection substances), with obsolete equipment from the point of view of energy consumption and productivity. The drought, which is increasingly frequent, negatively impacts the agricultural yields, mainly in the Romanian Plain, Dobrogea and Moldova, where the largest irrigations systems are found, built up in the period 1960–1990, yet unfunctional or non-utilized for about 20 years.

The comparative analysis of the present development level of the rural economy, in general, and of the agri-food economy, in particular, makes it possible to formulate a few questions:

- is the present rural economy level compatible with the European sustainable rural development concept?
- can the present rural economy level support a fast sustainable rural development rate in Romania?
- can the present Common Agricultural Policy and the CAP for the period 2014–2020, with obvious capping tendencies of the agricultural productions in the European Union, be applied as such in Romania, whose agriculture, in order to attenuate and remove the performance gaps, should be under full expansion in the next years?

**• is Romania's agrarian structure comparable and/or compatible to that of the EU?** It is to this last question that we would like to answer below.

The current situation of Romania's agriculture and rural area is largely determined by our country's agrarian structure, which is an economic and social problem of maximum importance and actuality for Romania.

The effects of the enforcement of Land Law no. 18/1991 (characterized by most specialists as the most defective law on the agrarian reform in all ex-communist countries), of the other land laws following this, of the Law on the organization and operation of the State Domain Agency and in particular, of the Law on the privatization of agricultural commercial companies (former state farms) shaped the current (agrarian) structure of the agricultural holdings (Tables 1 and 2).

Following the analysis of the distribution of agricultural holdings by size classes, we can first notice that also under the chapter "structure of agricultural holdings", Romania has an "absolute" record in EU, i.e. it has the highest "dispersion" by size, from a few ares, in the case of subsistence holdings, to dozens thousand hectares (55.5 thousand ha, the largest agricultural holding) in the case of the 2700 capitalist holdings of over 500 ha, which together have 2.9 mil. ha arable land (30% of Romania's arable area).

The present agrarian structure of Romania, as it results from the data from Table 1, consists of four great categories of agricultural holdings (farms, companies).

*Table 1*  
Romania's agrarian structure, 2012

Type of holding	Size (ha)	Number (thou.)	%	Area (thou. ha)	%
1. Holdings that receive no financial support	< 1	2740	71.1	5073	34.5
2. Subsistence and semi-subsistence holdings	1–10	1044	27.1	3108	21.2
Commercial farms	10–55000	72	1.8	6504	44.3
out of which:	10–50	(60)	(1.5)	(1494)	(10.2)
3.– family farms					
4.– companies	100–55000	(12)	(0.3)	(5010)	(34.1)
<b>Total general</b>	<b>X</b>	<b>3856</b>	<b>100.0</b>	<b>14685</b>	<b>100.0</b>

Source: Agricultural Census and APIA.

**1. The agricultural holdings that receive no support**, with an area less than 1 ha or larger than 1 ha, but highly fragmented (non-eligible for the support from the EU agricultural budget), 2.74 million in total, have 5.07 mil. ha agricultural land mainly consisting of gardens, natural pastures and hayfields. The area of holdings under this category represents about one-third (34.5%) of the country's agricultural area, located on soils with low productivity, mainly in the hilly and mountainous regions.

**2. The subsistence and semi-subsistence farms (holdings) that receive EU support**, with an area of 1–10 ha, totaling 1.04 mil. (27.1%), covering 3.10 mil. ha agricultural land (21.2%), which mostly produce primary agricultural products for self-consumption (about 25–30% of national food consumption, i.e. 4–4.5 billion €/year). From the point of view of the contribution to the general food consumption balance, the importance of subsistence and semi-subsistence farms cannot be denied. In this respect, the new EU agricultural policy, under the European Financial Mechanism 2014–2020, continues to provide financial support to these farms.

In our opinion, the national agricultural policy should comprise **three directions of technical, juridical and financial support action** with regard to this type of holdings:

- **acceleration of land consolidation** through stimulating economic support measures and through adequate legal regulations;
- increase of the **physical and economic size of farms** and their gradual shift into the category of private-family commercial farms;
- **technical and economic consolidation** and orientation of holdings towards vegetables farming, viticulture, and livestock production in the hilly and mountain areas, so as to be included in the size category over 8 ESU.

The subsistence and semi-subsistence farms, together with the holdings that do not get any support (under 1 ha), seen in the general agricultural context of

Romania, reveal a fragmented farming system. Two categories of farms, small and very small, 3.78 million in total (98.2%), operate more than half of Romania's agricultural area, 8.17 million ha (55.7%), largely consisting of land areas with low or medium agricultural potential and a large share in the natural pastures category (over 4 million ha). In the case of subsistence and semi-subsistence holdings that are not eligible for support, we must make an important statement: those who continue to advocate that the Romanian agriculture non-performance, after the implementation of the post-1989 agrarian reform, would be largely due to the **excessive fragmentation** of agricultural land areas have a clear target by which they are trying to justify the great agrarian policies errors of Romania's governments or to prove the "superiority" of collectivist agriculture characteristic to the East-European socialism, in this way trying to mask the nostalgia of many Romanian politicians and managers for the communist agriculture.

**3. The commercial family farms (holdings)**, from the typological point of view, are characteristic to the private-family holdings that were established, supported and consolidated in the EU countries as an effect of the application of the Common Agricultural Policy (CAP) for more than 50 years. In most EU-15 Member States, this type of farms, 10–50 hectares in size, or 10–100 hectares in Great Britain and France, has a significant share in the agricultural area of EU-15. With very few exceptions, there are also farms over 1000 ha in Germany, on the territory of former GDR, and a few very large-sized farms in Portugal and in Spain.

As it has already been mentioned, as an effect of the agrarian reform implementation after 1990, the commercial family farms (which prevail in the European Union) have the lowest share in Romania, both in area (1.49 million ha, 10.2%) and in number (about 60000 holdings, according to the Agricultural Census of 2011 and to APIA data). In one word, while in EU the **commercial private family farm** was mostly promoted, supported and developed, in Romania this type of farm has the lowest representativity and continues to be unsupported and marginalized by all the agricultural policies that have been applied so far. Why? The answer is simple: this type of agricultural holding, due to its limited economic power, does not generate any political support and strong electoral sponsorships, while numerically (as voting power, hence electoral power) it is insignificant and consequently, it has not been included for support in any political party or governmental program.

**4. Commercial farms (capitalist companies)**, with agricultural areas ranging from 100 to 55000 ha, with a total number of 12000 commercial companies and agricultural associations, covering a total area of 5.01 million ha, most of which arable land (about 90%, more than half of the country's arable land), located in Romania's most favourable agricultural zones.

Table 2  
Structure of Romanian agricultural holdings by categories and size classes

Farm size class (ha)	Number of farms (thou.)	% of total number of farms	Area (thou. ha)	% of total area
<b>1. Holdings that do not receive financial support</b>				
< 1	2740	71.1	5073	34.5
<b>2. Subsistence and semi-subsistence holdings</b>				
1-2	386	37.1	556	17.8
2-3	264	25.2	643	20.7
3-4	157	15.0	538	17.3
4-5	94	9.0	415	13.4
5-6	57	5.5	309	9.9
6-7	35	3.4	227	7.3
7-8	23	2.2	172	5.5
8-9	16	1.5	136	4.4
9-10	12	1.1	112	3.6
<b>Total 2</b>	<b>1044</b>	<b>27.1</b>	<b>3108</b>	<b>21.2</b>
<b>3. Family farms</b>				
10-20	36	60.0	486	32.5
20-30	9	15.0	215	14.4
30-40	5	8.3	163	10.9
40-50	4	6.7	178	11.9
10-50	(54)	(90.0)	(1042)	(69.7)
50-60	2	3.2	100	6.7
60-70	1	1.7	96	6.4
70-80	1	1.7	90	6.0
80-90	1	1.6	83	5.6
90-100	1	1.7	82	5.5
50-100	(6)	(10.0)	(452)	(30.3)
<b>Total 3</b>	<b>60</b>	<b>1.6</b>	<b>1494</b>	<b>10.2</b>
<b>4. Commercial farms</b>				
100-200	4.8	40.0	685	13.8
200-300	2.2	18.3	533	10.6
300-400	1.3	10.8	453	9.0
400-500	0.9	7.5	396	7.9
100-500	(9.2)	(76.6)	(2067)	(41.3)
500-600	0.6	5.0	350	7.0
600-700	0.4	3.3	251	5.0
700-800	0.3	2.5	216	4.3
800-900	0.3	2.5	213	4.3
900-1000	0.2	1.7	178	3.6
500-1000	(1.8)	(15.0)	(1208)	(24.1)
> 1000	(1.0)	(7.5)	(1735)	(34.6)
<b>Total 4</b>	<b>12</b>	<b>0.3</b>	<b>5010</b>	<b>34.1</b>
<b>Total general</b>	<b>3856</b>	<b>100.0</b>	<b>14685</b>	<b>100.0</b>

Source: Agricultural Census and APIA data 2011.



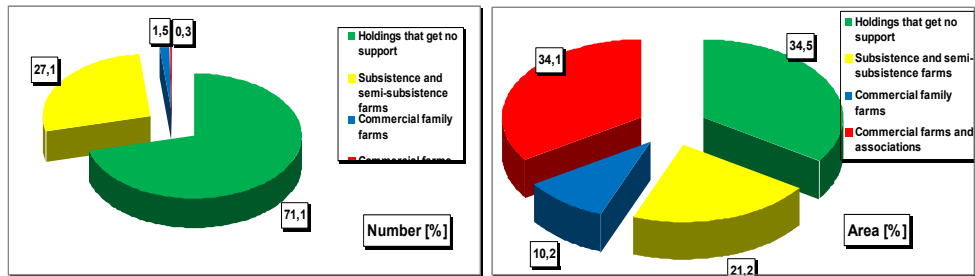


Figure 3. Romania's agrarian structure, 2012.

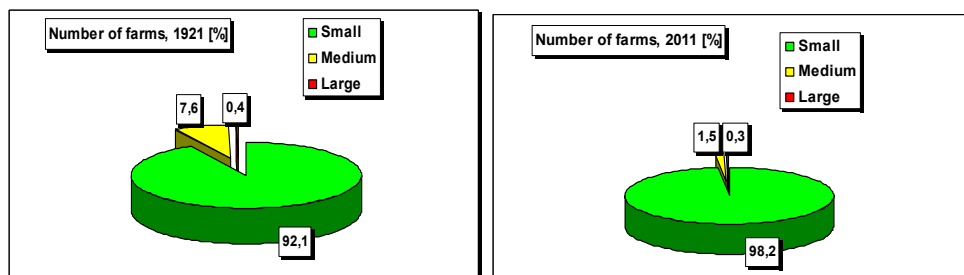


Figure 4. Share of agricultural holdings by size in Romania, years 1921 and 2011.

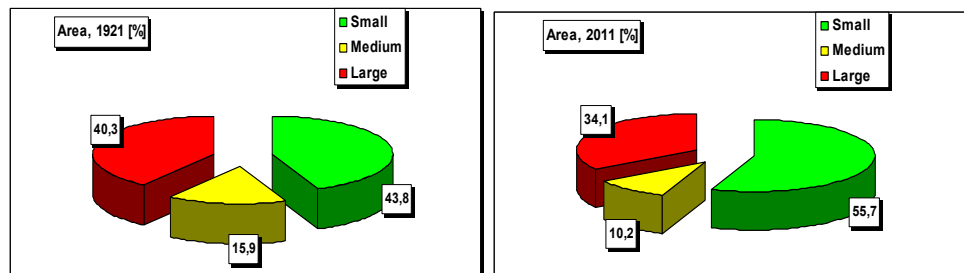


Figure 5. Share of agricultural land areas in Romania, years 1921 and 2011.

The distribution of commercial farms from this category by the following five size classes is presented in Table 3.

Table 3  
Commercial farm size classes

Classes, ha	Number	%	Area, (thou. ha)	%
100–500	9200	76.6	2067.0	41.3
500–1000	1800	15.0	1208.0	24.1
1000–2000	775	6.5	859.0	17.2
2000–5000	190	1.6	522.0	10.4
> 5000	35	0.3	351.0	7.0
Total	12000	100.0	5010.0	100.0

Source: Agricultural Census and APIA.

The agricultural commercial farms of capitalist type can be grouped into four size categories: medium (100–1000 ha), large (1000–2000 ha), very large (2000–5000 ha) and extremely large farms (over 5000 ha). From this point of view, there is no difference between Romania's agrarian structure of 1921 and the present one.

Table 4

Comparative situation of the share of agricultural holdings by size in Romania, 1921, 2011

Farms	Size (ha)	Number of farms, %		Area, %	
		1921 <sup>(1)</sup>	2011 <sup>(2)</sup>	1921 <sup>(1)</sup>	2011 <sup>(2)</sup>
Small	under 10	92.1	98.2	43.8	55.7
Medium	10–100	7.6	1.5	15.9	10.2
Large	over 100	0.4	0.3	40.3	34.1
		100.0	100.0	100.0	100.0

Source: (1) V. Bulgaru – *Reforma agrară din anul 1921*, Editura de Vest, Timișoara, 2003; (2) Agricultural Census, 2011.

The distribution of large farms is extremely different in the territory. In decreasing order, the very large farms (over 2000 ha) have extremely high shares in the counties Vaslui 44.4%, Călărași 30.4%, Ialomița 24%, Brăila 22.2%, Teleorman 18.8%, Tulcea 12.6%, Olt 12%, Giurgiu 10.5%, Iași, Galați, Dolj 10%.

What we have to bear in mind with regard to the distribution of the very large farms in the territory refers to the fact that **there is a perfect correlation between their high share in the territorial agricultural area and the severe rural poverty map** (Figure 7). It is in the areas where the large farms have a high share that the first four largest severe poverty pockets are found (1. Moldova: Vaslui (44.4%); Iași-South (10.5%); Galați-North (10%); 2. Muntenia South-East: Brăila (22.2%); Ialomița (20%), Călărași (30.4%); 3. Muntenia Center-South: Teleorman (18.8%); Olt (12%); Giurgiu (10.7%); 4. Oltenia-South: Dolj (10%). The percentage in parentheses represents the share of the very large farms (over 2000 ha) in the eligible area (payments per ha APIA, 2011) in each county.

Compared to the average rural development level of the country, whose index is 25.6 (on a 75-score scale), in the less-favoured areas, characterized by severe poverty, this index size ranges from 1.3 to 29, with an average of 15.1.

The following question obviously arises: how can we explain, from the economic and mainly social point, this flagrant contradiction of the Romanian rural economy between the technical and economic performance of the large and very large farms consisting of agricultural associations and companies and the extreme severe poverty of the rural population on the territory where these large farms are located? Aren't the agrarian policies promoted after 1990 the embryo that has generated these main, extreme disequilibria? Weren't the law on the privatization of commercial agricultural companies, of former state farms and the law on the

organization and operation of the state domain agency conceived and designed to create the possibility of the emergence of extremely large-sized farms and to favour the creation of the great landowners class, small in size, i.e. 1200 persons, yet extremely strong and influent in the Romanian political society? Didn't the Romanian law-makers have any other possible solutions for an economically and socially balanced national agrarian structure? And obviously, the last question: Should the Romanian state, the main decision-makers in Romania (Parliament, Government, President, MARD), the civil society and the Romanian rural world accept to maintain this agrarian structure in our country, mainly in the conditions when the **new European multi-annual financial framework** for agriculture, established through the Common Agricultural Policy of the period 2014–2020, **applies financial penalties to the very large farms by capping direct payments**?

It is to these questions that we would next try to answer, through the solutions proposed at the respective moment.

Compared to other EU countries, for instance Germany, France or Italy, the very large farms are more frequent in Romania. Although in Germany or in France the agricultural holdings over 100 ha have a higher share in the utilized agricultural area (52% in Germany and 55% in France, compared to Romania (34–35%)), most agricultural holdings have areas ranging from 100 to 500 ha (in Germany, on the territory of the former GDR, there are also farms of 1000–1500 ha, resulting from the division into privatizable joint-stock companies of the former state farms from East-Germany).

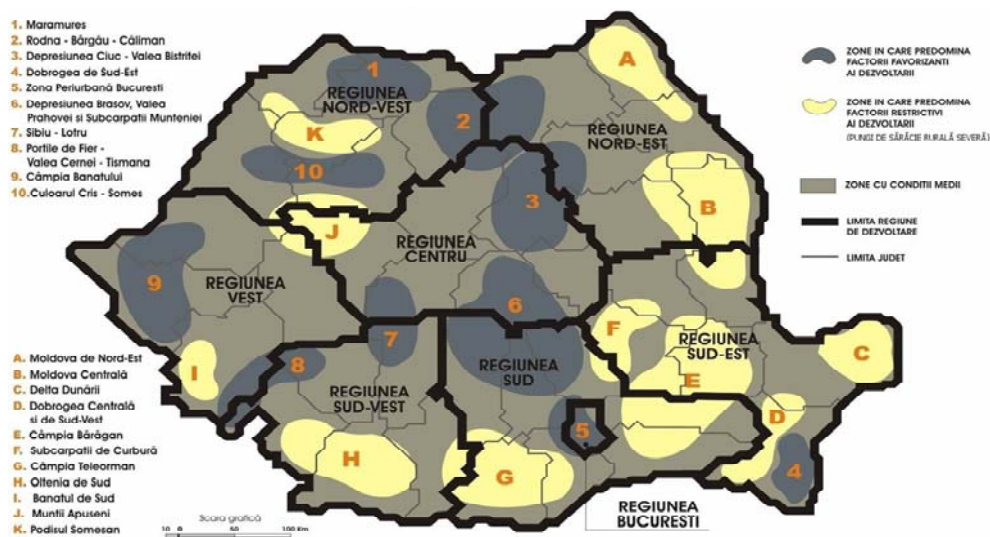


Figure 6. Zonification of rural area development level in Romania.

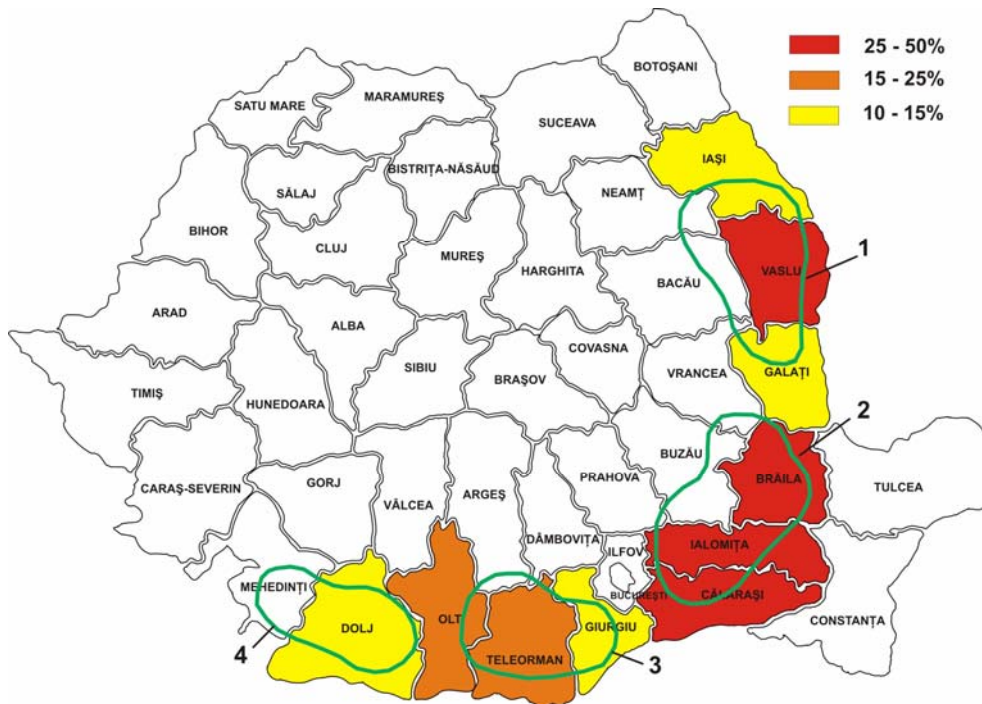


Figure 7. Distribution of large farms (over 2000 ha) and of extreme rural poverty areas.

We shall next present a few points of view with regard to how this agrarian structure of Romania was established. One of the main land policy errors originates in the modality in which the privatization of former state farms took place through the legiferation of the State Domain Agency (SDA).

In order to see the defective modality in which SDA was legiferated, we compare the attributions of this Romanian governmental (hence political) agricultural body with those of the SAFER from France. The French structure corresponding to the SDA from Romania is SAFER (Land Development and Rural Settlement Company). What are the attributions of SAFER? In France, according to the organization law, land development companies can be established at territorial level, on the basis of the laws on commercial companies, having as operation basis both the general framework established by the law on commercial companies and their own statute.

In France, SAFER was established for buying agricultural and forest land or agricultural and forestry holdings that became free or put on sale by their owners (who are at the age of retirement or who want to quit the farming business); after reorganization, through the increase of areas, land consolidation or land development,

these were going to be sold. As it can be noticed from the text of the law on SAFER organization and operation, these companies are not real estate agencies or governmental administrators of the state domain. SAFER companies buy agricultural, and forest land, as well as agricultural holdings, their main function being **farm development and reorganization**, by increasing land areas and equipment of land, in order to obtain new agricultural holdings, whose size and development level should make them profitable. After development and reorganization, the agricultural holdings are ready to be sold, mainly to young farmers.

Article 1 of the Law 80–502/1980 on the development and technical equipment of the rural area specifies the following: *“the rural settlement and economic development of rural areas is an essential priority of land development. In this respect, in order to put into practice the objectives of the rural settlement and development, the following concrete actions are specified:*

- 1. favouring the utilization of all natural and human resources (potentials) from the rural area;*
- 2. maintenance and development of agricultural production in close connection to the non-agricultural activities;*
- 3. a balanced distribution of the different economic activities that should contribute to rural area development;*
- 4. the most complete use of the rural labour on the place of the habitat;*
- 5. encouraging pluriactivity in rural areas, where maintaining the economic activities is essential;*
- 6. development of services in rural areas”.*

The French rural policy provides for special schemes for the revigoration of agriculture in mountain areas and of less-favoured areas. In France, the mountainous agriculture, through production pluriactivity, labour force employment, soil maintenance and conservation, landscape protection and development, is considered as an activity of general interest, and as a basic economic activity for people living in the mountains. Taking into consideration the natural handicap of farms from the mountain areas, special programs are needed to support the economic activities, mainly agriculture, as in the case of milk production and pastoral activities, through investment funding schemes, extension, advisory and technical assistance activities, organization of producers' groups, mainly in agro-tourism and mountain tourism.

The basic legislative instrument of rural settlement and development is represented by the **Law on the establishment, organization and operation of the land development and rural settlement companies (SAFER).**

The main functions of SAFER, as provided in the law, are the following (to read carefully and compare with the functions of the State Domain Agency, from Law 268/2001):

- “1. Setting up, resetting or maintaining the farmers on the farms;  
 2. Increase of existing farms four times the minimum setup area, improvement of parcel distribution, economic equilibrium enhancement;  
 3. Saveguarding the family character of agricultural holdings;  
 4. Fight against financial speculations;  
 5. Conservation of existing viable farms;  
 6. Putting value on forests and forest conservation”.*

It results that SAFER plays an important role in the policy of establishment of private-family farms, well-equipped and modernized, having in view setting up young farmers, able to practice a performant commercial agriculture.

In late 1999, Romania’s government adopted the **Emergency Ordinance 198/1999 on the privatization of commercial companies that operate agricultural land or land under water**, legiferated in the year 2000, with significant amendments by the new government installed in the year 2001, through Law 268.

1. It is necessary to highlight that both regulations (Emergency Ordinance 198/1999 and Law 268/2001) provide for a **truncated, partial privatization** of the commercial companies in agriculture. This means that the assets of the commercial companies were privatized, while the agricultural land continued to remain into the private or public ownership of the Romanian state, the ownership right prerogatives being exercised by the State Domain Agency (SDA).

The economic operator that buys the shares or assets of the commercial company has pre-emption right at the concession of land from SDA.

2. In order to track down legislation compatibility in the field of agriculture, land management and development in Romania and in France, we shall next present the responsibilities of SDA and SAFER in parallel.

As it can be noticed, there is no technical, administrative and juridical compatibility between the two structures with regard to their functions and attributions. If we have in view that that the State Domain Agency in Romania is, according to Art. 4 of law 268/2001, “**the institution of public interest**”, a legal entity, with financial and commercial character, funded from extra-budgetary sources, under the subordination of the Ministry of Agriculture, Forests and Rural Development”, hence a **governmentally subordinated structure**, i.e. politically subordinated, and SAFER in France is a private commercial company with mixed capital, established with a view to buy land or agricultural or forestry holdings from the owners of uncultivated land, in order to reequip, parcel and resale it, hence a **private structure**, clearly reflects the great discrepancy and full incompatibility of the Romanian legislation in this field, compared to the French and EU legislation implicitly.

SDA responsibilities (Law 268/2001)	SAFER responsibilities (Law 933/1962)
<p>a) Exercising the prerogatives of the ownership right on land with agricultural destination belonging to the state private domain on behalf of the state;</p> <p>b) Efficient management and operation of the state patrimony, whose mandated owner it is, as well as the privatization of commercial companies provided for under Art. 1 and 2;</p> <p>c) Administration of agricultural land belonging to the state public and private domain, operated by the national companies, agricultural research and production institutes and stations and by the agricultural and forestry education units;</p> <p>d) Agricultural land concession or leasing, which belongs to the public or private state domain, operated by the national companies, agricultural research and production institutes and stations and by the agricultural and forestry education units;</p> <p>e) Concession or leasing of assets, activities and public services under the subordination of the Ministry of Agriculture, Food and Forests.</p>	<p><b>Art L 141-1.</b> The land development and rural settlement companies with share capital, whose public collectivities can fully participate, are established in order to procure (acquire) both agricultural and forestland and holdings, put on sale by their owners, and uncultivated land areas, which are subject to restitution after an eventual development. These companies have as main purpose the increase in area of certain agricultural or forestry holdings, the facilitation of land preparation for crops, setting up or maintaining the farmers on holdings and land reclamation on certain parcels.</p> <p><b>Art L 141-2.</b> Under the reserve of provisions from Art. L 121-16, the land development and rural settlement companies can carry out, for third parties, any study on land development and soil suitability, or on carrying out related works within the conventions; these can converge to the rural land development operations mentioned under Art. L 121-1.</p>
	<p><b>Art L 141-3.</b> The land development and rural settlement companies can also manage different operations aimed at facilitating the reorientation of land, buildings or holdings to other non-agricultural uses, thus fostering rural development, as well as nature and environment protection.</p> <p><b>Art L 141-4.</b> The land development and rural settlement companies can equally converge to the establishment of certified forest management trade union associations. The parcels with forest belts acquired from the perimeter of an association or from the perimeter of a forest land development project will be prioritarily restituted to the involved forest owners on priority basis.</p> <p><b>Art L 141-5.</b> The land development and rural settlement companies can, under legal conditions, bring their technical contribution to the collectivities and public institutions on their territory, in order to implement the land operations and mainly the pre-emption rights whose titulars these collectivities or institutions are. In the mountain areas, these companies can intervene in the case of uncultivated land or under-utilized land, under the conditions provided under Art. L 125-8.</p>

In such legal circumstances, the situation of agricultural holdings in Romania can be explained, as all the important laws (Land law, Land lease law, Law on the free circulation of land, Law on agricultural companies and other forms of agricultural associations 36/1991, Law on privatization acceleration 55/1995, Law 257/2006 etc.) rather blocked and constrained the farm establishment and consolidation process according to the EU policy.

The agrarian structure, created in the period of transition to the market economy, dominated by peasant household farms, mainly subsistence holdings, together with the former state farms, agricultural companies, associations and holdings, organized on the private farm principle, proved to be inefficient with

regard to the allocation of resources and thus unable to support the economic growth process. There is an obvious need to create a new performant agrarian structure in the new conditions, after Romania's accession to the European Union.

The second error lies in the modality in which the agricultural holdings were legitimated and supported through Government's Emergency Ordinance 108/2001.

In the year 2001, Romania's government issued the **Emergency Ordinance 108 on the agricultural holdings**, which is in full contradiction with the EU legislation and practice in this field.

Even in the first article, which specifies that "*the agricultural holdings are complex forms of property organization, by which land, animals and other production means are used, inter-connected into a unitary system (!) in order to execute works, render services and efficiently obtain agricultural products*", three totally wrong concepts appear, incorrectly formulated.

**The first error** refers to the concept of "*complex form of property organization*". Why complex form of property organization, when generally in the world, the private-family farm is based on the private landed property operated by the farmer himself or under leasing system? According to this formulation, the simple organization forms of agricultural holdings, i.e. those that coincide with the landed property, cannot be assimilated to the legal holdings, organized according to the law.

**The second error** of the law, included in the first article, refers to the concept promoted in the communist legislation, i.e. the concept "*unitary system*". This does not accept the pluralism of the organization and ownership forms, as well as the multiple solutions, depending on the concrete situations in the country, region, system, etc. It is clear for anyone that the initiator of the law, Romania's Government through the Ministry of Agriculture, strongly connected to the former communist ideology, wished to promote *unitary systems* of agricultural holdings by this law, quite similar from the structural and organizational point of view with those existing in Romania's agriculture before 1989.

**The third error**, included even in the first chapter, refers to the reversal of the priority order of objectives for which the agricultural holdings are established and operate, namely:

- a) *execution of works*;
- b) *providing services*;
- c) *efficiently obtaining agricultural products*.

It is clear for anyone that this listing is not accidental. The main purpose of agricultural holdings is **to obtain agri-food products**, and the execution of works and service rendering is only a secondary objective. Other agricultural structures in the rural area have as main objective the execution of agricultural works and providing services, i.e. the mechanization commercial companies (Agromec), irrigation companies, etc. We can draw the conclusion that the author of the law text either did not know the priority order of the farm objectives or he was a specialist in serving agriculture, but he was not familiar with the agricultural technologies.



In the French legislation (Rural Code), the agricultural holding is defined in a broader and simpler modality “*Any physical or legal entity that usually performs agricultural activities in the legal sense can be registered, upon their declaration, in an agricultural registry*”. The law defines the “agricultural activities” in the following way (Art. 311–1): “*All the activities related to the control and operation of a biological cycle of a plant or animal nature and representing one or more steps needed to carry out this cycle and the activities performed by a farmer that are related to the act of production or which are based on the agricultural holding. The agricultural activities are defined as a civil right*”.

For the Romanian legislation compatibility with the EU legislation, it is important to mention the provisions of the French Code on the farm size in France. The law on agricultural holdings in France refers to the farm size, both to the minimum set up area (in the case of young farmers) and to the average area of farms with two labour units (for a family consisting of husband and wife) and to the area of family farm with personal responsibility.

According to the law on agricultural holdings of 1985 (maintained into effect at present), the minimum national area of agricultural holdings is established at 25 ha. In the case of setting up young farmers, in conformity with Article 212–5 of Law 93–934/1993, the minimum set up area is established in the scheme of the departmental directive for the agricultural structures of each natural region (zone) and of the farm type. The minimum set up area cannot be smaller than 50% of the minimum area of farms, i.e. 50% of 25 ha, 12,5 ha respectively, in the agricultural zones, or 30%, i.e. 6.25 ha in the mountain or less-favoured areas, if these areas are devoted to polyculture or animal husbandry.

In other words, in France, which is the second country in EU after Great Britain with the largest agricultural holdings, the minimum set up area of a farm belonging to a young family can be 6.25 ha in the mountain area and 12.5 ha in the other agricultural areas.

Applying the farm definition criterion, promoted by Government's Emergency Ordinance (GEO) 108/2001, to the current situation in the EU Member States, only 1.3% of total holdings in Belgium, 7.3% in Denmark, 0.1% in Greece, 3.5% in Germany, 2.4% in Spain, 9.6% in France, 0.5% in Italy, 0.8% in Netherlands, 1.3% in Austria, 1.2% in Portugal, 15.8% in Great Britain, and 2% of total agricultural holdings in the European Union could be accepted as commercial farms (data according to YEARBOOK'97, pages 320, 372).

What does GEO 108/2001, promulgated by Law 166/2002 specify?

Chapter 2 of the law mentions the following size for the farms, as well as the financial facilities provided to the holdings that comply with these conditions:

– the minimum farm size for the commercial agricultural farms is the following: cereals, industrial crops and medicinal herbs in the plain area – 110 ha, in the hilly area 50 ha; cultivated natural pastures and fodder crops in the mountain

area – 25 ha; vegetables – 2 ha; fruit tree plantations and nurseries – 5 ha; strawberry fields and fruit shrubs – 1 ha; noble vine plantations, nurseries and hops – 5 ha; glasshouses and plastic tunnels – 0.5 ha;

– the family farms will be stimulated to increase their commercial production and to apply the organic farming principles, through financial facilities and commodity subsidies;

– the list of agricultural products, the funds and finance sources are approved by the Government each year, at the proposal of the Ministry of Agriculture and Rural Development for direct payments provided to farmers organized into agricultural holdings, for one production year;

– the commercial farms benefit from financial facilities from the state for investments, in order to buy agricultural land, tractors, farm equipment, irrigation installations, building up production buildings, environment protection facilities, animal shelters and equipment, glasshouses, fruit tree, vine and hop plantations, strawberry fields, etc;

– the funds and finance sources, as well as the modality to provide facilities that are not regulated through special normative acts, are established by Government's decision before the beginning of the agricultural year;

– the farmers, owners or administrators of agricultural holdings, can receive mortgage loan, in legal conditions. In order to guarantee the received credit, real property or mobile goods can be pledged to the bank, also including warehouse receipts, as well as **agricultural land into ownership**.

If we analyze GEO OUG 108/2001, both in European context and in doctrinary terms, we reach the conclusion that this was a normative act **in-compatible with the European legislation, anachronic, non-realistic, with bad consequences on the Romanian rural life**.

GEO 108/2001 is **incompatible** with the European rural reality, because, as we have already mentioned, if this ordinance were applied to the EU countries, only 2% of the EU agricultural holdings could be qualified as commercial farms.

**Anachronic**, as in the European Union such farmer support or subsidy schemes are no longer applied, or they are applied only in cases when the farmers give up the annual or multi-annual cultivation of certain land areas (idle land), for which they receive temporary set-aside payments.

GEO 108/2001 is **non-realistic**, because the respective areas cannot be reached through market instruments, but only by forcing the land owners to get associated. Hence, it clearly results the nostalgia of those who initiated this normative act for the socialist agriculture of the period 1945–1990.

GEO 108/2001, through its forced implementation, had **serious adverse consequences upon the rural areas and formal commercial farms**.

**As the establishment of the private-family farms according to the EU model is constrained, the size of holdings**, according to GEO 108/2001, is in contradiction with the Agriculture and Rural Development Plan, in the SAPARD program the farms sizes being 25 ha in the hilly areas and 50 ha in the plain.

At the same time, the provisions of the Law on the privatization of former state farms, as it has been already mentioned, mainly led to the emergence of extremely large farms in Romania.

Considering this legislation, it is obvious to ask: **where is Romania's agriculture heading to?** Which is the most suitable type of holding for Romania? What kind of agrarian policies should be adopted in the future to put Romania on the way to a performant European agriculture?

Our point of view on the laws on the agricultural holding reform (GEO 108/2001 and Law 268/2001) is that these obviously contravene to the natural evolution of agricultural holdings, namely:

- a) each type of holding has a place in the agrarian structure;
- b) each type of holding must have a role (commercial, technical, scientific extension, subsistence, life annuity, etc.);
- c) for each type of holding the most adequate financial support modalities must be found, so as to set it on profitability principles;
- d) the most important managerial system must be found for each type of holding;
- e) each type of holding must reach the optimum size from the economic and social point of view.

Considering the above-mentioned facts, realistic sizes, possible to be reached in an acceptable time period, must be established for the private-family holdings. In this respect, we consider that the following sizes are mostly possible to be reached for the private-family farms (Table 5).

In order to reach this rational size of agricultural holdings, coherent rural policies are needed to support their establishment and consolidation.

*Table 5*  
Private-family farm size

– cereal and industrial crops farms	30–50 ha
– vegetable farms	3–5 ha
– fruit and vine farms	5–10 ha
– dairy farms (plain)	20–30 ha 20–40 heads
– dairy farms (hills)	10–20 ha 10–15 heads
– dairy farms (mountains)	5–10 ha 5–10 heads
– pig farms	500–1000 heads
– poultry farms	10 000– 20 000 heads
– sheep, goat farms	500–2 000 heads
– mixed farms (plain)	20–30 ha
– mixed farms (hills)	10–15 ha
– mixed farms (mountains)	3–5 ha

Source: Agricultural Census and APIA.

In the case of **agricultural commercial companies**, it was necessary to previously restructure them into a privatizable size, with privatization access and facilities of agricultural specialists (Table 6).

Table 6  
Size of agricultural commercial companies

Cereals (plain)	500–1000 ha
Fruit tree farming, viticulture	20–50 ha
Dairy cows	100–200 heads
	80–150 ha land
Fattening cattle	800–1000 heads/series
Fattening pigs	1000–5000 heads/series
Poultry	50–100 thousand heads/series

Source: Agricultural Census and APIA.

Referring to the current situation of agricultural holdings, to their economic situation, we consider it necessary to remove from the Romanian agricultural system the following crisis generating factors: obsolete (rudimentary) technologies; low average yields; farmers' decapitalization; low professional performance; insufficient technical endowment; encouraging the emergence of extremely large-sized farms; price scissors; precarious rural infrastructure; bureaucratic and non-performant agricultural advisory system.

\*

To sum up, in the opinion of many farmers, political specialists responsible for the future of the rural population, of the European bodies and of the Romanian and foreign specialists who investigated the present agrarian phenomenon in Romania and its economic and social consequences, a thorough analysis is needed, seen from multiple points of views, on the present and future impact of the existing agrarian structures in the rural area, as well as a medium and long-term strategy for solving up this problem of the Romanian rural economy in its entirety.

#### REFERENCES

1. Alexandri, Cecilia, (2001), *Securitate și echilibru alimentar în România*, Editura Gee, București.
2. Alexandri, Cecilia, coord., (2006), *Integrarea europeană a piețelor agricole românești*, Editura Terra Nostra, Iași.
3. Allaire, G., Boyer, R., (1995), *La grande transformation de l'agriculture*, Economica, Paris.
4. Barberis, G., (1995), *L'importance de la vie rurale dans la société d'aujourd'hui*, Troisième Forum Européen sur l'Agriculture, Verona.
5. Bonny, S., (1994), *Les possibilités d'un modèle de développement durable en agriculture. Le cas de la France*, Le courrier de l'environnement de l'INRA, n°213, pp. 5–15.
6. Borza, Mioara, (2009), *Îmbunătățirea calității vieții în mediul rural – prioritate în dezvoltarea rurală durabilă*, Economie agrară și dezvoltare rurală, Year VI, no. 2, pp. 221–232.

7. Bureau Jean-Christophe, Mahé Louis-Pascal, (2009), *CAP reform beyond 2013: An idea for a longer view. Education and culture – Europe for citizens*, Notre Europe May 2008.
8. Cionga, Cristina, Luca, L., (2008), *Investment Support and Performance of Romanian Large Farms*, Agricultural Economics and Rural Development, Year V, no. 3–4, pp. 181–196.
9. Chirișescu, Vergina, (2009), *Principalele resurse, oportunități și provocări ale dezvoltării rurale românești*, Economie agrară și dezvoltare rurală, Year VI, no. 1, pp. 65–82.
10. Chirișescu, Vergina, (2010), *Dezvoltarea rurală durabilă în România – necesitate și obiectiv prioritar*, Economie agrară și dezvoltare rurală, Year VII, no. 1, pp. 131–146.
11. Florian, Violeta, (2008), *Gradul de modernizare al comunităților rurale*, Economie agrară și dezvoltare rurală, Year V, no. 3, pp. 291–306.
12. Girardin, Philippe; Mouchet, Christian; Schneider, Florence; Viaux Phillippe; Vilain, Lionel (IDERICA), (2004) – *Étude prospective sur la caractérisation et le suivi de la durabilité des exploitations agricoles françaises*, Rapport final – Decembre, INRA, MAAPR, Paris, p.71
13. Giurca, Daniela, (2008), *Semi-Subsistence Farming – Prospects for the Small Romanian Farmer to Choose between a “Way of Living” or Efficiency*, Agricultural Economics and Rural Development, Year V, no. 3–4, pp.215–230.
14. Goșa, V., Feher, Andrea, (2010), *Analiza influenței resurselor financiare destinate agriculturii asupra performanței producției agricole*, Economie agrară și dezvoltare rurală, Year VII, no. 2, pp. 231–238.
15. Grosskopf, W. et al., (1998), *Umstrukturierung im ländlichen Raum in Rumänien Agrarproduktion, ländliche Finanzmärkte, Privatisierung und ländliche Regionalentwicklung*, Editura Selter, Eschborn, Hohenheim.
16. Hera, C., (2006), *Lumea rurală – astăzi și mâine*, Editura Academiei Române, București.
17. Iancu, A., (2008), *Convergența economică*, Editura Academiei Române.
18. Ionel, Iuliana, (2008), *Piața cerealelor românești – la un an după integrarea în UE*, Economie agrară și dezvoltare rurală, Year V, no. 2, pp. 125–140.
19. Lup, A., (2010), *Îmbunătățirile funciare în agricultura României. Retrospectivă istorică și perspective*, Economie agrară și dezvoltare rurală, Year VII, no. 1, pp. 61–88.
20. Man, T.E., Mateoc-Sîrb, Nicoleta, (2008), *Dezvoltarea rurală și regională durabilă a satului românesc*, Editura Politehnica, Timișoara.
21. Mateoc-Sîrb, Nicoleta, Ungureanu, G., (2010), *Dezvoltarea regională și rurală. Evoluții și tendințe*, Editura Mirton, Timișoara.
22. Otiman, P.I., (2008), *Strategia de dezvoltare durabilă pe termen mediu și lung a agriculturii și spațiului rural din România – România rurală XXI*, Economie agrară și dezvoltare rurală, Year V, no. 1, pp. 3–20.
23. Otiman, P.I., Toderoiu, F., Goșa, V., Nagy, Andrea, Alexandri, Cecilia, Florian, Viloleta, Gavrilescu, Camelia, Ionel, Iuliana, Grodea, Mariana, Alboiu, Cornelia, Moldovan, Minodora, (2010), *Agricultura și dezvoltarea rurală în România – principalele căi de atenuare a efectelor crizei și de reluare a creșterii economice*, Economie agrară și dezvoltare rurală, Year VII, no. 2, pp. 157–204.
24. Popescu, M., (2010), *Dimensiunea fizică a exploatațiilor agricole din România. Decalaje față de Uniunea Europeană*, Economie agrară și dezvoltare rurală, Year VII, no. 1, pp. 41–60.
25. Pouliquen, A., (2010), *Pays de l'est, intégration dans l'UE: de la reprise agricole à la crise*, Rev. Demeter, Sept, 2011
26. Rusali, Mirela, (2009), *Resurse și structuri socio-economice pentru dezvoltarea durabilă a economiei rurale*, Economie agrară și dezvoltare rurală, Year VI, no. 1, pp. 47–64.
27. Sălășan, C., (2010), *Populația rurală în contextul modificărilor structurale din agricultura României*, Economie agrară și dezvoltare rurală, Year VII, no. 2, pp. 289–304
28. Swinnen, J.F.M., (2007), *Global supply chains. Standards and the poor* (Oxon: CABI Publishing).
29. Toderoiu, F., (2009), *Real Economic Convergence – European and National Dimensions*, Agricultural Economics and Rural Development, Year VI, no. 2, pp.159–180.

30. Toderoiu, F. (2010), *Regional Disparities in Rural Development and the Implications on the Socio-Economic Cohesion in Romania*, Paper presented on the Polish–Romanian Workshop, Bucharest, September, 22–23.
31. Toma, Camelia, Gavrilesco, Camelia, (2010), *Studiu prospectiv pentru estimarea durabilității exploatațiilor agricole*, in International Conference vol. “Competitivitatea economiei agro-alimentare și rurale în condițiile crizei mondiale” – 2<sup>nd</sup> ed., Editura ASE, București.
32. Ungureanu, Emilia, Neacșu, Mădălina, (2009), *Politica de dezvoltare rurală și impactul acesteia asupra ocupării forței de muncă în Uniunea Europeană*, Economie agrară și dezvoltare rurală, Year VI, no. 2, pp. 211–220.
33. Zahiu, Letiția, Toma, Elena, Dachin, Anca, Alexandri, Cecilia, (2010), *Agricultura în economia României – între așteptări și realități*, Editura Ceres, București.
34. \*\*\* *Coordonate ale nivelului de trai în România. Veniturile și consumul populației în perioada 2007–2009*, Institutul Național de Statistică.
35. \*\*\* NIS, *Structural Farm Survey 2007, 2008*.
36. \*\*\* *National Plan for Agriculture and Rural Development (SAPARD)*, Ministry of Agriculture and Food, Bucharest, 1999.
37. \*\*\* *National Development Plan 2002–2005*, Romania’s Government, 2002.
38. \*\*\* *National Development Plan 2007–2013*, Romania’s Government, December 2005, Bucharest.