

SEMI-SUBSISTENCE FARMS IN THE FUTURE RURAL DEVELOPMENT POLICY

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Abstract

In Romania's rural space, small and medium farms are a significant percentage of the total existing holdings, thus showing a significant typology of agricultural holdings. Most of them are represented by composite private-family holdings (plants and animals), self-managed or leased. In this category of farms, the productive activities are combined with family life, in which work is performed almost entirely by family members and the employment (seasonal, especially) is the least used. The economic size of farm may be different, depending on the specificity of each Member State. In Romania, we consider farms between 2 and 40 ESUs as being small and medium. The minimum level of 2 ESU is the level at which we consider that a farm can produce and sell. Analyzing the Eurostat data, we see that this type of farming is in most European countries and also remained practiced in old Member States as well, so we can not ignore it. In Romania, the number of these farms is overwhelmingly higher than in other Member States and what is most significant is the fact that out of the total number of 4,256,200 farms, 3,020,200 have under 1ESU, 800,000 have between 1 and 2 ESUs, 1,236,000 farms have more than 2 ESUs. This depends on the fact that most of these farms have a very low degree of mechanization, a poor agricultural inventory, hence a low agricultural yield.

Key words: semi-subsistence farms, rural development, development policy

MATERIAL AND METHOD

This paper aims at:

- Defining the subsistence farm;
- Present the situation of these farms at the level of the European Union;
- Analyze this type of farm and its evolution in other EU countries;
- Present the situation in Romania and arguments to support these farms in the new context of the CAP.

RESULTS AND DISCUSSIONS

Before developing a policy or strategy, a more comprehensive definition of the target group to whom the policy is addressed should be set out. Thus, in defining small and medium sized farms we must take the physical area, the economic size or the market participation into consideration.

In this context, we consider that the optimal working variant in defining small and medium sized farms – *the Economic Size Unit* (ESU), having the standard gross margin as basis for calculation, expressed in Euros and regularly updated in line with inflation, can emphasis, better

than the surface of land or livestock, the concept of support for small and medium farms.

The small and medium farm is the farm that practices agriculture with the purpose of obtaining vegetal and / or animal products as main activity, for the purpose of selling them and consumption.

Semi-subsistence farms are small, family type, with low economic power, that practice agriculture especially for their own needs. Their opening to market is relatively small, both in terms of necessary inputs and outputs.

Each EU country has defined the criteria by which these farms become eligible for Measure 141: in Bulgaria a semi-subsistence farm has between 1 and 4 ESUs, in Lithuania between 2 and 4 ESUs and in Romania are those with 2-8 ESUs.

Thus, the farms from the group of 2-8 EDUs are usually of the type of typical individual farms and the percentage of legal entities is very low (0.5 to 2.1%). Compared with 8 to 16 ESUs class of economic size, the difference is clear, here the agricultural activity being market-oriented (the legal entities having a share of 10.9% of all holdings in this category).

According to EUROSTAT data and surveys, the situation of subsistence farming in the EU Member States is as follows:

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Table 1

The situation of subsistence farms in the European Union's Member States

Country	Total No. of farms	Farms smaller than de ESU	Farms larger than or equal to 1 ESU
Germany	389 900	18 800	371 100
France	567 100	39 800	527 400
Spain	1 079 400	120 400	959 000
Portugal	323 900	104 600	219 300
United Kingdoms	286 700	103 500	183 200
Belgium	51 500	2 000	49 500
Greece	833 700	155 400	678 200
Austria	170 600	33 600	137 000
Italy	1 728 500	348 200	1 380 300
Poland	2 476 500	1 393 800	1 082 700
Hungary	714 800	559 400	155 400
Czech Republic	42 300	15 900	26 400
Bulgaria	534 600	416 500	118 100
Romania*	4 256 200	3 020 200	1 236 000

Source: EUROSTAT

*In Romania there are **800,000** farms that have between 1 and 2 ESUs

Analyzing data from the table, we see that this type of farms exists in most European countries and also remained as practice in the old Member States as well. To better illustrate this we present below the following case study.

In 2006, Poland had 1.7 million agricultural farms larger than 1 ha:

- 40% of farms had no means of traction;
- 50% of farms produced mainly or exclusively to meet their own needs;
- 73% of farms (the smallest) cover 18% of UAA (Used Agricultural Area);
- 4% of farms (the largest) cover 43% of UAA.

Poland currently has 2.4 million agricultural structures, which was the case of France in 1950.

In France, in 2006, 545,000 holdings turned 29.5 million hectares of UAA and 15.5 million ha of forests into account.

In Poland, the same year, the total used agricultural area represented 15.9 million ha, 9 million hectares of forest and accounted for about 1.7 million holdings larger than 1 ha which are turned into account.

Each farm in Poland has 6 hectares on average (compared with a French farm, which has 45.3 ha on average), 40% of the holdings that work 20% of the used agricultural area of the country do not have any means of traction.

Polish agriculture is faced today with several stakes, demographic and social first of all, since the farm is, for thousands of families, mainly a form of subsistence. A farm out of two produces exclusively for its own needs, without selling anything other than the excess. Agriculture is a type of alternative to unemployment or subsistence agriculture.

It is also a land stake, because, after the failure of collectivization of land during the

Communist regime, the return to democracy and private property merely reinforced the visceral attachment to land. It is currently amplified by the Common Agricultural Policy aid obtained as an annual rent which promotes land speculation and price increases (from +30 to + 50%). We should not also forget about the very strong fragmentation of holdings, which are divided into six plots on average, often at a distance of about 10 km from each other.

These two aspects mostly explain the very slow developments recorded in recent years, both in terms of the evolution of farm structures and incomes.

On the other hand, disruption of production is an open phenomenon. Only 68.6% of agricultural production is effectively brought to market, by 47% of farms.

In such a bleak picture it is so difficult to find opportunities to inspire you!

But the Polish agriculture can turn a few weaknesses into strong points. As the fertilizers are rarely used, it has a real development potential in organic farming. It also has a very large population in rural areas who could give a competitive advantage when it comes to production that requires abundant labor.

Finally, 17% of farmers are younger than 34, so there is a real growth potential, with the minimal human condition to invest in human resources, by training and counseling, so that these talents be able to express themselves!

With the 2004 major support by the Structural Funds for rural development and before that with the pre-accession funds from the European Union, Poland today have modernized agricultural equipment, sometimes even oversized, and producers who managed to understand the role of subsidies received through CAP.

The disappearance of the milk quota announced for 2015, the current rigidity of the quota management and the arrangements for redistribution of references produce large enough concern for young Polish producers, who are in the process of modernization.

In this context, returning to us, here in Romania, we believe that we must implement a gradual development of this category of farms, in order to reduce the risk of abandonment of rural areas, as well as other economic and social risks that may arise and lead to significant imbalances later. Therefore, the particularities of such farms require a special attention from the Common Agricultural Policy.

Also, many of these farms are located in mountains and other disadvantaged areas, where the agricultural surfaces are covered by natural meadows that contribute in a very low proportion to the calculation of ESU (vegetal production) and where the livestock could bring a significant contribution to this calculation.

But we come again to mechanization and poor agricultural inventory, productive potential limited by natural factors, the exclusively manual labor, hence, the low yields.

Despite these economic disadvantages at first glance, we find absolutely important things:

- the labor force still exists, so depopulation can still be stopped;
- the animals that use these natural grasslands still exist;
- the premises for other income generating activities and value added (eg rural tourism, handicraft products, traditional products, etc.) are created;
- finally, public goods are created, by keeping the communities alive and active, by not abandoning lands, by providing cultural heritage and a vivid life for the villages as a whole.

Through the National Rural Development Program - NRDP, in Romania, these farms are supported by measure 141.

Measure 141

The farmers that have between 2 and 8 ESU may apply for Measure 141 - "Support for semi-subsistence farms" - falling within Axis I - *"Increasing the competitiveness of agriculture and forestry sectors"*.

The specific objectives of the measure refer to:

- increasing the volume of production for sale for semi-subsistence, in order for farms to become economically viable;

- diversification of production, according to market requirements and the introduction of new products.

The operational objectives relate to providing income support necessary during the restructuring of semi-subsistence farms for a better use of human resources and production factors, by:

- stimulating entrepreneurship;
- diversifying activities and income.

The corresponding public contribution of Measure 141 is of: Euros 476,077,390, out of which 20% is the contribution of the Romanian Government and 80% the contribution of the European Union. The financial support for this measure is non-refundable and is of Euros 476,077,390.

Eligible are the individuals under the age of 62 years, carrying out economic activities, mainly agricultural, whose farm has an economic size between 2 and 8 ESU, is located in the country, is registered in the Register of farms / agricultural Register and it sells a part of the agricultural production obtained.

The individuals can carry out economic activities and can be registered and authorized in accordance with the provisions of GEO no. 44/2008: individually and independently as certified individuals, as entrepreneurs that own an individual enterprise, as members of a family business. In order to receive support under Measure 141, the applicant will have to prepare a business plan for a period of five years. After a period of three years the compliance with minimum requirements of the business plan originally submitted will be verified. The applicant must demonstrate that compared with the initial situation: the agricultural production obtained that will be sold increased by 20%, and the size of the agricultural holding increased by minimum 3 ESU.

Together with the verification of minimum conditions for support of business plan, the beneficiary must present documents proving that he attended a training course for Measure 111 "Vocational training, information and distribution of knowledge", in relation to the project.

CONCLUSIONS

Semi-subsistence farms constitutes a type of getting rid of a certain type of presence monopoly of agri-food products on the market.

Semi-subsistence farms are important for the rural economy of Europe because they keep alive the traditions and ethno-cultural specificity of the various regions of Romania.

Semi-subsistence farms may be heritage items, including for the EU. They are the

determining factor in the emergence of agricultural landscapes of mosaic type, valuable in terms of biodiversity. They have a very important role in protecting the environment. They provide, by diversity, the economic balance necessary for agriculture and stability in times of economic crisis, due to lower dependence on the banking system (Tabără, V., 2010).

In the future, a gradual development of this category of farms, in order to reduce the risk of abandonment of rural areas, as well as other economic and social risks that may arise and lead to significant imbalances later must be implemented.

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