

## CURRENT ISSUES IN THE ROMANIAN AGRICULTURAL SECTOR: A CASE STUDY ON THE CHALLENGES FACED BY VEGETAL FARMS IN ROMANIA

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### Abstract

In this study, the current issues faced by vegetable agricultural units in Romania were investigated. Interviews with farmers were compared with relevant literature to prioritize the most significant challenges compared to the EU average. Fragmentation of arable agricultural land in Romania was the most addressed key issue within scientific literature which poses various difficulties. The EU encourages consolidating these fragmented areas to increase efficiency, as large units tend to be more productive, while very small units face disadvantages in acquiring resources and selling their products. However, EU regulations could also act as unfair competition, putting Romanian farmers at a disadvantage. The study's results propose a pyramid prioritization of challenges, which effectively represents the most pressing issues faced by Romanian vegetable agricultural units.

**Keywords:** Romanian farm challenges, unfair competition, EU regulations, agricultural land fragmentation, ownership

Four million Romanians rely on agriculture as their primary source of income, mainly through smallholdings acquired during decollectivization. These smallholders engage in subsistence farming on the fringes of the formal economy. To determine the economic viability of smallholders, the Romanian Ministry of Agriculture employs quantification tools provided by the European Commission, which set a threshold below which producers are unable to pursue a commercial approach to their activities. However, there is a pressing need to develop a definition of agriculture that accurately reflects their practices and establish local distribution channels. The objective is to support individuals who barely meet the necessary criteria to strengthen their agricultural holdings and engage in intensive farming while encouraging others to exit the sector. To this end, the category of "semi-subsistence" agriculture has been prioritized in all implemented measures. Nevertheless, the statistical boundaries used to define this category lack substance, and the agricultural industry is displaying considerable resistance to change (Roger A., 2014). The notion of resistance in the agricultural sector can often be perceived as stagnation, hindering the progress and growth of the industry. However, instead of viewing this resistance as a negative aspect, it is important to understand it as an opportunity for innovation and development.

In order to comprehensively understand this resistance and propose solutions for the development of the agricultural sector, it is imperative to consider multiple perspectives and analyze all the various factors involved in the economic process. To conduct a case study, a wide range of literature exists that offers diverse studies and analyses from different angles, aiding in forming an overview of the issues faced by farmers in contemporary times. However, such literature must be complemented with direct communication with the farmers themselves to confirm that the issues highlighted in the literature indeed represent contemporary priorities that hinder or impede the development of their agricultural activities.

### MATERIAL AND METHOD

The proposed methodology involves conducting a systematic review of relevant literature on agricultural practices and comparing the findings with empirical data gathered through interviews with practicing farmers. The objective is to validate and prioritize the challenges faced by farmers in executing their work, as well as to identify potential areas for improvement. By employing a rigorous and data-driven approach, this study seeks to provide valuable insights into the current state of agricultural practices and inform future research and policy decisions in this domain.

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## RESULTS AND DISCUSSIONS

Agricultural holdings are essential in the multifunctional management of natural resources, with features that set them apart from other sectors of the economy. As such, they play a crucial role in enhancing social inclusion and quality of life in rural areas. In practice, multifunctionality can be realized through initiatives such as ecotourism, direct sales, and social farming, which help rural communities develop diverse income streams while improving social and environmental outcomes. Overall, the adoption of multifunctionality in agriculture has the potential to create sustainable agricultural systems, promote rural development, and enhance the quality of life for rural communities (Wilson G. A., 2007).

According to recent studies, the size of agricultural holdings is a crucial factor that affects the performance of sustainable development in agriculture. Medium-sized holdings have been identified as viable economic systems that contribute to local and regional development, provide economic benefits, and preserve the environment. However, in Romania, the majority of agricultural holdings are very small, which hinders the sector's performance. To increase agricultural performance, there is a need for structural changes in production, transitioning from small-scale subsistence farming to modern agriculture that ensures economic viability and sustainable performance. Burja's paper (Burja C., Burja V, 2016) suggests that the government should provide strategic guidance and take action to support this transition.

According to the research findings, the productivity of the production factors used in agriculture is inadequate, necessitating a reorganization of holdings. This could result in an optimal size of the holdings, which would minimize or even eliminate the performance gap compared to developed countries in the EU (Burja C., Burja V., 2016).

Aceleanu's study (Aceleanu M.I. *et al*, 2015) provides a comprehensive analysis of the current state of Romanian agriculture with a specific focus on labor efficiency and employment. The study aims to identify the root causes of the significant issues faced by the agricultural sector and propose actionable solutions to enhance its performance, particularly in the context of Romania's position as an EU member state. The study (Aceleanu M.I. *et al*, 2015) highlights the challenges posed by low labor productivity, aging farming population, and inadequate use of technology and innovation. These challenges are further compounded by the lack of access to credit and financing, limited market

integration, and inadequate infrastructure. The proposed solutions involve a multi-pronged approach that includes promoting innovation and technology adoption, enhancing education and training programs, improving access to financing, and fostering market integration. Additionally, the study (Aceleanu M.I. *et al*, 2015) emphasizes the importance of policy coordination and stakeholder engagement to achieve a sustainable and resilient agricultural sector that can contribute to economic growth and social development. Overall, Aceleanu's study provides a valuable roadmap for enhancing the performance of Romanian agriculture and underscores the importance of addressing the challenges facing the sector in a holistic and integrated manner.

The problems facing Romanian agriculture require a comprehensive and long-term strategy that involves the participation of all active forces of the country and the transformation of agriculture into a modern, prosperous, and competitive sector, with measures such as land consolidation, infrastructure development, research and innovation, professional training, diversification of rural activities, and attracting European funds, while focusing on natural and human resources and stimulating investment in agricultural and non-agricultural activities for the development of rural economy (Aceleanu M.I. *et al*, 2015). The modern economy aims to align quantitative and qualitative food production with consumer demand by understanding consumers' physiological needs. Agromarketing plays a crucial role in increasing agricultural production to meet the food needs of the population and recover domestic production. The formation of producer groups could offer advantages in terms of production and recovery to solve the problems generated by the economic and territorial dispersal of farmers (Iancu T., 2014).

Romania has tremendous potential for organic farming and to access a range of markets. However, efforts are required both at the farm and governmental levels to support and promote this industry. Public policies can also help educate businesses and consumers about their environmental responsibility and promote initiatives that encourage people to reconnect with nature. In order to eliminate additional costs associated with green business, it is essential for government bodies to update and enhance environmental legal standards and ensure their implementation by relevant institutions. Furthermore, adopting green marketing in agriculture requires acceptance by producers and consumers of the costs and benefits associated with green products in both the short and long term. By prioritizing sustainability in agriculture and

incentivizing environmentally conscious practices, Romania can create a more resilient and prosperous agricultural sector that benefits both farmers and consumers.

Ciutacu's analysis highlights the ongoing disadvantage faced by farming and farmers in Romania compared to their counterparts in older EU member states. Despite being a major contributor to the country's economy, the agricultural sector in Romania continues to face numerous challenges, including inadequate infrastructure, low investment, limited access to credit, and a lack of technological innovation. Furthermore, farmers in Romania often face unequal treatment and a lack of support compared to farmers in other EU member states, leading to significant disparities in their competitiveness. Figure 1 shows the main challenges that the Romanian farming sector has come across. To address these challenges, it is crucial for Romania to prioritize the development of its agricultural sector, improve access to resources and support for farmers, and enhance the competitiveness of Romanian agricultural products in the EU market.

Continuing the agricultural policies of the past decades and abandoning the national support lent to agriculture would be particularly risky through its unpredictable and incalculable social and economic effects. (Ciutacu C., 2015). In his paper (Andrei J.V. *et al*, 2020), Popescu delves into the impact of Romania's trade concentration and restructuring on its competitiveness in comparison

to 26 other European Union member states. The study utilizes a distinct dataset on agro-food trade to measure competitiveness and reveals that Romania's agricultural competitiveness is heavily influenced by its reliance on the EU economic area and the concentration of its commercial relationships. The findings indicate that Romania's agricultural sector's competitiveness is sensitive to the prevailing economic conditions and market dynamics of its EU partners. The study underscores the significance of market diversification and highlights the importance of expanding the country's trading partners beyond the EU to bolster its agricultural competitiveness. Furthermore, the research underscores the significance of a robust and resilient agro-food sector that can respond effectively to challenges and uncertainties posed by global trade dynamics. Overall, Popescu's study (Andrei J.V. *et al*, 2020) offers valuable insights into Romania's agricultural competitiveness and underscores the importance of addressing the challenges posed by trade concentration and restructuring to promote long-term sustainability and growth in the sector (Andrei J.V. *et al*, 2020). Despite the growing concerns surrounding the impact of climate change and extreme weather events on agriculture, Romania appears to have a relatively low level of vulnerability to these challenges. This is highlighted by its ranking of 163 and the yellow color on the climate change vulnerability map, which indicates a low level of vulnerability compared to other countries.

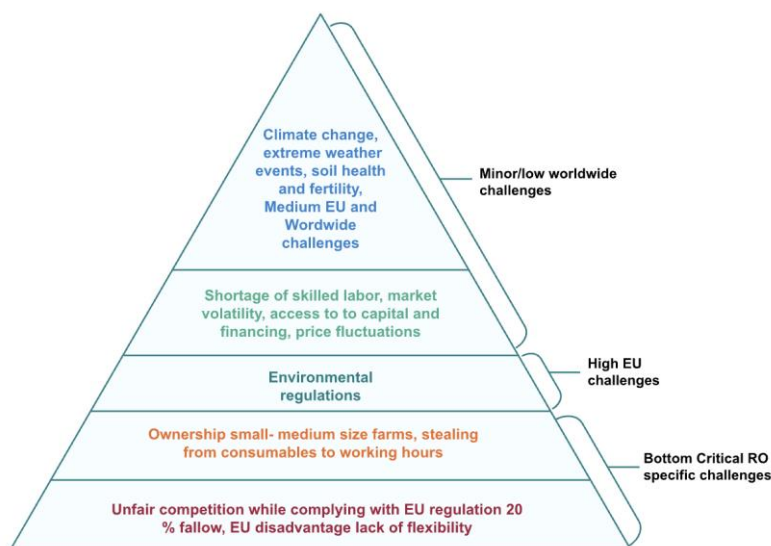


Figure 1 Prioritization of challenges encountered within the Romanian farming sector

Although the degree of vulnerability can vary depending on the specific issue analyzed, Romania's agriculture sector appears to be relatively well-positioned to cope with the challenges posed by climate change. This is good news for Romanian farmers who can continue to operate with

confidence and remain competitive in the global agricultural marketplace.

## CONCLUSIONS

While Romanian farmers face similar challenges to their counterparts worldwide, such as labor shortages, market volatility, and access to financing, they appear to have a relatively low vulnerability to some of the key challenges facing the agricultural sector, including climate change and extreme weather events, soil health and fertility, and pest and disease management (see Figure 1). This is good news for Romanian farmers who can continue to focus on sustainable farming practices, while also adapting to changing market conditions and complying with environmental regulations. While there are certainly challenges to overcome, Romania's agriculture sector appears to be well-positioned to meet them head-on and remain a competitive player in the global agricultural marketplace. One of the biggest challenges facing Romanian farmers today is the unfair competition (20% fallow) that results from attempting to comply with EU regulations in a market where not all countries have the same restrictions. This puts Romanian farmers at a significant disadvantage, as they must contend with higher costs and stricter regulations than their competitors in neighboring countries.

While compliance with EU regulations and unfair competition pose significant challenges for Romanian farmers, there are several other pressing issues that also need to be addressed. One of the biggest European issues that affect also Romania is the shortage of skilled labor, which makes it difficult for farmers to find workers to help with planting, harvesting, and other essential tasks. This is particularly challenging for small-scale and family-run farms, which often lack the resources to compete with larger agribusinesses. In addition, farmers must contend with market volatility and price fluctuations, which can make it difficult to plan and budget effectively. Access to capital and financing is also a major concern, particularly for small-scale and new farmers who may struggle to obtain the resources they need to invest in equipment, infrastructure, and other essential resources. Despite these challenges, Romanian farmers remain committed to finding innovative solutions and working collaboratively to build a sustainable and thriving agricultural sector that can meet the needs of consumers at home and abroad and ensure the long-term viability of their farms and the agricultural sector as a whole.

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