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The economic aspects of potato produce in Romania in the context of european integration and globalization

N. PERJU - APIA Suceava
A. CHIRAN, G. UNGUREANU - USAMV Iasi

This paper provides some important data on the evolution of the potato crop in Romania including aspects of research and development, differentiated on the basis of period and location. The paper also presents an analysis of the causes of the low potato yield per hectare in Romania. The study is intended as a guide only, and can be used in making production decisions, determining potential returns, preparing budgets and evaluating production loans. An analysis of the situation of the potato industry in Romania in comparison with the potato sectors of other Central and East European countries, over the period 1996–2008, reveals that—after Poland—Romania occupies the second place in terms of potato acreage and total production. In the case of potato market, a commodity that is less suitable for long-distance commercialization, the segmentation is even stronger. In Romania the prices are quite high (around 20 Euro/100 kg) and the variations are sometimes quite spectacular (from 22 Euro/100 kg in 2005 to 34 Euro in 2006), unlike in Germany, where the prices and the price variations are lower (prices range from 6.5 to 9.2 Euro/100 kg). Starting from the specific situation of these main markets, an evaluation of the effects of certain future reform measures in the period after 2013 is not easy at all. In order to provide a certain coherence to the comparison between the two reform scenarios (moderate and radical), we predicted that in the 2008–2013 period, Romania's agriculture would reach the stage of an almost full integration in the EU markets for each product and the comparison is made between the situation at that moment ("Current CAP" Scenario) and each of the two reform scenarios. The hypothesis that define each scenario are synthetically expressed by the price of the respective product. In these conditions, the effects upon the producer welfare will be obviously negative, while the effects upon the consumer welfare will be positive. The question is whether the positive effects exceed the negative ones, in each of the two reform scenarios. Furthermore, which of the two scenarios produces the desired outcome for the decision-makers? The change in producer welfare for the 6 selected products (wheat, maize, potatoes, pork, poultry and beef) is negative. The producers lose as a result of CAP reform, in both of the scenarios, yet the loss is greater in the case of the radical reform scenario. Consumers gain in welfare in both scenarios, and the overall gain is higher than the producers' loss, which result in a net positive effect (at the level of the whole economy). Net welfare is higher in the radical reform scenario than in the moderate reform scenario, which means that a radical reform would be desired if the situation of producer welfare loss could be well managed.