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"Farm restructuring in Romania - Rural employment adjustment with equity"

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ABSTRACT

The restructuring process in agriculture with all its troubled recent history continues despite different barriers in the last two decades, such as difficulties in property restitution induced by the regulatory framework or the severe lack of policy support for farm consolidation. The different attempts addressing the structural changes in the national regulations failed to produce effects from various causes. The dynamic of the restructuring process has increased with the Romania's accession to the European Union and continues with the introduction of the common policy support instruments.

The rural area has received an impressive number of active people in the first half of the 90's and the current immigration rates are still positive. The collapse of the industries has released rural and urban inhabitants together most of those seeking a subsistence base in agriculture. This pressure was manifested over a mono-economic area where agriculture was and still is the main and major activity.

An important dimension is given by the subsistence and semi-subsistence agriculture where the large majority of people are over the retirement age. This situation is given by the small pensions and the existence of agricultural land in property. This low cost solution to supplement their incomes or spare their budget from food related expenditure maintain an important number of people in the sector and prevents the acceleration of the farms restructuring. However, the important candidates for farm restructuring are outside the above-mentioned category, which ensures the continuity of the process.

The small and medium sized farms are large consumers of labor but this consumption has two main characteristics: employs non-remunerated family members and uses large amounts of temporary employment outside the household.

The diversification of agricultural activities, especially the shift towards agricultural goods processing and services presents an important potential and records substantial growth being also supported by public funds from the policy support instruments.

Developing the business support services in parallel with the development of the infrastructure in rural areas considerably increase the attractiveness for the non-agricultural actors. If combined with active occupation measures addressing the rural active population this segment can represent an important employer on medium term.

Rural employment is not regarded today as a major issue in Romania as semi-subsistence households act as a safety net for unemployed people. This situation lasts for almost two decades and has not encountered yet any major social pressures. The policy instruments can produce important structural changes together with a considerable impact on rural economy.

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LIST OF ABBREVIATIONS

AWU	Annual work units
ESU	European Size Units
EU	European Union
MEUR	Million Euro
NRDP	National Rural Development Programme
NIS	National Institute of Statistics
OP	Operational Programme
SCARLED	Structural change in agriculture and rural livelihoods

1 FARM RESTRUCTURING PROCESSES IN ROMANIA

The major factor of farm restructuring in the 90's the legislative framework represented a major barrier for the process. Between 1991-1997 the land restitution process limited the possibility to rebuild the agricultural properties to an upper limit of 10 ha per owner (Law 18/1991). The year 2000 brought a larger ceiling of 50 ha (169/1997 and Law 1/2000), but only in 2005, Law 247/2005 restituted the property *in integrum*. We can superpose over these elements the land and farm transmission process inside the families that fragmented further the property. We will rest from emitting judgments about the legislative process and the background reasons for these acts. The results were all driving to a serious delay in farm restructuring.

The lack of consistent and constant policy support for agriculture that could stimulate the farm's restructuring combined with a financial market avoiding agricultural business hardened the process. In parallel, the property titles delivery to the owners was also a long and slow process that negatively contributed to the progress.

Attempts of forcing the restructuring such as publicly declaring the size of a commercial farm of 100 ha or more and defining those as the only units eligible for public support, mainly for input subsidies, failed after 2000, as initiatives of the central agricultural administration have no longer the same effect on private owners as they used to be in the past.

The Romanian agro-economic literature of the past twenty years treats the farm restructuring process recommending size classes for different production. The approach was very similar to the forced collectivization process only with the maintenance of the private property in this last case. Prior to the Romania's accession to the European Union, a number of studies pointed out the social dimension of the agricultural sector and the danger of an important social pressure resulting from the farm restructuring process stimulated by the future public support instruments.

In order to evaluate these rather pessimistic forecasts at the end of a difficult period for both private individual farms and farms with legal status we proceed to a structural analysis including to most recent available data.

2 STRUCTURAL ANALYSIS AND CURRENT TRENDS

In absolute terms 324.802 farms, with or without legal status, from the total number of farms disappeared between 2005 and 2007. As presented in Table 1, during these two years the number of individual private farms decreased by 324.238 units, more than 60% of them operating in crop production only, while more than half of the farms with legal status that reorganized or disappeared were in mixed crop and animal production. We can assume that this evolution was purely market influenced as no consistent policy measures were undertaken for farm consolidation during the analyzed period. Another element to notice about the production structure is that while in the individual private farms the large majority is concentrated on mixed crop and animal productions (83,1%), the farms with legal status focus on crop production (85.6%).

Table 1 Number of farms by productions and legal status, 2005-2007

Farm type	Total		Crops and animal production		Crop production only		Animal production only	
	2005	2007	2005	2007	2005	2007	2005	2007
Individual private farms	4237889	3913651	3315797	3252011	787607	582396	134485	79244
Farms with legal status	18263	17699	2532	2231	15311	15152	420	316
Total	4256152	3931350	3318329	3254242	802918	597548	134905	79560

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

In terms of size and area we have a split between the individual private farms and the farms with legal status. The detailed situation is presented in the Table 2 at the level of size classes. The number of agricultural operations with less than one hectare for the individual farms represents almost 44% for the total but less than 8% from the total area. One half of the private individual farms are sized between 1-10 ha, while only 2,19% have 10-50 ha. The large individual farms over 50 ha represents 0.15% of total! In the case of the farms with legal status, almost 70% (68,86%) of the area is concentrated in farms between 1-10 ha. However, these farms represents less than one third (31,19%) from the total number for this type of farms. Less than 20% of total are between 10-100 ha, while over 40% have more than 100 ha. This last size class covers more than 95% of the total area.¹

The small farms under 1 ha which theoretically do not qualify for direct payments amount an impressive number of units, 1.684.078 private farms and 1.422 farms with legal status. The area regrouped in these farms represents 649.530.35 ha, or 13,56% (1).

The data from the Agency for Payments and Interventions in Agriculture for the payments due for 2007 returns a total number of payments of 1.263.510² payments which can be comprised as number of eligible farms, meaning more than 1 ha as total area and having plots larger than 0,3 ha. From the data presented above the total number of farms having

¹ Own calculations based on data from the Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

² Own calculations based on the data presented by the Agency for Payments and Interventions in Agriculture

more than 1 ha is of 2.150.329 units. We can assume that the difference of 886.819 farms have not submitted timely the payment claims for 2007 or had different irregularities in their claims. However the statistical difference represents 70% from the total payments made for 2007 although the effective payment occurred in 2008!

Table 2 Number of farms by size classes and area in hectares, 2007

Size (ha)	Number of farms		Area (hectares)	
	Individual private farms	Farms w. legal status	Individual private farms	Farms w. legal status
< 0,1	273525	19	12888,31	0,68
0,1 - 0,3	522028	510	90604,28	87,56
0,3 - 0,5	279085	334	108163,18	123,28
0,5 - 1	609440	559	437283,05	380,01
1 - 2	799143	923	1156767,60	1207,35
2 - 5	963453	2141	3014849,36	7050,04
5 - 10	297638	2358	2002599,91	14938,65
10 - 20	68897	1231	908632,21	15595,69
20 - 30	9156	392	220628,37	9468,86
30 - 50	5988	571	228861,26	22294,77
50 - 100	3587	1204	243876,80	89176,79
> 100	2467	7141	541154,22	4626414,26
Total	3834407	17383	8966308,55	4786737,94
Percentages				
< 1	43.92	8.18	7.24	0.01
1 - 10	53.73	31.19	68.86	0.48
10 - 50	2.19	12.62	15.15	0.99
50 - 100	0.09	6.93	2.72	1.86
> 100	0.06	41.08	6.04	96.65

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007 and own calculations

We will see further in this structural analysis the social dimension of this distribution, respectively the number of persons captured in these structures. Also, the physical size might not be totally relevant as the production type and the level of production intensification can change the economical size of the farms.

With regard to the property over the area addressed above it is important to point out that almost 92% of total is in property and only 8.2% has different forms of rent, out of which almost one third is given free of any charge for farming! (1)

Although the number of farms including non-cultivated area, regardless the type of farm or land property continued to increase from 2005 to 2007 for most size classes except the extremes the non-cultivated area as surface decreased consistently as presented in Table 3.

A total of 853.637 farms have diversified their activities incorporating non-agricultural activities still related to the agriculture, such as processing of agricultural raw material, services, crafts, agro-tourism or non-conventional energy production. The individual private farms represent the dominant type of farms that diversified or converted their activity profile as presented in Table 4.

Table 3 Changes in non-cultivated area 2005-2007

Size (ha) /Year	Non-cultivated (farm number)		Non-cultivated (hectares)	
	2005	2007	2005	2007
< 0,1	7275	6067	12739,75	5781,66
0,1 - 0,3	8059	12429	15377,09	13421,1
0,3 - 0,5	5504	7808	7838,09	7215,36
0,5 - 1	15250	17514	16596,86	17352,53
1 - 2	26939	30845	36547,41	29299,79
2 - 5	49777	50501	77111,67	45213,96
5 - 10	16962	21229	29257,88	22052,08
10 - 20	3381	4869	10501,78	7464,75
20 - 30	354	403	2077,23	1457,81
30 - 50	208	243	989,61	949,12
50 - 100	74	101	1070,18	844,32
> 100	303	249	26161,59	14353,89
Total	134086	152258	236269,14	165406,37

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

Table 4 Non-agricultural activities in farms by type of activity and legal structure in 2007

Non-agricultural activities	Individual private farms	Associations	Farms w. legal status	Total
Meat processing	207399	11	97	207539
Milk processing	267008	15	101	267197
Fruits and vegetables processing	118139	6	31	118218
Grapes processing	166544	9	48	166643
Mixing fodder	9198	14	72	9322
Mincing fodder	8505	16	73	8652
Milling (for flour)	6103	27	82	6227
Timber processing	5563	5	19	5606
Other processing	3590	7	9	3622
Agro-tourism	1753	8	20	1795
Services (w. own equipment)	32879	86	377	33438
Non-conventional energy production	348	3	2	355
Crafts	3786	3	5	3814
Aquaculture	751	1	8	766
Other activities	20255	22	112	20443

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

The total number of days worked in 2007 outlines the distribution according to the structure of the farms by size classes with a similar pattern to the number and area of the farms. In this respect, the major consumption of working days for the individual private farms is concentrated between 1 and 10 hectares, while for the different farms with legal

status the concentration begins at 50 ha and above. The detailed outline of labor days by status and size classes is presented in the Table 5.

Table 5 Number of days worked by legal status and size classes

Size (ha)	Individual private farms	Farms w. legal status
< 0,1	23631616	1135059
0,1 - 0,3	33989439	46000
0,3 - 0,5	21827835	101963
0,5 - 1	60486268	92731
1 - 2	108246830	256974
2 - 5	177238138	423845
5 - 10	69448754	501365
10 - 20	19767626	455215
20 - 30	3390869	264164
30 - 50	2591877	488235
50 - 100	1839266	1091251
> 100	1673885	11305357
Total	524132403	16162159

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

The level of education of the farm's head, other family members and employees all follow the same pattern with 95% of them having only practical experience. The lack of basic agricultural education explains the current performance levels of various productions and the possible orientation towards mixed productions instead of specialization.

Table 6 Level of education for the farm's head in 2007

	Farm head	Husband /Wife	Other family members	Employees	Total
Only practical experience	3696966	13502	24895	953	3738504
Basic agricultural education	136750	912	1833	58	139606
Complete agricultural education	34949	213	294	82	35541
Total	3868665	14627	27022	1093	3913651

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

If we have a closer look at the number of days worked by the head of the farm, in private individual farms, detailed at the level of age classes and classes of days worked we get an expected result - most of the farms' heads are old or very old, as presented in Table 7. More precisely, two thirds (67,34%) of the farm' heads are over 55 years of age, and even more, 44,77% of the total are over 65 years of age. This distribution could also explain the level of education detailed earlier in Table 5. The large majority (86%) is working more than 300 days yearly in their respective farms. (1)

Table 7 Age and number of days worked annually by the private individual farms' head

Age	Farm head		No. of days
15 - 19	1267		< 10
20 - 24	8042	3789	10 - 20
25 - 29	38492	12905	20 - 30
30 - 34	116565	16878	30 - 50
35 - 39	220130	24532	50 - 100
40 - 44	231608	84534	100 - 200
45 - 49	277159	219354	200 - 250
50 - 54	370192	117287	250 - 300
55 - 59	442952	60579	> 300
60 - 64	430156	3328807	
> 65	1732102		
Total	3868665	3868665	Total

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

If we look more in depth to the individual farms labor we observe that the age of the farm's head and its husband or wife concentrate to the upper age classes again, but the distribution by age classes for the other family members distributes to the lower classes (Table 8). This is explained by the family labor input, children and nephews from the family. The explanation is also consistent with the AWU's distribution, pointing out that more than half of the farms' heads are inputting less than ¼ AWU yearly. The low figures for the other relatives and non-relatives illustrate the seasonal work input.

Table 8 Annual Working Units and age for the private individual farms' head and family/relatives input (persons)

	Farm head	Husband /wife	Other family Members	Other relatives	Non-relatives
Age					
15 - 24	9431	9623	184198	1384	2701
25 - 34	157440	125129	268849	2253	6738
35 - 44	455043	245348	250468	2571	8147
45 - 54	651671	301416	162884	2485	9280
55 - 64	878310	379951	77698	1787	7357
> 65	1761756	378446	47476	1829	4135
AWU					
0 - 25%	2216494	609615	498796	6160	17998
25 - 50%	1033323	547371	330120	3936	12362
50 - 75%	389131	182857	95521	1174	4109
75-100%	231676	85281	58371	938	3200
100%	43027	14789	8765	101	689

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

Table 9 Number of farms with days worked by farm's head, husband/wife and non-relatives in 2005 and 2007

Size (ha) /Year	Number of farms					
	Farm's head		Husband/Wife		Non-relatives	
	2005	2007	2005	2007	2005	2007
< 0,1	549181	352769	259541	78957	5313	1610
0,1 - 0,3	474162	522028	203853	115505	6646	3323
0,3 - 0,5	283145	279085	125955	71534	4078	1612
0,5 - 1	677761	609440	322464	190006	9839	4198
1 - 2	868918	799143	450507	320964	12742	6194
2 - 5	1011819	963453	558964	457095	13393	9792
5 - 10	286987	297638	165606	154410	5254	4131
10 - 20	64514	68897	38497	37895	1348	1411
20 - 30	9747	9156	6480	5627	451	338
30 - 50	5521	5988	3618	4074	338	232
50 - 100	3919	3587	2259	2324	245	192
> 100	2215	2467	1465	1507	287	201
Total	4237889	3913651	2139209	1439898	59934	33234
Size (ha) /Year	Persons					
	Farm's head		Husband/Wife		Non-relatives	
	2005	2007	2005	2007	2005	2007
< 0,1	549181	352769	259543	78957	5811	1995
0,1 - 0,3	474162	522028	203853	115505	7192	3326
0,3 - 0,5	283145	279085	125955	71534	5056	1706
0,5 - 1	677761	609440	322464	190015	11311	4624
1 - 2	868918	799143	450507	320965	16032	6751
2 - 5	1011819	963453	558964	457096	17767	11410
5 - 10	286987	297638	165606	154413	8220	5404
10 - 20	64514	68897	38497	37896	1954	1670
20 - 30	9747	9156	6480	5627	644	451
30 - 50	5521	5988	3618	4074	580	346
50 - 100	3919	3587	2259	2324	406	331
> 100	2215	2467	1465	1507	598	344
Total	4237889	3913651	2139211	1439913	75571	38358
Size (ha) /Year	Days					
	Farm's head		Husband/Wife		Non-relatives	
	2005	2007	2005	2007	2005	2007
< 0,1	21722670	15488321	9871809	5139250	222196	168312
0,1 - 0,3	22557606	22469510	9488494	7291790	298482	184984
0,3 - 0,5	14539022	13904445	6308155	4849552	222336	103637
0,5 - 1	40964723	36106776	19448034	14130032	488823	323620
1 - 2	66601164	59206824	33240465	26861886	847335	521149
2 - 5	95101252	87899146	50043709	44432287	1216891	1071188
5 - 10	31377029	31674517	16971393	16892973	622173	553827
10 - 20	7611462	8212458	4222923	4501652	225062	221962
20 - 30	1333114	1275269	744334	722490	93879	70071
30 - 50	773682	921533	442011	494858	89775	57024
50 - 100	537389	554240	265408	311678	60687	54328
> 100	388319	423896	187756	207274	105536	64060
Total	303507432	278136935	151234491	125835722	4493175	3394162

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

A very detailed evolution of the number of farms, persons and days worked in individual private farms between 2005 and 2007 by size classes is presented in Table 9, with the totals are summarized in Table 10. It is positively surprising the fact that farms with area between 30-50 ha and over 100 ha are increasing by almost 10% in two years, while the small farms, with less than 5 ha are decreasing. If the total number of farms reduces over the two years by less than 8%, the number of persons active in farming reduces by 25%, releasing more than two million people! The total number of days worked reduced by almost 15% in 2007 as result of the previously mentioned changes. We can only assume that the agricultural activity was a secondary activity for that volume of people as no social pressure was manifested in rural during the analyzed period. In fact, the over 220.000 farms with less than 1 ha that disappeared by 2007 took away more than one million people, the difference coming from the 1-10 ha category.

Table 10 Total number of farms, persons and days worked by farm's head, relatives and non-relatives in 2005 and 2007

Size (ha) /Year	Farms		Persons		Days	
	2005	2007	2005	2007	2005	2007
< 0,1	549181	352769	958147	467811	36090048	23160908
0,1 - 0,3	474162	522028	832773	687212	38209823	32607340
0,3 - 0,5	283145	279085	518607	387249	24960181	20926028
0,5 - 1	677761	609440	1276785	912851	72228812	57581681
1 - 2	868918	799143	1765667	1341594	124122581	102385435
2 - 5	1011819	963453	2224289	1799534	191732331	164652809
5 - 10	286987	297638	657385	601362	66411259	63194495
10 - 20	64514	68897	150081	148901	16261099	17249125
20 - 30	9747	9156	23487	20771	2810397	2717405
30 - 50	5521	5988	13320	14398	1666682	1959196
50 - 100	3919	3587	8971	8215	1127525	1170848
> 100	2215	2467	5876	5906	875735	907052
Total	4237889	3913651	8435388	6395804	576496473	488512322

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

Analyzing the agricultural employment presented in Table 11 and summarized in Table 12, we retrieve the above-mentioned reduction trend. From 2005 to 2007 a total of 286.339 people were released from agricultural jobs, 97% of them former temporary employees. Most of reductions occurred for farms with less than 10 ha, only the effect was four times more pronounced for the class 1-10 ha than for the class with less than 1 ha.

To summarize the agricultural employment situation in 2007 a total of 3.931.350 farms, 99,54% in individual private farms and 0,45% in farms with legal status, represented a work place for 6.467.571 persons, 98,92% in individual private farms and 1,07% in farms with legal status. Out of these figures, a total of 4.716.969 had the status of employees, 4.645.202 temporary employees (98,47%), 52.975 permanent employees (1,12%) and 18.792 farm heads (0,39%). This situation allows the consideration of 71.767 work places as permanent employment, which represents only 1,5% of the total employment in the agricultural sector. (1)

Table 11 Number of farms with employees in 2005 and 2007 by size classes

Farms						
Size (ha) /Year	Farm's Head		Permanent employees		Temporary employees	
	2005	2007	2005	2007	2005	2007
< 0,1	704	348	255	213	25636	19088
0,1 - 0,3	701	731	60	52	74873	81496
0,3 - 0,5	417	349	47	59	62712	61682
0,5 - 1	690	629	90	81	173462	160481
1 - 2	965	993	130	225	275851	263681
2 - 5	2335	2564	340	357	383465	362176
5 - 10	2625	2529	371	435	122406	124066
10 - 20	1404	1269	323	333	27887	30660
20 - 30	383	409	157	184	4974	4650
30 - 50	489	573	265	291	3128	3728
50 - 100	1024	1219	535	690	2998	2750
> 100	6685	7179	3483	4010	4896	5234
Total	18422	18792	6056	6930	1162288	1119692
Persons						
< 0,1	704	348	6801	4764	42065	33031
0,1 - 0,3	701	731	1103	124	162450	173617
0,3 - 0,5	417	349	79	422	152705	155720
0,5 - 1	690	629	303	239	521012	465032
1 - 2	965	993	407	1071	1052639	953880
2 - 5	2335	2564	1499	1221	1840379	1758732
5 - 10	2625	2529	1248	1467	708269	662993
10 - 20	1404	1269	1924	1434	195953	200478
20 - 30	383	409	1018	837	44148	40910
30 - 50	489	573	1393	1445	31608	32953
50 - 100	1024	1219	3119	3353	43811	33254
> 100	6685	7179	42012	36598	128941	134602
Total	18422	18792	60906	52975	4923980	4645202
Days						
< 0,1	56981	46555	1334326	956299	788348	602913
0,1 - 0,3	15224	18503	212328	24211	1043971	1385385
0,3 - 0,5	9109	13686	7037	83561	983426	906523
0,5 - 1	18828	20103	45997	39151	3396624	2938064
1 - 2	28730	39886	61301	205311	7159903	5873172
2 - 5	76322	105111	264259	225494	15079332	12678569
5 - 10	90179	102096	194911	248220	7093155	6405308
10 - 20	76922	66663	321116	277154	2786129	2629899
20 - 30	35544	36231	184470	160635	772234	740762
30 - 50	56793	68353	260177	286610	942667	765953
50 - 100	130042	166506	625966	677896	1128011	915267
> 100	836927	947201	8438085	7444651	4867784	3680338
Total	1431601	1630894	11949973	10629193	46041584	39522153

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

Table 12 Total number of persons and days worked by farm employees in 2005 and 2007 by size classes

Size (ha) /Year	Persons		Days	
	2005	2007	2005	2007
< 0,1	49570	38143	2179655	1605767
0,1 - 0,3	164254	174472	1271523	1428099
0,3 - 0,5	153201	156491	999572	1003770
0,5 - 1	522005	465900	3461449	2997318
1- 2	1054011	955944	7249934	6118369
2 - 5	1844213	1762517	15419913	13009174
5 - 10	712142	666989	7378245	6755624
10 - 20	199281	203181	3184167	2973716
20 - 30	45549	42156	992248	937628
30 - 50	33490	34971	1259637	1120916
50 - 100	47954	37826	1884019	1759669
> 100	177638	178379	14142796	12072190
Total	5003308	4716969	59423158	51782240

Source: Farm Structural Survey, National Institute for Statistics, Bucharest, 2007

The national labor statistics for 2007 records a number of 9,994 million people as total active population from which 4,5 million in rural area. The total occupied population amounts 9,353 million people from which 4,281 million from rural area. The BIM unemployment for rural area counts 0,219 million compared to the urban - 0,422 million.³ Between the statistical sources there is a relatively large difference as if we only consider the employed persons from above they exceed the total active rural population by more than 0,2 million people. The large number of temporary employees that are most likely not all recorded by the Labor Offices can explain this difference from a total rural population of 9,6 million people in 2007.

The social protection expenditure operated with a national average of 321 ROL/month in 2007 for the formerly employed persons and 180 ROL/month for the fresh graduates. The agricultural retired pensioners 0,932 million people had an average of 159 ROL/month in 2007, compared to an average of 434 ROL/month for other professional categories. The net income as salaries for agriculture, hunting and forestry averaged 748 ROL/month, while in fishing and aquaculture the average was of 586 ROL/month. Among the other professional categories only services in hotels and restaurants are lower than the above two mentioned, and compared to the public administration average agricultural wages are almost three times smaller. (3)

³ Romania in figures 2009, National Institute for Statistics, Bucharest, 2009

3 FARM RESTRUCTURING OPPORTUNITIES

The central opportunity for the structural changes in farming are currently represented by the National Rural Development Programme 2007-2013 (NRDP). Opened in February 2008 the PNDR offers grounds for the “natural” processes of restructuring by supporting the competitiveness of the farms by direct investments, aid to young farmers settling and other specific measures. The appropriateness of these measures for the current situation of Romanian agriculture should not be subject of the present analysis. However, in order to avoid any misinterpretation of the progress we have to emphasise the fact that most of these measures are new, as type of support for the Romanian farmers and the entire institutional and procedural setup requires time to be understood. The newest part of the public support for agriculture is represented by the disbursement of the certified expenditure that combined to the limited access to the financial instruments (by failing to comply with the requested bank guaranties) prevents a certain part of interested farmers to develop using the available policy support.

The PNDR Axis one has consistent support for the following types of actions: 265,8 MEUR for the settlement of young farmers, 991,8 MEUR for direct investments for farm modernisation, 476,1 MEUR for semi-subsistence farms, 476,1 MEUR for infrastructure for the development of agriculture and forestry, 1071,2 MEUR to increase de added value of the agricultural and forestry products, 71,4 MEUR for early retirement (starting in 2010), 198,4 MEUR for enhancing the economical value of the forest and 138,8 MEUR support for establishing producer groups. Complementary, the Axis three comes with 371,1 MEUR support for microenterprises creation and development, 544,2 MEUR for encouraging the touristic activities and 1546,1 MEUR for villages renovation and development⁴. The amounts mentioned are covering the entire programming period 2007-2013.

Until beginning of October 2009 a total of 16.147 projects have been submitted for evaluation out of which 9.414 have been selected and 8.218 projects have been contracted or have a financing decision. The most attractive measures until now were the Measure 322 - village renovation and development addressing mainly infrastructure projects and Measure 121 - farm modernisation. The first mentioned measure (322) amounted a total of 3039 projects submitted for a total public expenditure of 7429 MEUR! Only 291 projects were selected and further contracted for 800,797 MEUR. The second mentioned measure (121) recorded 4530 submitted projects for a public expenditure of 1525 MEUR and only 1260 projects contracted for 359,231 MEUR. In most cases the limitation for contracting is given by the annual projected budgets for each measure and not by the poor quality of the project applications. At the same time, this situation represents a serious reserve of projects for the further calls to come.⁵

One of the measures of high interest for the restructuration of the agricultural sector, namely support for the settlement of young farmers (121) was recently opened and has so far 506 contracts or financing decisions for an amount of 10,177 MEUR. It is of high interest the early retirement measure as well which will be launched in 2010.

⁴ The National Rural Development Programme 2007-2013, Third Version, Ministry of Agriculture and Rural Development, Bucharest, March, 2009

⁵ Report on submitted projects by sessions 09.10.2009, Management Authority for the National Rural Development Programme, Ministry of Agriculture and Rural Development, Bucharest, 2009

The projections we can make about the impact of these measures, otherwise at an early stage toady, can drive to the expected results by moving the concentration from the elderly people managing the farms today outside the sector and counting on young newcomers. There are however certain elements to take into account which can deform the natural process or replacement. One important element refers to the position of power that the farm head has in the family. Giving up this position in terms of title and property to the next in the family or outside the family practically marginalise completely the individuals in question. As their number is relatively important today one should be able to evaluate the impact of this change in terms of progress and especially in terms of employment.

A second aspect is related to the recipient of the ownership transfer. If the farm is subject of ownership change inside the family then is it the first or the second generation receiving it? Both recipients have, in most situations, a main income source outside the farm. Will the ownership transfer and the policy support for young farmers motivate the younger generation to undertake as full time the farming activity? Or the ownership transfer will rather go to the next generation without any transfer support, no development of skills by acquiring specialised training or education and the only variable changing is the age of the farm's head? As these processes have just begun in Romania it is far too early to elaborate accurate projections.

The farms that are moving out of semi-subsistence as result of the policy support will most probably grow inside the category 1-10 ha. In terms of income this segment will grow as the support measure indicates this development as compulsory. If this growth is realised by absorbing other semi-subsistence or subsistence households the needs for compensating the former income and self-consumed productions will require an increase in alternative incomes or a new employment. Those families remaining in subsistence situations will continue to provide themselves with basic agricultural goods. One characteristic of these households is the flexibility in increasing the production level as a secure option for crisis moments. The only argument in favour of this statement is represented by their long time existence and resilience.

At this same level, but including the small farms outside semi-subsistence we observe an informal dimension of crediting. Any legal status acquired by these units will eliminate the possibility for informal loans which temporary solved eventual negative balances. The input of remittances in the family budgets, although currently decreasing given the financial and economical crisis are also informal inputs used for production or small investments possible outside the legal status farms. At the same time, any policy support requires the achievement of a legal status for the applicants.

If we account 1.684.078 private farms and 1.422 farms with legal status covering an area of 649.530.35 ha extracting a certain part that deals with special productions and highly intensive productions and we foresee a massive release of farming the first effect will be an impressive number of former farmers seeking additional income or employment. We can also assume that most of them are approaching, reached already or are beyond the retirement age as 1.761.756 farm heads are already over 65 years of age. In this situation the farming activities will continue to ensure a cheap consumption for them and their families. However if only one third of the figures mentioned above are actively seeking jobs in rural or urban we practically double the unemployment (0.575 million in 2008) (3).

The most dynamic segment in terms of restructuring remains the 1-10 ha class where the potential to grow is higher considering that absorbed farms can contribute substantially to the physical and economical growth of the initial farms. In this class more than 50% of the private individual farms detain almost 70% of the area (Table 2) and therefore we can

consider them as the restructuring reservoir. On the other hand, the number of farms with non-cultivated area for the same class was increasing by 10% between 2005-2007 while the area decreased by almost 50% (Table 3). At the same time, in the 1-10 ha segment we retrieve over 2 million people in 2005 out of which over 100.000 left by 2007 (Table 9).

Most of the elements presented so far are not creating rural employment but enhancing the grounds for competitive agriculture. Certain interventions can release further active people currently occupied in agriculture that will seek a job in rural area. Certainly, investments in modernisation can create employment even on permanent bases but the estimations for these new work places does not appear to be the solution for capturing in a sustainable manner more permanent employees. On the other hand converting the temporary jobs into permanent employment might not always be possible function of tasks to perform and the readiness of the employer. The diversification of the farm activities as presented in Table 4 shows an impressive number of farms with other gainful activities still connected to the agriculture - 853.637 units. This type of development generates employment creation, as new jobs are required for processing or services. With the growth of these new activities in economical terms, by means of intensification the area of the initial farm can be released towards other farmers if the current activities prove more efficient in terms of income compared to farming. This potential process has two advantages: can release land for farming extension and creates employment.

Other sectors, such as services and industry can create important employment in rural areas, yet the major barrier remains the infrastructure. As we address infrastructure we comprise by this the presence of the infrastructure elements as well as their quality. We have seen earlier an impressive demand for infrastructure projects in less than two years after the opening of the National Rural Development Programme, 3039 projects submitted for a total public expenditure of 7429 MEUR. Most of these projects aimed to enhance the infrastructure elements for improving the quality of life in those respective rural areas but also to increase the attractiveness for business. Industrial implantations in urban centres absorbed the active rural population from large areas driving the zone's unemployment to zero such as the case of Western Timis County.

One important factor up streaming the restructuration and the absorption of the small farms is represented by the direct payments system. The non-cultivated area was reducing by over 70.000 ha between 2005 and 2007 and most probably reducing further over 2008 and 2009. This can induce resistance for small properties where the farm heads have their main cash incomes from social transfers.

4 CONCLUSIONS

The restructuring process in agriculture with all its troubled recent history continues as a “natural” process. The property restitution otherwise a delayed process and realized in steps which rather prevented than stimulated the farm consolidation started the farm restructuring. The different attempts of forcing the structural changes by legal regulations failed prior to Romania’s accession to European Union, as private property can no longer be structured by public will only. The resistance to the process has different sources, from income related arguments to historical and cultural values of the property. However, the progress in ongoing and showing results even on short term.

The rural employment as formal institutionalized employment does not capture the entire rural active population in the standard statistics as proved by the difference between data from Yearly Statistical publications of the National Institute for Statistics and different specialized enquiries addressing rural areas or the non-urban activities. The different waves of immigration from urban to rural as result of industrial collapse in the 90’s continues to be a social burden for rural. Today the immigration balance continues to be positive for rural in terms of incomers except for the youngest categories.⁶

Most private individual farms of small and medium size are self-employing the farm’s head and using family non-remunerated work from the other family members. This cheap solution to produce agricultural goods on small plots allows a number of elderly persons to survive with small pensions and reduced social transfers by compensating for their consumption. Most likely this category will resist the restructuring driven by economical interest. Their farms will become subject of restructuring after the farm’s head will have consented to renounce to the land or after they have disappeared as individuals. However, the restructuring resources are outside this category where surfaces are more important in size. The farm restructuring inside the agricultural production without diversification has chances to produce low employment as the incremental growth rarely employs extra labor.

The diversification of agricultural activities represents an important source of employment, especially in agricultural goods processing and services. This category presents an important potential and records substantial growth and benefits from consistent support for development from public funding. Most likely the job creation through rural economy diversification will absorb and retain an important number of rural active persons.

The non-agricultural jobs in rural areas are still dependent on the business environment development closely linked to the development of the physical infrastructure and the improvement of its quality.

A closer attention could be granted to the public measures addressing training in order to transfer basic agricultural knowledge to employers but also to the employees. A special emphasis could be given here to the temporary employees and their formal institutionalization as labor. The authors believe that the farm restructuring process will capture and develop more employment as the economical size increases by hiring temporary employees as permanent staff.

⁶ Statistical Yearbook of Romania 2008, National Institute for Statistics, Bucharest, 2009

Policy recommendations

Focus on impact instead of results in the programmes' assessment and enforce this principle in the programming period of the future operational programmes. The pre-accession period created a "fashion" of sufficiency in ensuring the results of any implemented project regardless the impact, especially within the foreseen sustainability. This shift can prevent effects such as an over-populated agriculture, or a "sustainable semi-subsistence sector" for social reasons.

Review the current complementarities between different operational programmes supported from structural instruments, such as the Operational Programme (OP) for Human Resources Development, OP Increase of Economical Competitiveness, Regional Operational Programme and the National Rural Development Programme. The complementarities are seen today as a demarcation line instead of a collaboration possibility between the involved implementation structures to support the potential beneficiaries. Whenever employment comes into focus all attention is concentrated on Human Resources Development Operational Programme for active employment measures; similar situation is observed for supporting economic activities' diversification, or supporting tourism initiatives.

Increase the public commitment for the development of the administrative capacity for agriculture and rural development administration. The dynamic and the impact of the public policy support are often tempered by bottlenecks induced by the newly established structures.

Develop public support services for rural areas. The rural population has access to the urban assistance services for social, health, labor, safety, legal and other basic services but no local capacity or guidance to access them. This situation makes the services more costly and often avoided by the rural population. While the advisory services deal mostly with agricultural production and management, the business assistance, professional or personal advice services are absent from the rural areas. Rural employment development is hard to foresee in absence basic services for population and even harder in absence of business support services.

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