



Munich Personal RePEc Archive

Agricultural cooperatives in developing agriculture in Romania and the European Union

Brătulescu, Alexandra - Marina

ICEADR, Bucharest

16 November 2017

Online at <https://mpra.ub.uni-muenchen.de/85371/>
MPRA Paper No. 85371, posted 05 Apr 2018 15:46 UTC

AGRICULTURAL COOPERATIVES IN DEVELOPING AGRICULTURE IN ROMANIA AND THE EUROPEAN UNION

BRĂTULESCU ALEXANDRA-MARINA¹

Abstract: *The Agricultural Cooperative is an autonomous association of natural and / or legal persons, as the case may be, a private legal person established on the basis of the expressed consent of the parties in order to promote the interests of cooperative members in accordance with the principles of cooperation. In the course of the paper we will present the laws of agricultural co-operation, professional associations and the role of cooperatives in the development of agriculture. Also, the types and forms of agricultural cooperation in the European Union will be presented. To create agricultural producers in associative forms new opportunities for economic development are opened by attracting regional, zonal or local advantages and using collective power in order to increase the prosperity of members, their families and the communities they are part of. The cooperative can carry out several types of activities that have various benefits for members and help them achieve these goals.*

Keywords: *cooperatives, agricultural development, evolution, agricultural.*

JEL Classification: *L 11, Q11, Q13*

INTRODUCTION

Cooperatives are an autonomous association with an unlimited number of members with variable capital, conducting economic, technical and social development in the private interest of agriculture. The members of the cooperative are established and operate with at least 5 farmers. The share capital consists of shares of equal value; The nominal value is determined by the memorandum. Actions may be in cash and / or in kind;

The cash contribution is compulsorily constituted by any agricultural cooperative, it is constituted, organized and based on the constitutive document, signed as authentic document, which includes the decision to involve the list of founding members, the value of the subscribed shares each, together with the statute.

Members of associative forms, regardless of their organization - associations, cooperatives or producer groups - have democratically established rights, and in recent years, due to concentration or development strategies, farmers are faced with a Fundamental strategic decisions, namely to choose how to act better in insecure situations to make viable, cost-effective agricultural holdings, resilience to competition, sales markets and efficiency in accessing financial funds. Alternatively, farmers make different forms of association, including cooperatives, producer groups and producer associations.

Romania, currently in the position of adapting to the new EU regulations, has an agriculture in which approximately 37% of the population is active, with about 3 million plots, the average area of which is 1.5 ha, which requires The organization of farmers in associative forms, with a view to modernizing this important economic branch.

In Romania, agricultural cooperatives are regulated by two laws, namely:

□ Law 566/2004 - Law on agricultural co-operation, which regulates only the sector of agricultural co-operation

□ Law 1/2005 - Law on Cooperatives, which also provides for the possibility of establishing cooperative societies for exploitation and agricultural cooperative societies - associations of natural persons that are established with the purpose to jointly exploit the agricultural areas owned by the cooperative members, to Jointly carry out land improvement works, jointly use machinery and facilities, and harness agricultural products.

The purpose of this paper is to make a comparative analysis of the situation of cooperatives in Romania and cooperatives in the most important countries of the European Union.

¹ ASC Brătulescu Alexandra, ICEADR, Bucharest bratulescu.alexandra@iceadr.ro

MATERIAL AND METHOD

In this paper, data from the databases of the National Institute of Statistics, the Ministry of Agriculture and the European Commission were analyzed, compared and interpreted. The quantitative and qualitative analysis of statistical data and the Swot analysis were used as a method of analysis regarding the advantages / disadvantages / opportunities and risks of agricultural producers wishing to belong to a cooperative.

Table no.1

SWOT ANALYSIS

<p style="text-align: center;">Benefits</p> <ul style="list-style-type: none"> - Reduces the number of intermediaries in the distribution chain - increases the influence of the manufacturer in price-setting in relation to buyers - also provides timely supplies of good quality at reasonable cost to the cooperative of distribution or processing - Opens new perspectives for the producer / worker who can adopt new technologies (mechanization, planting material, etc.) to allow it to move from traditional to more productive practices. 	<p style="text-align: center;">Disadvantages</p> <ul style="list-style-type: none"> -Confusion of farmers on association in a form of association (cooperative association - producer group)
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - changing the legislation on accessing loans with preferential interest to co-operatives and associations - simplifying funding documentation 	<p style="text-align: center;">Risks</p> <ul style="list-style-type: none"> - Farmers are unaware of the legislation and the benefits they can have - the reluctance to cooperate, starting from confusing the term cooperative with the CAP, which was based on land confiscation and cancellation of individual property titles

RESULTS AND DISCUSSIONS

In the countries of the European Union, agricultural cooperatives are in forms and types that vary from one country to another, based essentially on the same principles of organization and functioning that are based on the European Council Directive and which relate to agricultural cooperatives.

Through this directive, cooperatives are entities that are named in the Member State's law as such but are based on cooperative principles.

In the European Union, agricultural cooperatives are organized on three levels, as follows:

At primary level, farmers are associated in simple forms of associations that are called first-class cooperatives in the European Union, they have been formed to jointly achieve the following objectives:

- performing agricultural works;
- joint exploitation of the earth;
- Sharing production capacities;
- or to invest in various areas.

At secondary level, associations of primary agricultural cooperatives, which are referred to as second-class cooperatives, are set up and are aimed at upstream and downstream investments in agriculture for the collection or processing of agricultural products.

Third-level cooperatives are organized at tertiary level, by regions or even at national level through the participation of second-class cooperatives that form strong financial, commercial and industrial groups. These include networks of cooperative factories that provide processing and marketing of products or banks by pooling experience and resources in a particular area or region.

The weak point of agriculture is in the exercise of the market function of the agricultural holding, which has led to the concentration of the supply of agricultural products in order to ensure the sale under conditions of economic efficiency, based on market information and common decisions.

By developing the cooperative forms of economic organization of family farms it is possible to take over some functions of the farms by cooperative enterprises specialized in the storage and marketing of the products or the supply of agricultural holdings with various products necessary for agricultural cycle.

Table no. 2

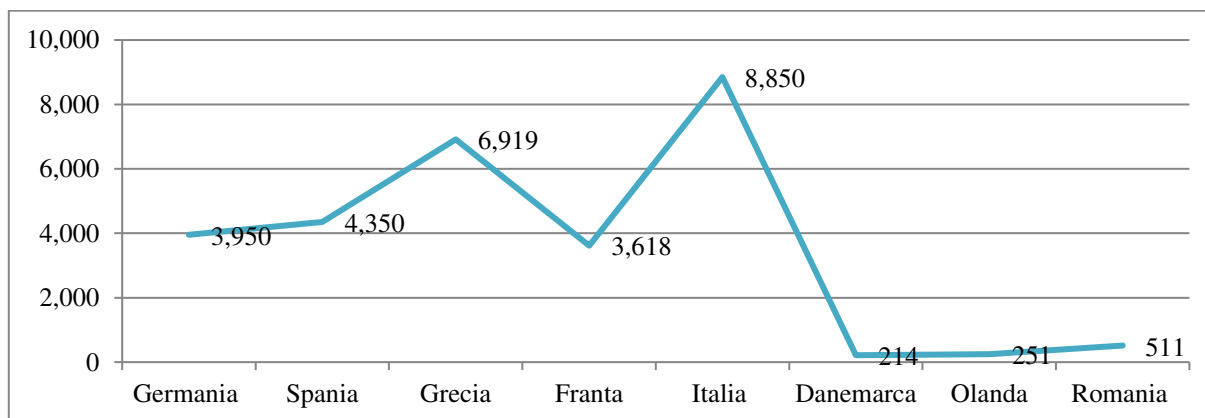
Statistical data on agricultural cooperatives in some countries of the European Union

Country	Number of cooperatives	Number of members	Average number of members per cooperative	Turnover EUR bill	Average turnover per cooperative
Germany	3.950	3.280.000	830,38	39,30	0,01
Spain	4.350	950.000	218,39	6,30	0,01
Greece	6.919	782.000	113,02	0,85	0,01
France	3.618	720.000	199,00	52,60	0,014
Italy	8.850	1.124.900	127,11	16,45	0,01
Denmark	214	113.00	0,53	12,10	0,06
Netherlands	251	273.000	1087,65	22,40	0,09
Romania	511	23.412	45,816	15,00	0,03

Source: Statistical data processing, taken from the European Commission

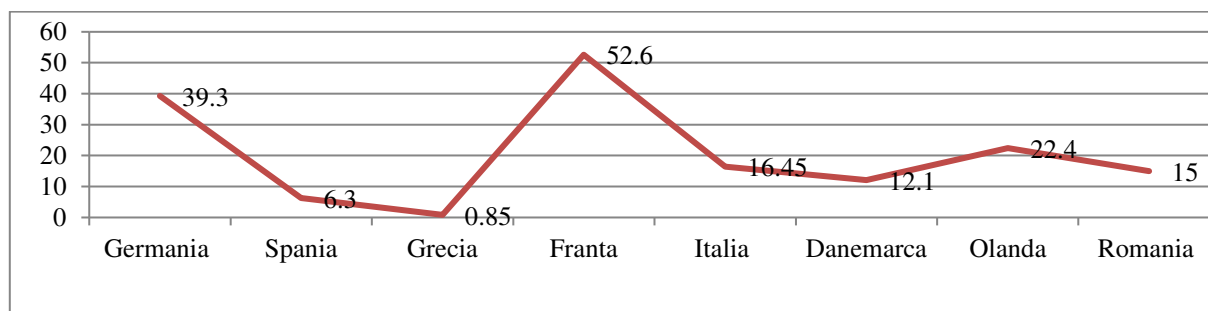
At European Union level, countries with the largest cooperative network are: Italy, Greece, Germany, Spain, France. But the highest economic power lies in agricultural cooperatives in the following countries: France, Germany, Denmark, the Netherlands. In Greece, Spain, Italy, although the number of cooperatives is high, their power is smaller.

Figure no.1 - Number of cooperatives



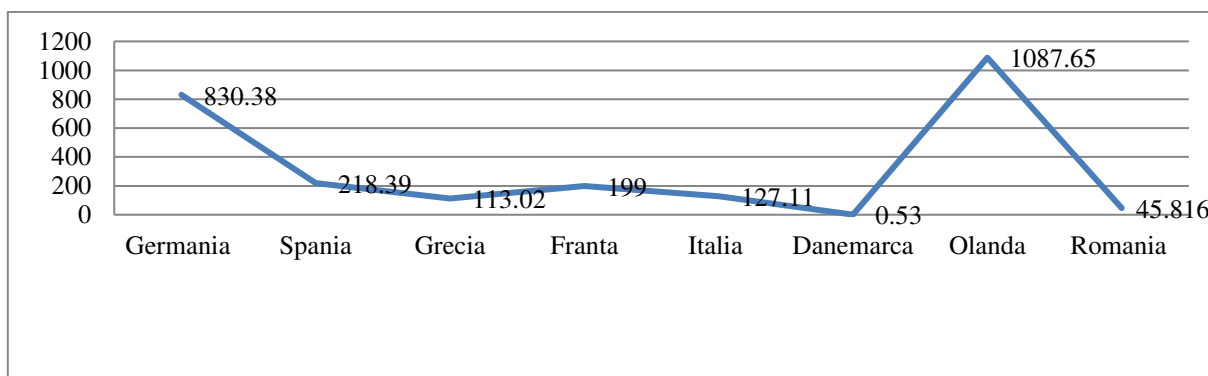
In figure 1, shows the maximum and minimum number for cooperatives in the European Union, here we observe that Italy has the largest number of cooperatives with 8.850, followed by Greece with 6.919, and the last with the smallest cooperatives Of the European Union is Denmark with 214 cooperatives.

Figure no.2 - Business turnover in billions of euros



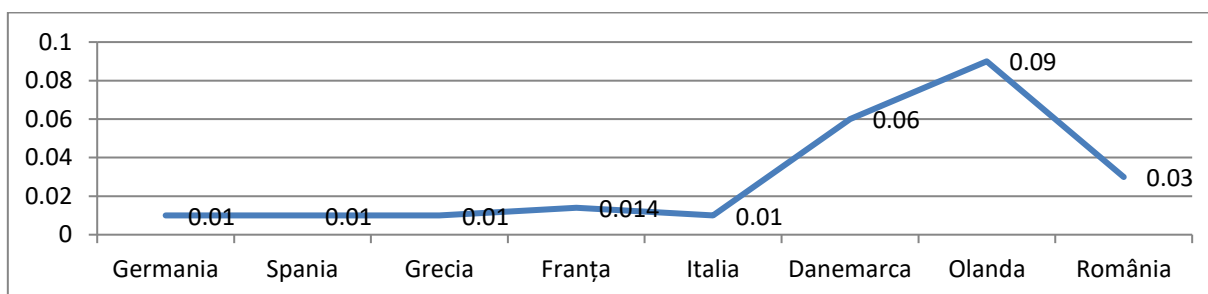
For turnover in billions of euros, the European Union ranks first with 52.6, followed by Germany with 39.3, and the lowest figure is in Greece with 0.85, which is the weakest country.

Figure no. 3 - Average number of members per cooperative



In figure 3, the average number of cooperative members shows that the Netherlands leads this ranking with a total of 1087.65, and Denmark has the lowest number of 0.53 members.

Figure no. 4 - Average turnover per cooperative



In figure 4, shows that the Netherlands has the highest turnover with 0.09 followed by Germany, and the lowest average turnover in the cooperative is in Romania with 0.03 billion euros.

In some Member States of the European Union, cooperative agri-food chains are developed by organizing cooperatives and cooperative associations horizontally and vertically.

Horizontal cooperation is carried out by economic agents in each branch of the chain from the primary level to the tertiary level.

Establishment of farmers in associative forms opens new opportunities for economic development by attracting local benefits and by using regional or regional power to increase collective members of prosperity, their families and communities.

Vertical cooperation takes place between individual farmers and associations that carry out different activities along the chain. And the two forms of cooperation are joined together. The European Union's agricultural cooperative sector has high market shares, but vary from country to country and from product to product.

CONCLUSIONS AND RECOMMENDATIONS

Agriculture is the main source of income in rural areas. Agricultural cooperatives play an important role in supporting agricultural producers and marginalized groups such as young people and women. They develop rural areas in a sustainable way by creating jobs and implementing business models that are resistant to economic fluctuations.

Through cooperation, manufacturers have access to a wide range of services: new markets, natural resources, information, technology, lending, training and training, etc.

It also facilitates the participation of producers in decision-making at all levels and also supports them legally and in negotiating contracts with suppliers of raw materials and agricultural machinery.

Although the advantages of associative forms are undeniable throughout the world, Romanian farmers hesitate when it comes to joining an agricultural cooperative. At present, under 1% of Romanian farmers are part of an associative form. Compared to the European Union, the average of the organization is 34%.

In recent years, due to concentration or development strategies, farmers face a fundamental basis for strategic decisions, namely choosing how to act better under uncertain conditions to make viable, cost-effective holdings Markets and financial efficiency by accessing funds. Alternatively, farmers have developed different forms of association, including cooperatives, producer groups and producer associations.

The reason may be that in our country the term "cooperative" is usually regarded with suspicion, since the establishment of those "cooperatives" in communism has de-owned the peasants, and instead of cultivating the spirit of association and Trust (ie the basic pillars of a co-operative enterprise), the organic communities were dismantled, completely altering human relations through massification and uprooting resulting from collectivization.

The recent economic crisis has led our country to develop cooperatives. From the analysis carried out, in 2015 cooperatives and cooperative societies with agricultural profile in operation in Romania 511 were identified. Of the total of 511, cooperatives were evaluated 284, approximately 56% of the total.

Agricultural cooperatives in Romania are encouraging the association of farmers, who, through diversification and horizontal and vertical integration, benefit from the possibility of purchasing inputs at lower prices (up to -35%), the application of a performing technology, the organization of production and their quantitative increase Qualitative, concentration of supply of agricultural products and markets, resulting in increased economic efficiency of producers.

BIBLIOGRAPHY

1. www.insse.ro
2. www.madr.ro
3. www.europa.eu
4. [http://www.ies.org.ro/agricultural cooperatives](http://www.ies.org.ro/agricultural_cooperatives)
5. [http://www.qreferat.com/reports / economic / type-of-association-profesional46.php](http://www.qreferat.com/reports/economic/type-of-association-profesional46.php)
6. [http://www. the farm magazine.ro/articles / topical / we-cooperative-farm-active-in-romania](http://www.the_farm_magazine.ro/articles/topical/we-cooperative-farm-active-in-romania)
7. [http://madr.ro/docs/Rural development / NRDN / bulletin-themed / PT17.pdf](http://madr.ro/docs/Rural_development/NRDN/bulletin-themed/PT17.pdf).