

THE ROLE OF AGRICULTURE IN THE ROMANIAN ECONOMY

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Abstract

As a basic branch of the national economy, agriculture asserts itself as a very complex and complicated field of activity, being one of the branches of great importance, so that it contributes to a great extent to the launch of the economic growth of our country. Agriculture like the other branches of the national economy develops according to the same economic legitimacies, but with specific forms of manifestation, determined by the existence of its technical and economic peculiarities, which gives a special complexity to economic phenomena in agriculture compared to the same economic phenomena industry. All these aspects led to the establishment of the basic objective of this paper, through which the author aims to make an analysis of the importance of agriculture at national level, highlighting the role and place of the agricultural sector in the Romanian economy based on statistical research, thus analyzing the share of enterprises active in agriculture in the total number of enterprises active in the economy.

Key words: agriculture, INT1010 Matrix, INT111A Matrix, INT113A Matrix, AMG110P Matrix

JEL Classification: E01, O12, Q10

I. INTRODUCTION

Agriculture is the only branch of the economy that provides us with most of the food and raw materials for industry. Thus, according to Maslow's Pyramid, food is part of the fundamental needs of man, namely it is a primary physiological need that underlies the pyramid. If one of the basic needs (water, food, shelter) is not met, man would cease to exist. "Maslow's theory suggests that basic needs should be met before the individual wants to focus on needs" (Maslow, 1943), which refers to personal security, social or affiliation needs, social recognition needs (i.e. trust and self-respect), or the need for self-realization (includes needs that are harder to achieve - for example, expensive hobbies).

Thus, agriculture "was and continues to be a sector of prime importance in Romania" (Luca, Cionga & Giurcă, 2012: 15), being the branch of great importance in the national economy, having as object of activity the cultivation of land and raising animals to obtain food and other products that can be used as raw material for the production of other products. This, along with industry, is the leading branches of material production in Romania.

The agriculture is one of the oldest human activities, and is very important for the global economy through the generated resources (Mihalciuc & Socoliuc, 2008).

The term agriculture comes from the Latin words agri - field and culture - which work in the sense of tillage for plant cultivation (Midmore, Whittaker, 2000). In general, agriculture refers to distinct sciences and occupations, such as: aquaculture (growing aquatic plants and animals), agrophytes (field crops, fodder and industrial crops), beekeeping (beekeeping), poultry (poultry farming), horticulture (vegetable cultivation, fruit trees, vines, decorative trees and shrubs, flowers, ornamental plants, tropical plants and greenhouse plants), mollusc farming, fish farming (fish farming), sericulture (growing silkworms), forestry (study, breeding, exploitation and protection of forest trees, control and protection of forest flora and fauna), animals (farm animals) (Apostol, 2015).

According to International Accounting Standards IAS 41, "agricultural activity is the management by any society of the biological transformation and harvesting of biological assets to sell or convert them into agricultural products" (IAS 41). It can be observed that IAS 41 deals with recording of transformation of biological assets (Feleagă, Feleagă & Răileanu, 2012).

The European approach to modern agriculture includes, among others, the repetitive economic process of managing biological transformations of biological agricultural assets in order to reach the stage of maturity necessary for population consumption or for the generation of additional biological assets (Zlati & Grosu, 2020).

This activity complies with the norms of efficiency and effectiveness necessary to ensure the competitiveness of agricultural products and the maintenance of the agricultural entity on the market (Cosmulese, 2019).

OMFP no. 1802/2014 presents the agricultural activity as "the management by an entity of the biological transformation and harvest of biological assets (live animals and live plants) for sale or for conversion into agricultural products or into additional biological assets".

Agriculture can be defined both as "art and science", for art is the most beautiful view, and as a science we can say that it is given by the fact that agriculture can be done without knowledge (Stan, 2013: 7).

The common characteristics of the agricultural activity presented in OMFP 1802/2014, capture the following: "ability to change: living animals and plants are capable of biological transformation; change management: the manner of administration facilitates biological transformation by improving or at least stabilizing the conditions necessary for carrying out the process (for example, nutrient levels, moisture, temperature, fertility, and light); assessment of change: change in quality (for example, genetic merit, density, ripeness, fat content, protein content and the degree of resistance of the fibers) or quantitative (the number of chicks, weight, volume, length or diameter fibers and number of buds) determined by biological transformation or harvest is measured and monitored as a routine management function".

Nowadays, the term "organic farming" is used more and more often. Although there was talk of organic farming since the nineteenth century, being called at that time "agriculture of tomorrow" (Ionescu, 1982: 118), in our century it is gaining special importance, due to consumer awareness "of health insurance through consumption products" (Ministry of Agriculture and Rural Development, 2014: 3).

Subsidies should not be "recorded directly in the capital and reserve accounts because they represent amounts granted subject to the fulfillment of certain conditions by the company" (OMFP 1802/2014).

In the literature agriculture can be defined as both "art and science" (Stan, 2013: 7), if we refer to art we can say that it is the most beautiful view, and the definition as a science is given by the fact that agriculture can be done without knowledge.

II. THE IMPORTANCE OF AGRICULTURE COMPARED TO OTHER SECTORS OF ACTIVITY

Agriculture occupies a considerable place in the structure of the Romanian economy because it is a sector with development capacities. From this point of view, agriculture is the essential element in social stability and sustaining the ecological balance (Mihalciuc, 2016: 29-35). This branch of the economy provides food for the population and contributes to the development of the food industry and other industries through raw materials (Guleăz, Csoz, Ciolac & Martin, 2014).

The agriculture alongside industry are branches of material production from Romania. Currently, Romania is characterized by an agricultural complex problematic from economically and socially, Romania being situated on the 5th place in the European Union in terms of the arable land and contributing more than 3 percent to the agricultural production of European Union, as specified in the White Book of the Foreign Investors Council (Mihalciuc, 2017).

The main products of Romanian agriculture are: wheat, potatoes, wine and products obtained from animal husbandry. In this respect, the very high proportion of value attributable to the livestock system, in particular milk and pig production, which, in general, represents more than 45% of the value generated by the agricultural sector (Anghel, Anghelache & Panait, 2017).

The special importance of agriculture compared to other branches of the national economy derives from the following (Celac, 2017): firstly it is the only branch of production able to accumulate energy through labor, while all other branches consume energy; secondly, agriculture was the primary branch of material production from which the other branches sprang; this very detachment and independent existence of all other branches is conditioned by the existence of agriculture as the only provider of vital means of subsistence for that part of society employed in the other branches of material production or in the non-productive branches; thirdly, the favorable action of biological factors means that at any level of decapitalization the share of goods and services consumed in agriculture is lower than the upper branches of the national economy; therefore, for the same gross domestic product, higher gross value added is obtained in agriculture, which leads to an increase in national wealth; fourthly, agri-food products have a safe sale on the world market, which is in continuous poverty, favoring in most cases the increase of agricultural product prices on the world market, thus ensuring a high efficiency of exports of agricultural products (Șerban, n.d).

III. THE ROLE OF AGRICULTURE IN THE NATIONAL ECONOMY

In order to determine the place of agriculture in the Romanian economy, it is important to know the number of enterprises active in this sector and their share in the total number of active enterprises, as well as the number of people working in agriculture (Table 1 and Figure 1).

Table 1. Active enterprises (INT1010 Matrix)

- UM: number

No.	Year	Enterprises active in agriculture	Total enterprises active in the economy
1	2012	16.080	472.187
2	2013	16.758	485.082
3	2014	17.471	507.440
4	2015	18.396	513.850
5	2016	19.139	527.792
6	2017	19.916	553.796
7	2018	20.514	576.545

Source: Processing after: INS, Tempo Online, 2020

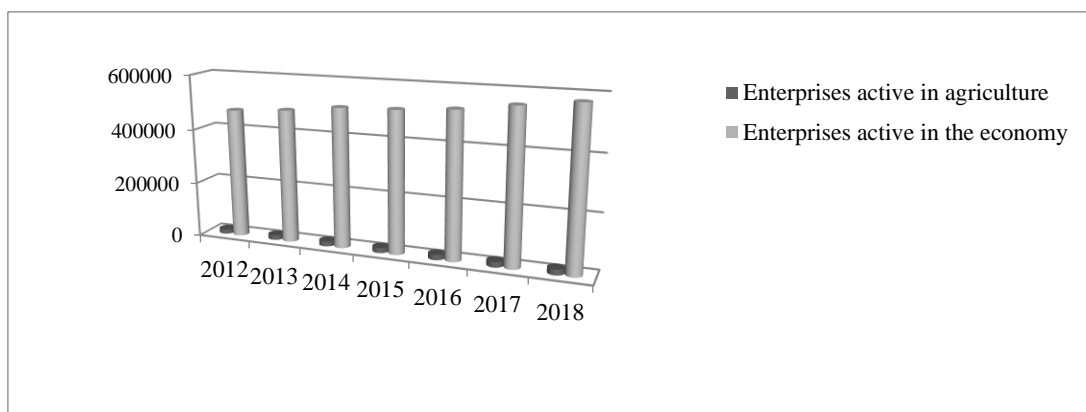


Figure 1 – Variation of enterprises active in agriculture compared to the variation of enterprises active in the economy

Source: Processing after: INS, Tempo Online, 2020

As it is observed in the analyzed period, from one year to another, both the number of enterprises active in the economy and that of enterprises active in agriculture are slightly increasing, an aspect highlighted in Table 1 and in Figure 1.

The share of enterprises active in agriculture in the total number of enterprises active in Romania varies very little. Thus, in 2012, enterprises active in agriculture constituted 3.40% of the total active enterprises, 3.45% in 2013, 3.44% in 2014, 3.58% in 2015, 3.62% in 2016, 3.59% in 2017 and 3.55% in 2018.

The situation of the newly created enterprises in this period is presented according to the structured data from Table 2 and the suggestive representation from Figure 2:

Table 2. Newly created enterprises (INT111A Matrix)

-UM: number

No.	Year	Newly created enterprises in agriculture	Newly created enterprises in the economy
1	2012	7.427	99.467
2	2013	23.529	136.744
3	2014	3.109	82.051
4	2015	10.990	103.280
5	2016	10.227	97.887
6	2017	13.106	109.268

Source: Processing after: INS, Tempo Online, 2020

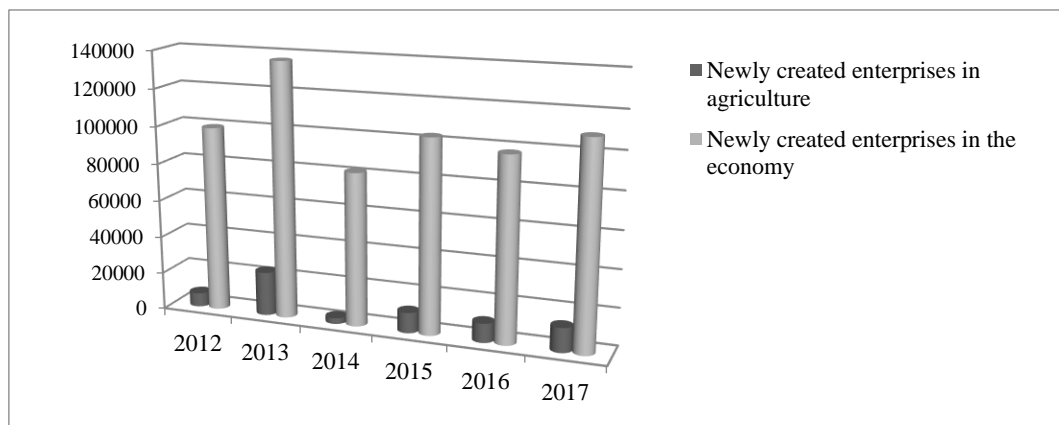


Figure 2 – Variation of newly created enterprises in agriculture and in the economy

Source: Processing after: INS, Tempo Online, 2020

In 2013 there is a boom of newly created enterprises both in agriculture and in the economy in general, an obvious aspect both in Table 2 and in Figure 2.

The share of newly created enterprises in agriculture in the total of newly created enterprises varies greatly. If in 2012, very few investors were available to risk their money in this branch of the economy (only 7.46%), in 2013, as I said before, there was a boom of newly created enterprises in agriculture (17.20 %). However, the lowest number of newly established enterprises in agriculture for the analyzed period was registered in 2014 (3.78%), year after which their number stabilized, varying very little from one year to another.

The newly created enterprises had a negative trend in 2014, compared to 2013 due to unfavorable socio-economic conditions. Given this trend, in 2014 the establishment of companies through tax laws was supported.

The number of enterprises abolished in agriculture compared to those abolished in the national economy is presented in Table 3, and their structure is suggestively represented in Figure 3:

Table 3. The contribution Disbanded enterprises (INT113A Matrix)

-UM: number

No.	Year	Enterprises disbanded in agriculture	Total enterprises disbanded in the economy
1	2012	7.427	99.467
2	2013	23.529	136.744
3	2014	3.109	82.051
4	2015	10.990	103.280
5	2016	10.227	97.887
6	2017	13.106	109.268

Source: Processing after INS, Tempo Online, 2020

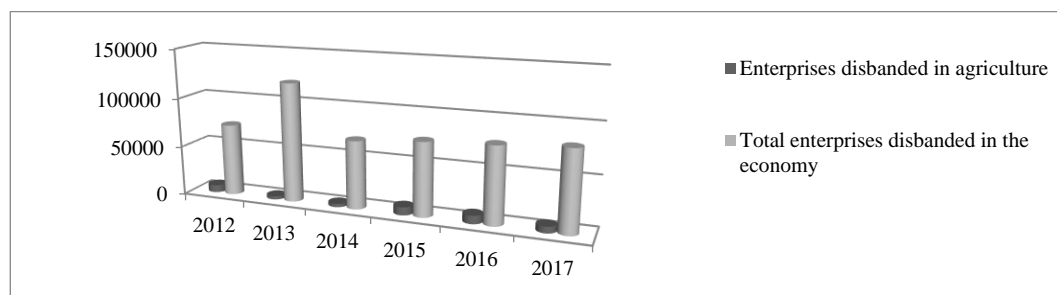


Figure 3 – Enterprises disbanded in agriculture and in the economy

Source: Processing after INS, Tempo Online, 2020

Analyzing the aspects presented in Table 3 as well as their processing with the help of Figure 3. It is noted that in 2013, although most enterprises in the economy were abolished, agriculture is the branch in which the fewest were abolished.

The share of enterprises abolished in agriculture in the total number of enterprises abolished in the economy varies greatly during the analyzed period. If in 2013 it was 2.7%, in 2012, 2015 and 2016 it was 10.07%, 10.95% and 10.78% respectively.

As mentioned above, this uneven distribution is observed, with large variations from one year to another, especially at the beginning of the analyzed period.

Equally important to understand the place of agriculture in the Romanian economy is the number of people working in agriculture compared to the total employed population.

During the analyzed period, the situation is presented in Figure 4 which helps us to more easily view the data in Table 4:

Table 4. Population employed in agriculture and total employed population (AMG110P Matrix)

-UM: number of people

	Year	Population employed in agriculture	Population employed in agriculture
1	2012	2.556.748	2.556.748
2	2013	2.500.752	2.500.752
3	2014	2.441.850	2.441.850
4	2015	2.183.834	2.183.834
5	2016	1.951.929	1.951.929
6	2017	1.974.875	1.974.875
7.	2018	1.938.113	1.938.113

Source: Processing after INS, Tempo Online, 2020

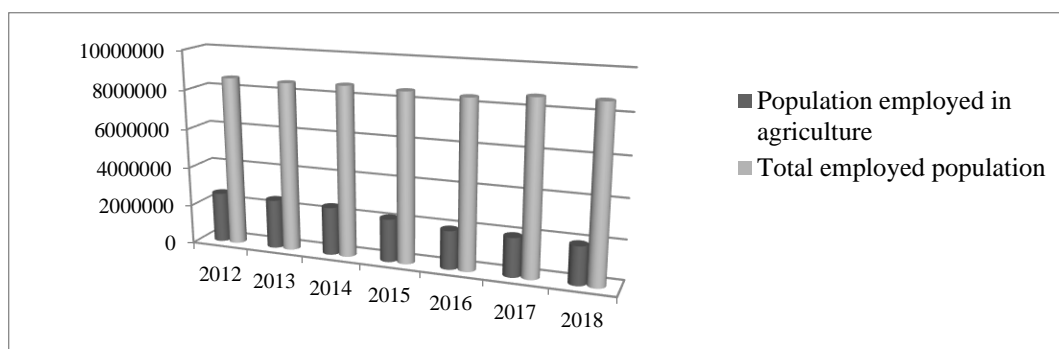


Figure 4 – Variation of employed population in agriculture compared to the variation of total employed population

Source: Processing after INS, Tempo Online, 2020

As can be seen from Table 4, even if the number of people employed remains approximately constant, with small variations from year to year, the number of people employed in agriculture is continuously decreasing. Thus, if in 2012 and 2013 the share of the employed population in agriculture compared to the total employed population was 29.71%, respectively 29.25%, in the following years it gradually decreases, reaching in 2018 to 22.30%. This is worrying because Romania has a fairly large agricultural area that could provide many jobs. As long as the legislation in force does not benefit this branch of the economy, the population will certainly be attracted to other branches of the economy that offer better paid jobs and better working conditions.

IV. CONCLUSION

The agricultural sector represents an important part of the world economy, and in Romania, agriculture represents a sector with a considerable potential, occupying, by tradition, as we said before, an important place in the structure of the national economy.

In order to determine the position of agriculture in the Romanian economy, it was analyzed the share of enterprises active in agriculture in the total number of enterprises active in the economy, concluding that enterprises active in agriculture had an upward trend in terms of number of enterprises active but also in terms of total active enterprises. However, during the analyzed period the population employed in agriculture measured in annual units of work decreased, which means that most of the enterprises operating in agriculture are small and medium-sized.

There is no doubt that agriculture is one of the most discussed topics in the debate on the future of human development on Earth, and today enjoys special attention in all countries of the world, regardless of the level of economic development. Thus, the complexity of agriculture, as a branch of material production, of the national economy, is determined as it results from the presented study, the role of agriculture in economic development

and its technical, economic and social particularities, which give general economic legitimacy a specific manifestation in agriculture.

End notes

[1] AMG110P –matrix comprising the number of persons employed by activities, age groups and areas of residence, for the period between 2000-2018

[2] INS – National Institute of Statistic

[3]INT1010 - matrix comprising the number of active enterprises, by activities of the national economy, size classes according to the number of employees, macro-regions, development regions and counties, for the period between 2008-2018

[4] INT111A = matrix that includes the number of newly created enterprises, by activities of the national economy and by legal forms, for the period between 2008-2017

[5] INT113A = matrix that includes the number of disbanded enterprises, by activities of the national economy and by legal forms, for the period between 2008-2017

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