

## THE ASSOCIATION AND COOPERATION IN AGRICULTURE - IMPORTANT FACTORS IN THE REVIVAL OF THE SMALL FARMERS

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**Abstract:** *It is well known that the agriculture has an important role in achieving economic and social balance in our country, but in Romanian rural communities, more than in other communities from the EU countries, the small and medium farms have a greater role in achieving this balance, especially socially. Although, small and medium farms are holding more than half of the farmland in our country, they are economically inefficient because of the lack of advanced techniques and technologies and of its inability to provide financial support.*

*The purpose of this paper is to highlight the need of the association and cooperation to encourage primarily small farmers and to show the key problems which cause the regression and stagnation of the Romanian producers association process.*

*The article brings to the fore, the importance of the association and cooperation in the development of the small and medium farms, and especially the positive impact which it has on the exploitation of their production in the economic context of relaunching the small and medium farms and their economic growth.*

**Key word:** *association, cooperation, economic growth, small farmers*

### INTRODUCTION

The paper highlights the importance of the association and cooperation in the development of the small and medium farms, and especially the positive impact which it has on the exploitation of their productions in the context of their economic recovery and growth.

It is well known that the agriculture plays an important role in achieving economic and social balance in our country, but in Romanian rural communities (more than in other communities from EU countries), small and medium farms in agriculture have a greater role in achieving this balance, especially socially. Although small and medium farms are holding more than half of the farmland in our country, they are economically inefficient because of the lack of advanced techniques and technologies and of its inability to provide financial support.

Small and medium farmers in most countries with private agriculture were associated in agricultural cooperatives. The cooperatives in turn, have contributed to the progress of some important branches of the agro-food production. [1]

In 2016, Romania is still adapting to the EU regulations. In this country, the population employed in agriculture is about 37 % of the population, and works on about 3 million parcels. The average area/farm has 3.5 hectares, which requires the organization of small farmers in various associative forms, for modernizing these important economic branches. [7]

Under the current legislation, in Romania's agriculture, operates several forms of association and cooperation: agricultural companies and other forms of association in agriculture covered by Act 36/1991 as amended and supplemented; agricultural company regulated by GO no. 26/2000, approved by Law no. 246/2005, as amended and supplemented; agricultural cooperatives governed by Law 566/2004 on agricultural cooperatives amended and supplemented. [3]

Due to the development of strategies, the small farmers are facing key decisions as choosing what to do in various conditions of uncertainty, realizing profitable

exploitation farms, being resilient to competition, creating new markets and having efficient access to financial funds.

**MATERIALS AND METHODS**

Research methods and the scientific tools used in this study are adapted to the research field, and their alternation is subordinated to the objectives of the authors. The main research method is content analysis. The paper starts with a study relying on scientific documenting in several stages: information on the sources, data collecting, study of the documents, processing and grouping the sources, evaluating and deep studying documents to reach the knowledge goals of the studied field.

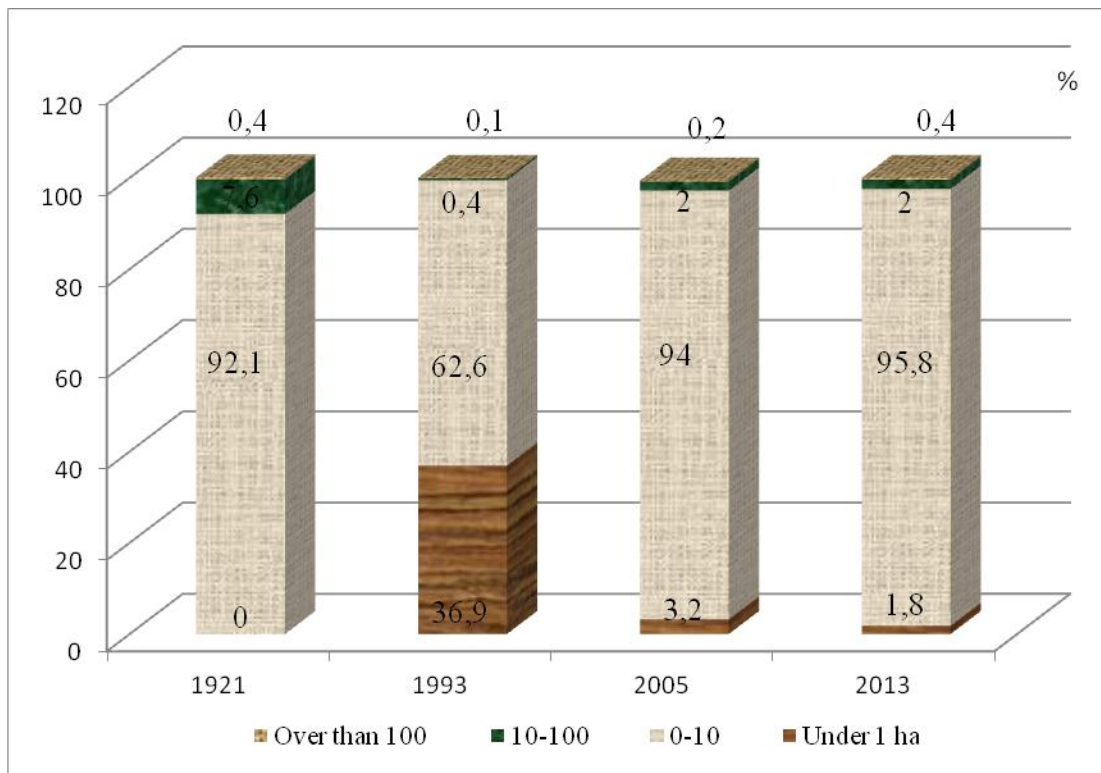
**RESEARCH RESULTS**

In Romania, there is a large number of small farms carrying agricultural products of good quality, but they cannot develop as long as it is not associated to deliver significant quantities in supermarkets.

**Table 1**

**The Structure evolution of farms in Romania**

No	Farms	Surface	percent			
			1921	1993	2005	2013
1	Unfunded	Under 1 ha	-	36,9	3,2	1,8
2	Small	1-10	92,1	62,6	94,0	95,8
3	Medium	10-100	7,6	0,4	2,0	2,0
4	Big	Over than 100	0,4	0,1	0,2	0,4



Organizing farmers in various associative or cooperative forms, open new avenues of economic development of small farmers by attracting various local and regional advantages. Also, the use of collective power, aims to increase prosperity to the associate members, to their families and to their communities. The economic benefits of cooperative farmer members, are:

- Significantly reduces the risk of not having the marketing of farm products;

- Increases the influence of producer pricing in relation to the buyers;
- Reduces the number of the intermediaries in the distribution chain;
- Ensures timely supply of raw materials needed for production at a reasonable price and good quality;
- Provides a source of a regular and timely income;
- Opens new perspectives for farmers, which can use new technologies (mechanization, input sites, etc.) enabling them to transition from traditional to more productive practices;

Cooperatives can perform multiple activities, helping associate members to fulfill certain objectives. The most important activities undertaken by cooperative marketing, are:

- Improving the quality of products or services, resulted in added value products;
- Improving bargaining power with the customers because the union volume of products from several members is a lever that improves their position in transactions, so that farmers can get better prices;
- Reduction of purchasing costs of raw materials and materials necessary for farmers, thus increasing revenues through participation in dividends, the cooperative farmer members are reducing its costs further;
- Open market access for products or expanding market opportunities. Increase value added to products through processing or providing larger quantities of a certain type and quality to attract more buyers. [2]

Poor communication between farmers of the same community, lack of information about the concrete benefits of the association and the absence of support from the local authorities, are some of the issues that slow down the process of association and cooperation of the Romanian agriculture. In this respect, farmers' association requires the establishment of agricultural cooperatives in order to leave the market to provide a profitable activity and to adapt production to the market requirements.

For this, both, agriculture as a branch and farmers as participants, are key factors in achieving an economic and a social balance, for which it must be supported by national effort, financial and legal. [5]

After conducting field surveys and talks with farmers from Alba county we found that due to taxes farmers must pay and regulations that must be accomplished, many of them prefer to work on their own and on a closed circuit.

In a lot of situations, small farmers do not operate as they declare in order to receive a grant. In most cases, small farmers are exchanging lands with farmers who have financial power, for compaction, and are forced by digitizing land and property deeds to declare for receiving grant, that they gave up the lands they own and that those aren't actually worked by them. Small farmers resort to such situations because of the lack of capital.

Furthermore, small farmers reported problems due to the application of financial taxation. The state does not differentiate between on-farm producers, breeders, sellers and those carrying out all three activities. Hence, it comes the taxation problem because there are taxed all the products separately, namely: is taxed every animal on the farm, then is taxed the meat resulting from it, milk or eggs, and also is taxed the fodder produced in the farm and used to feed the animals.

Another problem is the seed taxation that keeps farmers for sowing campaign in the next crop year, and from there it begins again the chain of taxation which is directly affecting farmers' income. [4]

A member of an agricultural cooperative explained that there isn't too much involvement from the local authorities in developing and strengthening cooperatives, and the cooperative members aren't too involved neither. They are not willing to invest money in the agricultural cooperative beside the annual fee. Each farmer is working on their own, but expects to reap the fruits of the cooperative. Coming up with concrete proposals for various supermarket chains in the county, the cooperative faces the fear of the associates,

who may not fulfill always the orders. To open their own shops, the cooperative needs more involvement from its members, which, at the present, prefer not to get involved.

In this situation, expert advice it is very important for the development and the strengthening of the small farmers. To modernize and to abandon traditional practices, the farmers need to learn what to produce, how to produce and also how to sell their products. It is very important for specialized consultancy and information, to establish several Agriculture Rooms, with specialized departments within them, which could be public or private. Currently, the access to funding is quite limited, because it requires establishing a fund lending. In this regard, the European Union offers the possibility of creating an credit fund from European money. [6 ]

### CONCLUSIONS

Increasing competitiveness and relaunching small farmers is conditioned by the marketing of agricultural products, corresponding in terms of quantity and quality.

For the small farmers is essential the support and development of the forms of association and cooperation in agriculture, through actions of training and consulting, involvement of rural associations in programs supporting the social economy, the establishment of specialized departments within the Agriculture rooms, the financing deposits, the market proximity, the support of short production chains and the providing the direct tax facilities.

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