

Alecu, Ioan-Niculae; Stroe, Ana-Maria Georgiana

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# THE INTERPROFESSIONAL ORGANIZATIONS - FROM THE NEED OF ESTABLISHMENT TO THE NEED OF DEVELOPMENT AND AFFIRMATION

IOAN-NICULAE ALECU<sup>1</sup>, ANA-MARIA GEORGIANA STROE<sup>2</sup>

**Abstract:** *Through the present study it aims to represent the actual image of the interprofessional organizations on product chain in Romania, reflecting briefly the establishment and development issues. In the context of the reorganization of entire agrifood production system, in dealing with future crises, whatever is their nature, it's needed to seriously manage the organizational issues and to present them as a useful tool for increasing the access to new markets for producers and to offer local products quality to consumers in Romania both. Using the documentation method it was obtained an overview of the relationship between the need of affirmation and the real need to convert the interprofessional organizations in Romania in functional structures. The Ministry of Agriculture and Rural Development recognized till now only five IPO but the analysis and the directly involved interprofessional organizations opinions exchanges, it was emerged some primordial issues in order to improve the legislation of interprofessional organizations on product chain. The interprofessional organizations on product chain are meant, almost in ingrate way, to be interposed between the pressing help need in the development of intra-community trade relationships and the stiffness required by the legislation.*

**Key words:** *interprofessional organisations, agrifood sector, legislation, need, development*

## INTRODUCTION

As essential part of ensuring the basic needs of the world population, agriculture is essential in any country of the world<sup>3</sup>, and especially for Romania, due to the urgent need to have a strong economic system. Romania must to rebuild its production and research systems both but it's needed also an increase of the production efficiency any kind it is, vegetal and livestock both. In front of the continuing global population increases, the need for agrifood products will increase being in front of the most suitable and useful moment to start an intense structural reform. The main weapon owned by Romania, the fertile land, is the most important way can followed to not remain in the second row when we talk about productivity.

The potential, but especially its maximization, isn't provide the resistance in front of the challenges of the XXI century, being urgent required more and more investments in a better integration in the food chain. When we talk about investments we mean, without exception, to all aspects of life and the reference range, recalling the need for investments in human resources, in the future (understanding the "sustainability" term) and in technics and technologies worthy of present times and production needs. Generally speaking, we need investments in time and money and the farmers positioning in the food chain must be strengthened in order to be able to cope all challenges.

## MATERIAL AND METHODS

The interprofessional organizations on product chain represents a modest treated research topic so far in scientific literature for which, the bibliographic sources who could be subject to an extensive bibliographic research are numerically limited. In the preparation of this study we used a documentation about the content of legislative acts developed in order to regulate the establishment and functioning of the interprofessional organizations in Romania along with a declarative interpretation of the opinions issued so far. By the corroboration of the mentioned working methods it was obtained an overview of the relationship between the need of affirmation

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<sup>1</sup> Professor PhD, Ioan-Niculae ALECU, – University of Agronomic Sciences and Veterinary Medicine from Bucharest (ioan.alecu@usamv.ro);

<sup>2</sup> PhD. student, Ana-Maria Georgiana STROE – University of Agronomic Sciences and Veterinary Medicine from Bucharest (stroegorgiana@gmail.com);

<sup>3</sup> Stanzeleit D. (2013), *Memoriu transmis Ministerului Agriculturii și Dezvoltării Rurale*;

and the real need to convert the interprofessional organizations in Romania in functional structures, towards achieving the purpose for which they were established.

## RESULTS AND DISCUSSIONS

In the context of reorganization of the entire agri food production system, dealing with the future crises, whatever their nature are, it requires a serious management of the organizational problems and presentation like useful tool for the increase of access to new markets and quality both. Of course, when we talk about the organisation of the involved in agri food production players, we take into consideration a lot of organization structures, from producer groups and cooperatives (as forms of organization with economical role) to associations, federations and confederations (as forms of organization with representation role). An active involvement on the entire agri food production chain is expected from the interprofessional organizations on product chain. Studying the sustainable development strategy drafted by the Romanian Government, we find that the estimation of continued economic growth with average growth rates of GDP starts from 5.6-5.8% in 2008-2013 followed by a decrease till 4,8-5% in 2014-2020 and 3,8-4.2% in 2021-2030.<sup>4</sup> Probably you wonder why the estimated average of annual rate is decreasing, not increasing how it can be normal. Could it be the absence of any real perspectivity or, maybe, a distrust in our country's potential to meet high expectations?

In Romania, the food products market is heavily influenced by a multitude of issues of which we mention the orientation to quality of customers compared to an accessible price, the rate of imports, chain distribution length (represented by the number of intermediaries through which a product passes till the final consumers shopping basket) the price competition and the capacity to supply the market with agri food products. Transformation of the interprofessional organizations on product chain in functional structures, the marketing policy, the storage and distribution systems in continuous flow with zero stocks and the processing of raw materials in an integrated system are certainly aspects that should support the retail market of agri food products regulation.

Through the development of integrated food chain, the romanian farmers will be able to diversify and increase their sources of income, to develop sustainable connections with the consumers<sup>5</sup>. In the context of promoting local food products and quality raw materials, creating an integrated food chains opens new market opportunities for farmers and other entrepreneurs in rural areas in order to diversify its product line, promotion and sales policies on local markets, either individually or in common. Thus, it requires the development of a legal framework in order to promote the romanian agricultural producers interests according with the technological and economic requirements of modern agriculture through the planning of organised production and distribution, obtaining qualitative products with affordable prices from valorical point of view for local consumers and taking over agri food products on pre-signed contracts with regional warehouses especially built for that. In Europe, there are currently about 500 million consumers of products and services, the most important consumption being that of agri food products. This fact leads the appearance of protecting european consumers's structures, one of it being the possibility to use a mediation procedure of conflicts between producer and consumer, in order to repair the damages caused to the second ones<sup>6</sup>. IPO can have the necessary and sufficient tools to alleviate these types of conflicts.

In order to support the above considerations it comes the establishment and the functioning regulation of interprofessional organizations (IPO), associative forms with juridical personality, non-profit, formed on the initiative of economic activities representatives in the agri

<sup>4</sup> Guvernul României (2008), *Strategia Națională pentru Dezvoltare Durabilă a României Orizonturi 2013-2020-2030*;

<sup>5</sup> M.A.D.R. (2015), *Programul Național de Dezvoltare Rurală pentru perioada 2014-2020 – "Satul Românesc are viitor"*;

<sup>6</sup> Alecu, I. N., Ciocan F. D., Ciocan H. N. (2014), *Soluționarea amiabilă a conflictelor dintre producătorii agroalimentari și publicul consumator*, Economie Agrară și Dezvoltare rurală. Realități și perspective pentru România. Simpozion internațional, I.C.E.A.D.R.;

food chain<sup>7</sup>. According with *Government Emergency Ordinance no. 103/2008 on the establishment of interprofessional organizations for agri food products* and *Government Decision No. 1068 of 23 September 2009 on the organization and functioning of interprofessional organizations for agri food products and the approval the criteria of representation, the procedure for awarding and retreat the recognition, control and monitoring, as well as the delegation of responsibilities*, IPO are set up by the initiative of all organizations or part of the professional organizations on product chain and pursuing the achievement of all the objectives among which we mention the contribution to the proper functioning of markets by promoting products suitable to market requirements in terms of quality and quantity; the hardening of food safety, especially by ensuring the traceability of products, acting in the interests of users and consumers; the participation of professional organizations members in elaboration strategies and programs for development of their sector; connection and cooperation with the funding bodies in the country or abroad in order to contract credits and deploy of programs to ensure the development of sustainable and competitive production units.

For recognition of IPO, the Ministry of Agriculture and Rural Development constitutes The IPO Committee, responsible with the application of recognition, monitoring and retreat of IPO recognition and also with the decision about delegation of responsibilities. Legislation stipulates a very important thing: the composition and functioning of the Committee and also the IPO working procedures could be approved by Ministry Order and could contain, as an observer, a representative of the agri food chain in analysis<sup>8</sup>.

Till now the Ministry of Agriculture and Rural Development has acknowledged a number of five IPO and we remember them in order of their recognition: The National Interprofessional Organization of Wine – O.N.I.V.; The Romanian Interprofessional Organization of Cereals and Derived Products – O.I.C.P.D.R.; The National Interprofessional Organisation Prod Com Vegetables and Fruits in Romania; The Interprofessional Organisation for Poultry, Eggs and Processed Products; The Interprofessional Organisation of Pork Meat. Still in recognition are The Interprofessional Organization of Sugar in Romania, The Interprofessional Association Bio Romania, The National Interprofessional Organisation of the Associations in Medicinal and Aromatic Herbs and The Interprofessional Organisation on tobacco chain.

The necessity of founding interprofessional organizations on product chain can no longer be doubted but their regulating represents an immediate emergency task.

Due to Romania's obligations as a result of commitments under the Treaty of Accession to the European Union, it is necessary to take all measures in order to facilitate the access to EU funds for agriculture. 2014 was a transition year, during which the Member States have prepared implementation of C.A.P. 2014-2020, under Regulation (EU) no. 1308/2013 of the European Parliament and Council creating a common organization of the agricultural product markets and repealing Council Regulation (EEC) No. 922/72 (EEC). 234/79, (EC) no. 1037/2001 and (EC) no. 1234/2007, requiring the revision of national legislation on recognition of interprofessional organizations on the food products chain<sup>9</sup>.

In line with those mentioned in the previous paragraph, the Regulation (EU) no. 1308/2013 stipulates that Romania, as a Member State, can decide if the interprofessional organizations recognized before 1<sup>st</sup> of January 2014 in accordance with the national law and are eligible by the Art. 158, 1<sup>st</sup> paragraph, are considered to be recognized as interprofessional organizations in accordance with Art. 157 and could continue to function<sup>10</sup>.

<sup>7</sup> OUG nr. 103/2008, *Ordonanță de urgență privind înființarea organizațiilor interprofesionale pentru produsele agroalimentare*;

<sup>8</sup> H.G. nr. 1068 din 23 septembrie 2009 *privind organizarea și funcționarea organizațiilor interprofesionale pentru produsele agroalimentare*;

<sup>9</sup> Guvernul României (2014), *Ordonanță de Urgență privind recunoașterea organizațiilor interprofesionale pentru produsele agroalimentare*; Proiect de act normativ;

<sup>10</sup> Jurnalul Oficial al Uniunii Europene (2013), *Regulamentul nr. 1308/2013 de instituire a unei organizări comune a piețelor produselor agricole*, L 347/671, RO;

Is identifying the necessity to transpose the European provisions in order to implement the common agricultural policy, particularly, the provisions relating to the establishment and recognition of the interprofessional organizations which have an important role in the delivery of consultancy services and training for the increase of the capacity to absorb specific European funds among whose beneficiaries are also the interprofessional organisations.

To launch the measures 1.1.1. „Training, information and diffusion of knowledges” and 1.4.3. „Providing advisory services to the farmers” is needed to speed up the creation of the legal framework for recognition of the interprofessional organizations beneficiaries of those measures. The risks to lose E.U. funds through the National Rural Development Programme (N.R.D.P.) and the European Fund for Guarantee in Agriculture (E.F.G.A.) should be minimized by creating the necessary conditions to continue reform process of the agricultural and rural development sectors by ensuring a high uptake.

The draft law for regulating the functioning of interprofessional organizations on product chain creates the necessary legal framework for the conclusion of interprofessional agreements and contracts, so as to contribute to the reduction of tax evasion, to obtain fair competition conditions and to prevent the distortions of markets, taking into consideration the increase of competitiveness and quality of agri food products from the local agricultural sector.

Why IPO needs to function on their maximum capacity and on the real potential offered by the trained engineers who lead them? The members of the National Federation PRO AGRO, as recognized IPO (The National Interprofessional Organization of Wine – O.N.I.V.; The National Interprofessional Organisation Prod Com Vegetables and Fruits in Romania; The Interprofessional Organisation for Poultry, Eggs and Processed Products; The Interprofessional Organisation of Pork Meat) together with recognized IPO’s representatives, where vegetal sector members of National Federation PRO AGRO are founding members – The Romanian Interprofessional Organization of Cereals and Derived Products – O.I.C.P.D.R. – and IPO who’s still in recognition or establishment process (Interprofessional Organization of Sugar in Romania, The National Interprofessional Organisation of the Associations in Medicinal and Aromatic Herbs and the IPO on the production chain of potatoes, tobacco, honey and bee products) asked for the improvement of legislation and came with a series of proposals in this way.

From the analysis and opinion exchanges between the directly involved interprofessional organizations, it has emerged several primordial issues in order to improve the legislation who talk about interprofessional organizations on product chain, respectively on Government Emergency Ordinance no. 103/2008. They made a comparison between the material version of Ministry of Agriculture and organizations’s proposals which was submitted to the specialized department involved with the defining of chains, clarifying the role and place of IPO in development of the agricultural sector policies and establishing of a functional IPO Committee, like direct partner of Ministry of Agriculture on the realization of agri food sector strategies. The absence of an adapted legislation about interprofessional organizations creates difficulties to the economic operators on the entire agri food chain.

The rights and benefits obtained through the negotiation by IPO with other legislative structures – like M.A.D.R., the Agricultural Committees of the two parliamentary chambers etc. – by amending the draft law or signing agreements, should rest and be invoked only to the members not to be arbitrarily assigned to all producers from agri food sectors in Romania and not to frontload the representativeness for those who are not part of the main associative forms and who were never involved in obtaining such benefits, subsidies, state aids and so on.

The draft Government Emergency Ordinance about the recognition of interprofessional organizations on agri food chain, posted for public debate on the Ministry of Agriculture and Rural Development’s website on 20<sup>th</sup> of March 2014 took over only a part of the mentioned above IPO’s proposals.

## CONCLUSIONS

The association in agriculture doesn't have only an economic role, as agricultural cooperatives and producer groups, but also a representation and defense of the producers's interests role and regulation of markets functioning. The legislation, no matter for which sector it was created, is constantly changing. Any country in the world adapts their legislation when socio-economic and geopolitical evolutions requires it.

The interprofessional organizations on product chain have the role, almost unpleasing, to be interposed between the pressing need of help in the development of intra-community trading relationships and the stiffness required by the law. The main problem faced, because of there aren't founded and recognized more IPO so far, is the obligation to ensure the necessary percentage from the total production, processing and sales in the sector, the absence of specific organizations or the misunderstanding among the potential members on most of the 21 product chains in Romania, according to the common organization of the market.

We conclude, in the end, that the added-value it brings the set up and the regulation of proper functioning of its is almost immeasurable. Creating added-value on the agri food production chain it refers to the value brought to the goods and services from providers. "Providers", as producers, manufacturers or processors, members of an interprofessional organisation on product chain, have the opportunity to be actively involved in the conceive of regulation mechanisms of the markets and in the creation of the appropriate framework in order to promote the products they provide to the final customer. The activity of the interprofessional organizations on the agri food sector must be in service of producers, to meet their needs, to give them the opportunity to to assert themselves arising undoubtedly an urgent need to set up those kind of associations oh product chains including absolutely all agri food chains.

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