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VEGETABLE CONSUMPTION IN ROMANIA CORRELATIONS WITH PURCHASING POWER AND SUPPLY

CORNELIA ALBOIU¹

Abstract: *The paper makes an analysis of socio-economic factors that influence food consumption levels in terms of income evolution at regional level and also a comparison with EU average and several regions from Poland; it also presents the dispersion of regional GDP per inhabitant and its influence on consumption taking into account the level of polarization among several EU countries. The research analyses the level of expenditure per household in Romania; in addition comparisons with EU countries are made along with the structure of total average expenditure per person per month at macro region development levels in Romania. An in depth analysis is dedicated to the level of expenditures for vegetables and tinned vegetables and the structure of expenditure on the purchasing power for various types of vegetables by regions and social categories. The results show a quite high level of income dedicated for consumption and important disparities among social categories as far as the vegetable consumption is concerned. Also there is a high polarization among the EU countries concerning the income dispersion and its impact on vegetable consumption.*

Key words: *consumption, expenditure, purchasing power*

INTRODUCTION

The level of consumption is very much influenced by evolution of income in a certain country or region. In literature scientists are particularly interested in the relationship between consumption and income, and therefore in economics the consumption is studied very often. Different schools of economists define consumption differently. According to mainstream economists, only the final purchase of goods and services by individuals constitutes consumption. Following this definition this research focuses mainly on factors that influence consumption. According to the UN, "today's consumption is undermining the environmental resource base and it is exacerbating inequalities. And the dynamics of the consumption-poverty-inequality-environment are increasing. This is the reason why this research makes a comparison of Romanian situation with GDP development in several regions from Poland.

MATERIAL AND METHODS

The analysis is based on data retrieved from National Institute of Statistics, Eurostat and Faostat. The analysis covers the period 2007-2013 for certain indicators and is accompanied by qualitative analysis. Several indicators were calculated such as: purchasing power parity per capita, dispersion of regional GDP per inhabitant and comparison with Poland was made. The expenditure evaluation at region level is analysed as well as the structure of expenditure on the purchase of various types of vegetables. The consumption is a function that expresses consumer spending in terms of its determinants and in this paper its main determinants are analyzed.

RESULTS AND DISCUSSIONS

Socio-economic factors that influence food consumption levels

The evolution of income in Romania was different from one region to another. Gross domestic product growth was highest in the Bucharest- Ilfov, that rose by 17 % in 2007-2011. Lower increases were recorded in the South- East, South - Muntenia , South-West Oltenia and West. However, there were reductions in GDP in the North -West, Central and North- East.

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Table 1 : Evolution of GDP by region in Romania , in 2012 (mil. EUR)

	2007	2008	2009	2010	2011	Dinamica 11/07	Average
North West	15132	15905	13637	14079	14401	-5%	14630.80
Centrum	14637	15565	13450	14028	14498	-0.95%	14435.6
North -East	13596	14927	12810	13234	13458	-1%	13605
South-East	13348	14646	12452	13400	14007	4.93%	13570.6
South - Muntenia	15613	17584	15405	15716	16479	6%	16159.4
Bucharest- Ilfov	29762	36374	29304	31144	34994	17.50%	32315.6
South-West Oltenia	10165	10965	9437	9981	10480	3%	10205.6
West	12364	13678	11598	12590	13042	5%	12654.4

Source: Eurostat 2014

In terms of purchasing power parity per capita expressed in % of the EU 28 , it can be said that the Bucharest- Ilfov Region, recorded the highest level, exceeding the EU average practically. The region with the lowest purchasing power is the Northeast, followed by the South-West Oltenia.

Table 2: Purchasing power parity per capita % of the EU 28

	2007	2008	2009	2010	2011
North West	40	42	43	43	42
Centrum	42	44	46	46	45
North -East	26	29	30	30	29
South-East	34	37	38	40	39
South - Muntenia	34	39	40	40	40
Bucharest- Ilfov	96	117	112	114	122
South-West Oltenia	32	35	36	37	37
West	46	51	52	54	54

Source: Eurostat

In comparison, per capita purchasing power parity as a percentage of average EU 28 , in regions from Poland , it is noted that the Bucharest-Ilfov region has a higher power than the richest region in Poland. However, in 2011, in other regions of Romania, the purchasing power recorded was below half of the European average except the West Region, unlike in regions from Poland where the purchasing power were higher. In Romania there is practically a income polarization between regions in terms of GDP growth , the Bucharest-Ilfov region being above the EU average .

Table 3: GDP (purchasing power parity per capita % of the EU 28) regions Poland

	2007	2008	2009	2010	2011
Lódzkie	50	52	56	59	60
Mazowieckie	87	89	97	103	107
Malopolskie	47	49	52	54	56
Slaskie	58	61	66	68	70
Lubelskie	37	39	41	43	44
Podkarpackie	37	39	41	42	44
Swietokrzyskie	42	45	47	48	49
Podlaskie	40	41	45	46	47
Wielkopolskie	57	59	65	66	68
Zachodniopomorskie	49	51	53	55	55

Lubuskie	48	48	52	53	54
Dolnoslaskie	59	61	66	71	74
Opolskie	45	48	51	51	52
Kujawsko-Pomorskie	47	49	51	53	54
Warminsko-Mazurskie	40	42	44	46	47
Pomorskie	54	54	59	60	62

Sursa: Eurostat

The figures in the table above are determined by the evolution of regional GDP and they demonstrate practically that the poorest region is Nord - Est . This affects the purchasing power of the region and income level dedicated to food consumption .

Table 4: Evolution of regional GDP (purchasing power parity per capita)

	2007	2008	2009	2010	2011
North West	9900	10500	10100	10500	10500
Centrum	10400	11100	10700	11200	11400
North -East	6500	7200	6900	7200	7200
South-East	8400	9300	8900	9600	9900
South - Muntenia	8500	9600	9500	9700	10000
Bucharest- Ilfov	23900	29100	26100	27800	30700
South-West Oltenia	8000	8700	8400	9000	9300
West	11500	12800	12100	13300	13500

Source: Eurostat

Table 5: Dispersion of regional GDP per inhabitant

	2007	2008	2009	2010	2011
Romania	36.1	38.2	37.4	37.8	40.0
Ungaria	40.7	42.0	43.7	43.0	44.0
Franta	23.9	25.8	25.7	26.8	26.9
Grecia	24.0	24.5	25.6	26.2	27
Germania	30.0	29.0	28.3	28.3	28.4
Bulgaria	42.7	44.4	46.7	47.6	45.5
Polonia	34.4	33.5	34.5	35.1	34.9

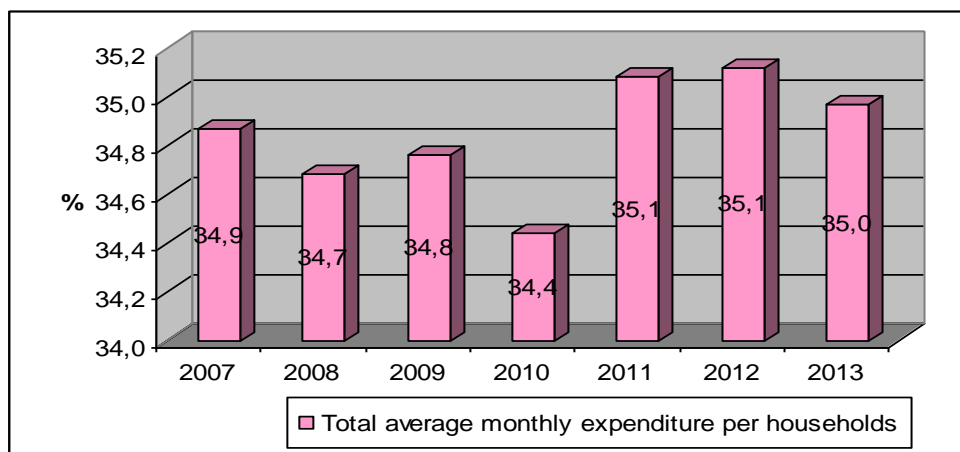
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Polarization we discussed above is reflected on the indicator dispersion of regional GDP / capita , observing that in the group of countries analysed, Romania, Bulgaria and Hungary record the highest dispersion. On the opposite side are countries like Germany, France and Greece in which the polarization is lower.

The evolution of expenditures

Total average monthly expenditure per household in Romania is about 35 %. The average in the European Union ranges from 18 to 25 % (Figure 1).

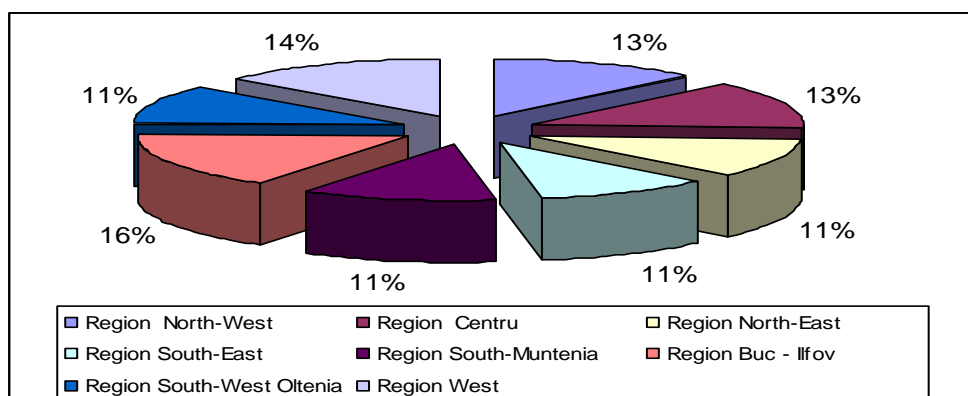
Figure 1 : Total average monthly expenditure per household



Source: INS, tempo online

As regards the structure of total average expenditure per person per month at macro region development level, it appears that the higher expenses are incurred in the Bucharest- Ilfov , followed by the West Region.

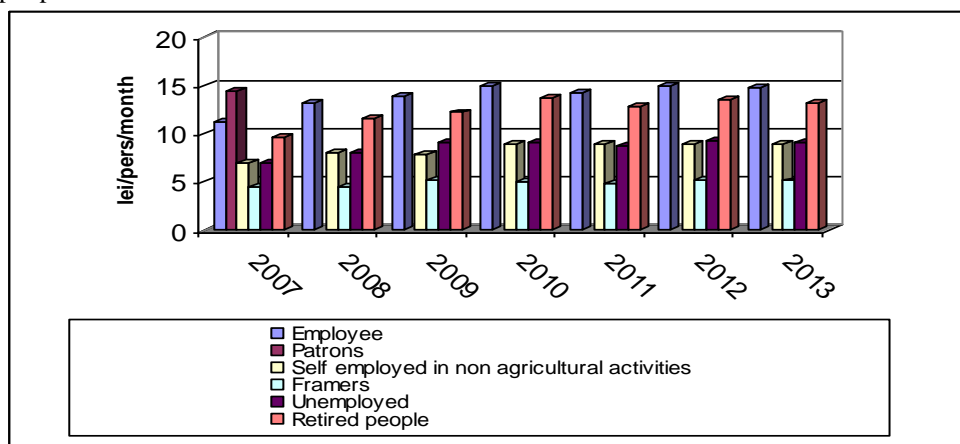
Figure 2: Total average monthly expenditure per person at macro region development level (lei/person/month)



Source: INS, tempo online

Employees and employers have the highest expenditure for the purchase of food products. The expenditure level had risen steadily since 2007, the maximum was recorded in 2012.

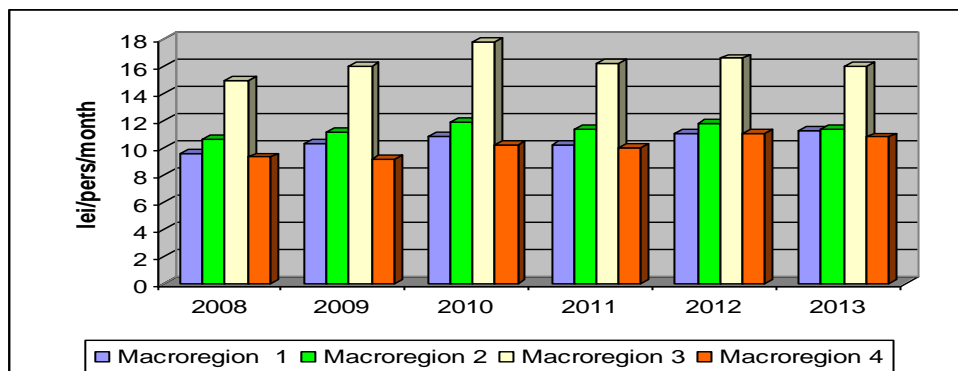
Figure 3: Expenses for buying vegetables and canned vegetables by main social categories and areas - monthly average per person



Source: INS, tempo online

At the macroregion level, the highest levels of expenses for food are observed in Macroregion 2 (the N -East and South -East) and Macroregion 3 (Ilfov and Bucharest). Macroregion 4 (South - West Oltenia and West) recorded the lowest expenses for the purchase of food products (Figure 4)

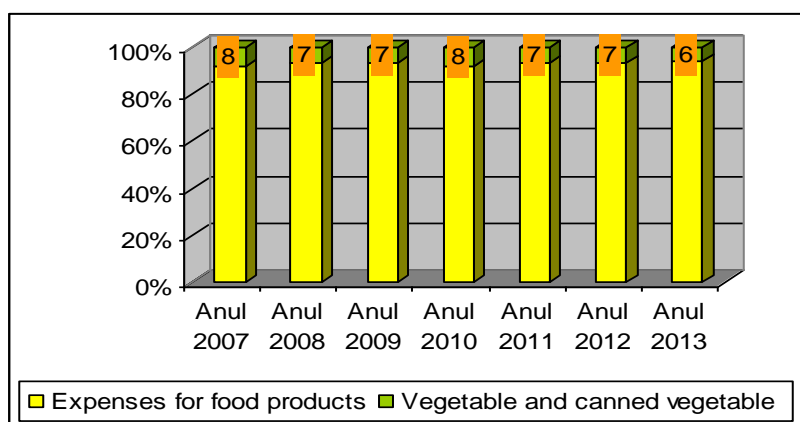
Figure 4: Expenses for buying vegetables and canned vegetables, the macro - monthly average per person



Source: INS, tempo online

The share of expenditures for purchase of vegetables and tinned food products in total expenditure declined from 8% in 2007 to 6% in 2013. This can be justified to a certain extent by the increase of consumption of vegetables and tinned vegetables.

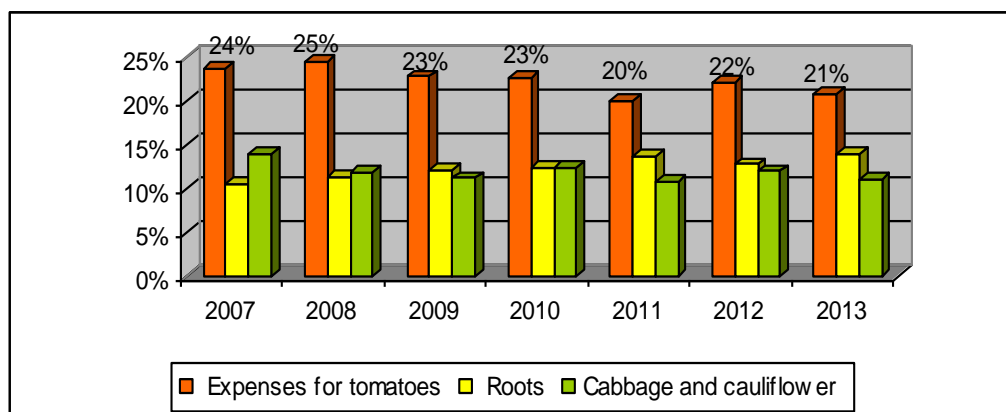
Figure 5: Share of expenditures for vegetables and tinned vegetables



Source: INS, tempo online

As regards the spending structure for vegetable consumption, the highest share of total spending is given for tomatoes (21 % in 2013), followed by expenses on roo , cabbage and cauliflower. There is a tendency to reduce expenses for vegetables and canned vegetables, tendency justified given that the theoretical level of spending on food should decline from the 35% currently to 15-20%.

Figure 6: Structure of expenditure on the purchase of various types of vegetables



Source: INS, tempo online

CONCLUSIONS

Policy makers should meet the requirements of this market sector by reducing price fluctuations and the imbalance between supply and demand and encourage consumption of fruits and vegetables, while ensuring the competitiveness of products. Supporting local production by consistent legislative measures, facilitating access to European funds and the creation of an organized distribution chain.

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