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ECONOMIC IMPACT ON THE TOMATO PRODUCTION SECTOR OF DE MINIMIS AID SCHEME IN 2020, OF SANITARY CRISIS AND PEDOLOGICAL DROUGHT

MARIN ANCUȚA¹, RODINO STELIANA², BEREVOIANU ROZI LILIANA³

Abstract: *The paper presents the assessment of the economic impact in the vegetable production sector through the support scheme for the Program to support tomatoes in protected areas for 2020, focusing on production results, market effects, impact on producers, trade balance. In this context, the study is based on extensive documentation on the impact of funding from the National Budget and support schemes established under European CAP regulations. The outbreak of the COVID-19 health crisis in March 2020 led to restrictions on the movement of people, which led to behavioral changes in tomato producers. The aim of this paper is to highlight the dynamics of the areas cultivated with tomatoes and, as well as to change the behavior of producers in terms of marketing and payment methods accepted.*

Keywords: *support scheme for tomatoes, economic impact, tomato cultivation*

JEL Classification: Q13, Q18, Q28

INTRODUCTION

In the last two decades, globalization has been reflected in the technological and organizational revolution that has disrupted production and marketing systems in the agricultural sector. Increasing product differentiation, logistical progress, economies of scale and new strategies intensify national and international competition. At the same time, the opening of borders and the liberalization of trade affect small local producers.

In Romania, the vegetable sector has benefited from financial aid, both by granting direct payments and by the possibility of accessing European funds in order to make investments at sector level. The payments granted to the sectors and productions provided in art. 52 paragraph (2) of Regulation (EU) no. 1307/2013, applies to those who are considered economically, socially and environmentally important, and who are affected by certain difficulties.

Romania is a key player on the European market of fresh tomatoes, either in terms of production or imports, Romania ranking among the top 10 tomato producers in Europe, after Italy, Spain, Portugal, the Netherlands, Greece, France, Poland), although, from the point of view of the cultivated area, Romania is on the third place in Europe (after Italy and Spain).

The scheme "De minimis aid for the implementation of the program to support the tomato product in protected areas" is a multi-annual government program that is applied according to the provisions of Regulation (EU) no. 1408/2013. Tomato growers in protected spaces have benefited from the de minimis aid scheme provided for this sector since 2017 by GD no. 39/2017, program that continued in 2018 by Decision no. 943 of December 20, 2017, in 2019 by Decision no. 107/2019, and in 2020 by the Decision of 248/26 March 2020. De minimis scheme for 2020 is similar to the previous ones and is implemented by the County Directorates for Agriculture (DAJ). The financial resources necessary for the application of the de minimis aid scheme are provided from the budget for 2020 and are in the amount of 33,190 thousand lei, representing the equivalent in lei of the amount of 50,000 thousand euros. The changes in the implementation of the program for 2020 took into account the mandatory amount to be marketed and the amount of subsidy per farmer enrolled in the program.

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MATERIALS AND METHODS

The scientific research aims to develop concrete, original solutions and recommendations on the impact of the program to support the tomato product in protected areas, the health crisis and the pedological drought on tomato production in Romania.

The paper involves the use of methodologies, techniques and equipment specific to an analytical study and data processing. The quantitative survey was used as a method of collecting information. The opinion poll applied is a questionnaire-based survey that provided information on the situation of tomato growers, the problems they had to face throughout the year.

RESULTS AND DISCUSSIONS

In June-July 2020, an opinion poll was conducted among tomato growers on identifying the problems they face and highlighting their views in order to develop solutions and recommendations for efficient use of vegetable production, in this case, tomatoes. The questionnaire was applied to a number of 246 respondents from all over the country. We received answers from farmers in 28 counties and grouped them by region. The counties with the most respondents were: Teleorman, Prahova, Dâmbovița, Olt, Dolj, Galați and Bihor. The respondents were all of Romanian nationality. Among the interviewed people, more than half were men, respectively 59%, the difference of 41% being women.

By age groups, the highest percentage of respondents is the highest weights are held by people between 30-50 years old (over 75% of the respondents). Making a correlation between the occupations of the respondents with their level of training, it resulted that most of the respondents have high school and higher education.

In order to summarize the results obtained, we will present in the following the most significant answers received from the interviewees. All the interviewees started their activity (tomato cultivation) after 1985. Among them:

- 18 people started their activity between 1985-1990,
- 24 people started their activity between 1990-1995,
- 42 people started their activity between 1995-2000,
- 33 people started their activity between 2000-2005,
- 48 people started their activity between 2005-2010,
- 48 people started their activity between 2010-2015,
- 33 people started their activity between 2015-2020.

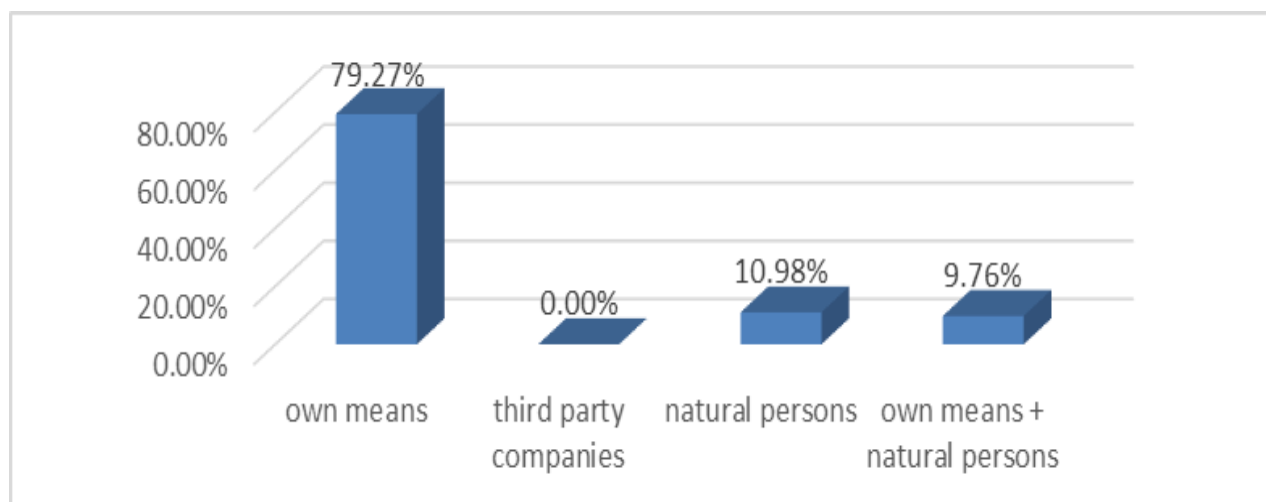
A number of 162 people (65%) of those interviewed started their activity after 2000, more than half of those surveyed work as natural persons, 17% family businesses, 12% individual businesses, etc. Most of the farmers participating in survey, more precisely 219 people (representing 89%) own a farm with an area of less than 5 ha. Of these, 167 people own areas under 1 ha. Of the 246 people surveyed, 39 people (15.85%) have greenhouses and / or solariums with small areas below 500 sqm, 126 people (51.22%) have greenhouses and / or solariums with medium areas between 500-1500 sqm, while 81 people (32.93%) have large greenhouses and / or solariums, with areas over 2,000 sqm.

A number of 105 persons representing 42.68%, additionally to greenhouses and solariums, own areas that they cultivate with field vegetables, but less than 1 ha. Only 6 people (2.44%) are cultivating areas over 5 ha, with field vegetables. 90 people (36.59%) deal exclusively with vegetable growing in protected areas, their number being approximately equal to those which have greenhouses and large solariums, over 2,000 sqm.

According to the questionnaire, vegetable growers use varieties / hybrids of local origin in proportion of 10%, imported in proportion of 56% and both variants 34%, and the propagating material is produced in proportion of 92% on their own, 8% being purchased from third parties.

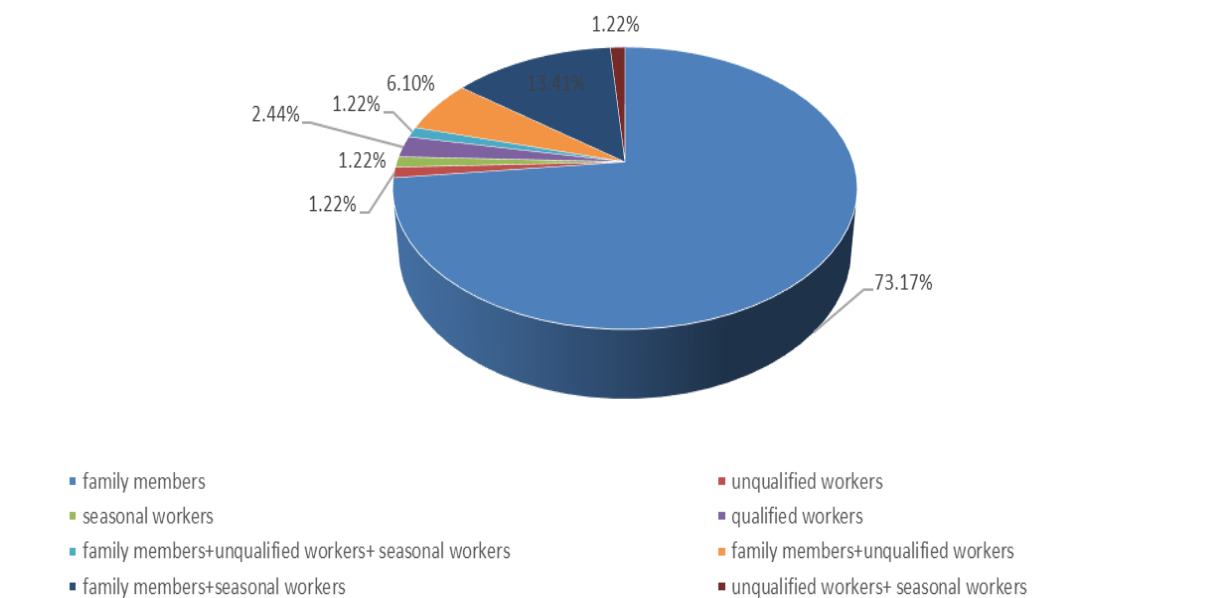
Regarding the works, most of them (80%) are done with their own means, the rest using the help of private individuals. No interviewee uses the services of specialized companies (Figure 1).

Figure 1 – Agricultural operations



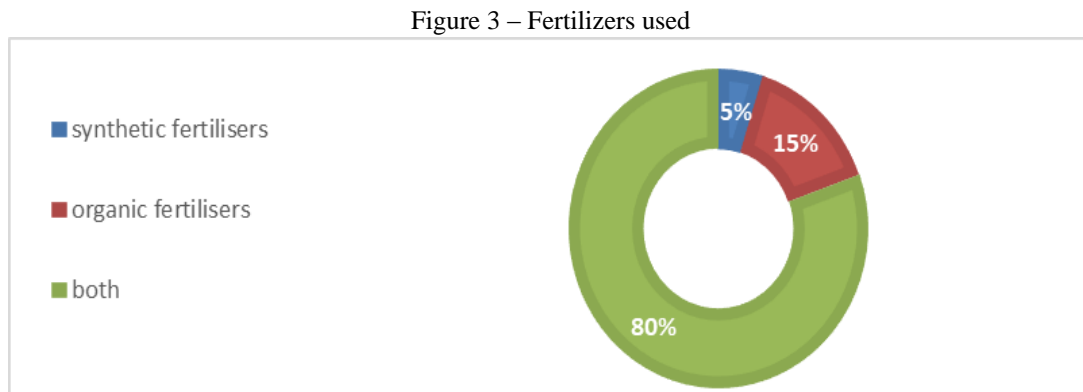
The structure of human resources used reflects the fact that, in general, in the Romanian vegetable farms the labor force is provided by family members in proportion of 73% (180), 1.22% of unskilled workers, 1.22% seasonal and the remaining 24% of variations composed of family members and / or skilled / unskilled workers, seasonal (Figure 2).

Figure 2 – The structure of human resources used in agriculture



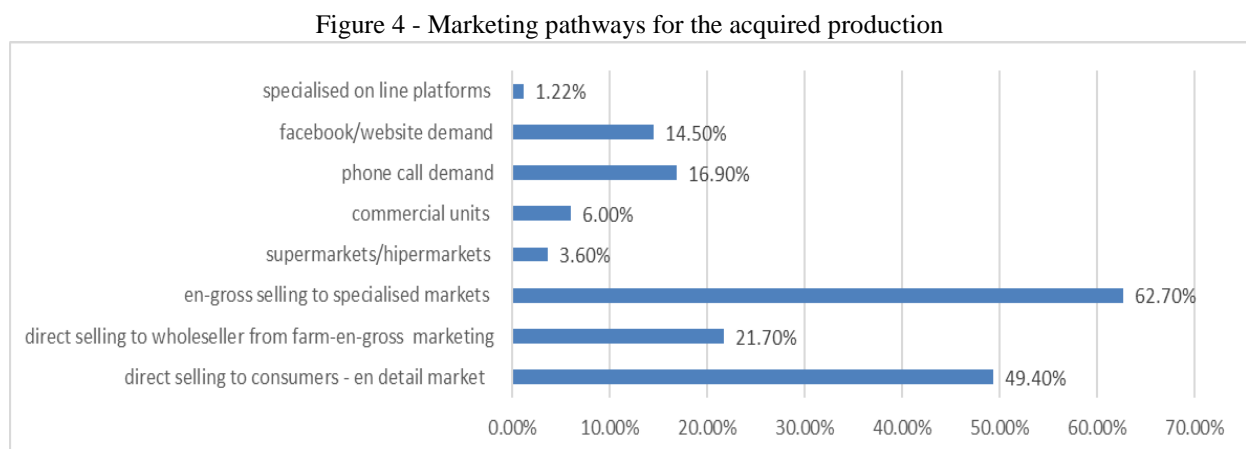
Fertilizers used in current agricultural practices are included in both the category of synthetic chemicals and organic fertilizers. The surveyed vegetable growers use to a small extent chemical

fertilizers 4.88%, they apply organic fertilizers in proportion of 14.63%, the remaining 80.49% going on a mixed variant (chemical + organic) - Figure 3.



A number of 225 producers out of the 246 interviewees answered that the main irrigation method used is “by drip”, 6 use the “sprinkler” method and 3 “by watering furrows”.

The market structure is another aspect taken into account in conducting this study. Both pre-harvest activities were taken into account, such as concluding pre-contracts for the capitalization of production, as well as the actual sales activity, in terms of sales channels, and revenues. Thus, it is observed that over 91% of respondents do NOT plan their production structure based on contracts concluded in advance, not having a well-structured, predictable management plan, without seeking to achieve well-established indicators. Therefore, sales are chaotic and losses are considerable, in some cases up to 50% of the value of production achieved. In the case of tomatoes, most of the production obtained goes to sale, even if a percentage is usually kept for self-consumption. Few, only 13% manage to capitalize on the full production, these being those who turn to intermediaries even if the price obtained is much lower than the market. The production is capitalized either in local markets / at the farm gate, in county or national markets. None of the farmers surveyed exports the production obtained. Most farmers (over 87%) sell their products in local markets, probably to wholesale buyers. The health crisis that started in March 2020, led to the emergence of new ways to sell production. Thus, 42 of the respondents deliver the products based on telephone orders, 36 of the respondents have created a page on social media accounts, and 3 have registered on the platform specialized in selling vegetables and fruits. Of those surveyed, only 11 deliver directly to consumers, 5 at the farm gate and 28 sell in markets. The others prefer mixed variants of capitalizing on production (Figure 4).

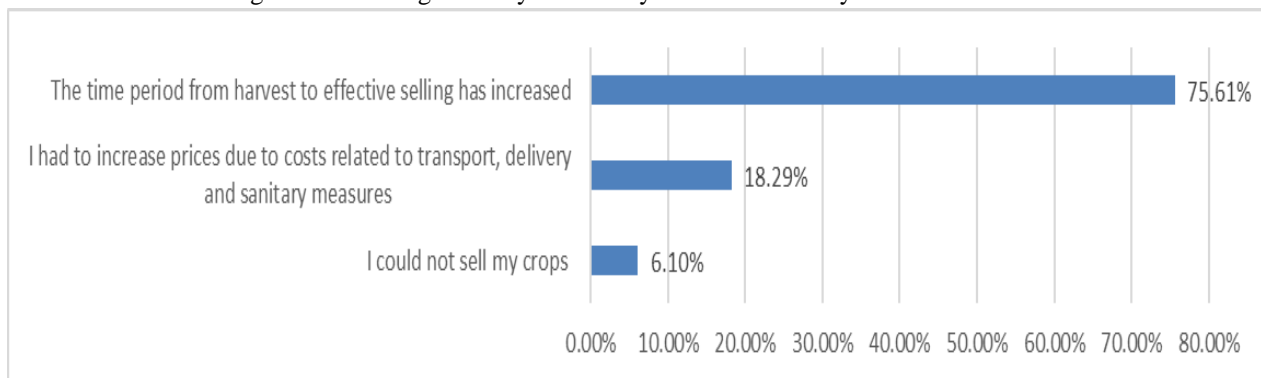


The revenues obtained from the sale of tomato production are mostly over 10,000 lei per year, the extremes can be explained by the existence of a large number of farms with small and very small areas, and high revenues can be attributed to the support given to tomatoes cultivation.

The issue of funding for agricultural activity was also addressed, in terms of using own resources or accessing funds available through national programs or EU funds. For the most part, the activities are supported by own funds. A share of 70% of those surveyed finance their activity from their own funds, 9.76% of those interviewed used bank loans, 14.63% going on a mixed version of loans + own sources.

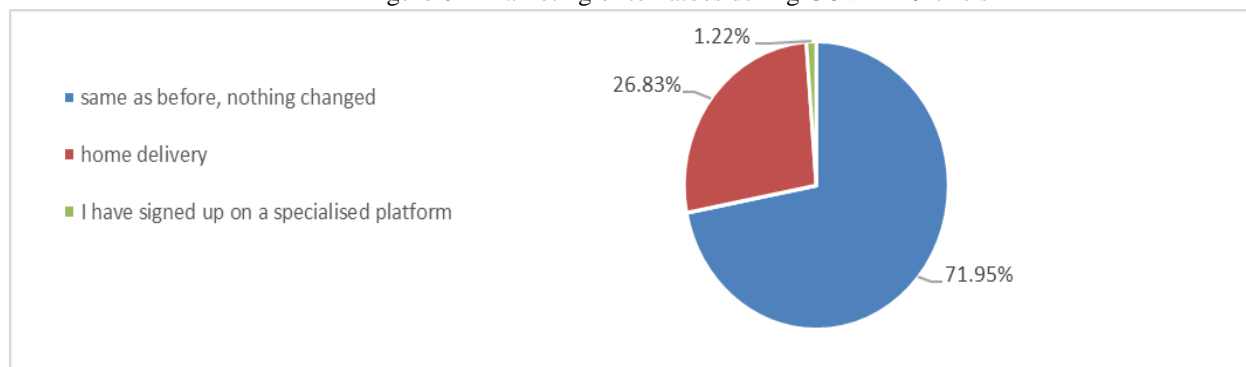
An important part of the survey was based on questions about the problems that vegetable farmers encountered and which were due to the COVID-19 health crisis, pedological drought and heavy rains in May-June 2020. When asked how the activity was affected by COVID-19 crisis, three quarters of them said that the time from harvest to the sale of the production increased, 18% increased delivery prices and 6% pointed that they did not sell anything from all the production obtained (Figure 5).

Figure 5 – The degree that your activity was influenced by COVID-19 crisis



When asked how the sale was affected, the vast majority of respondents said that they were not affected, because the sale of vegetables is done as before (Figure 6).

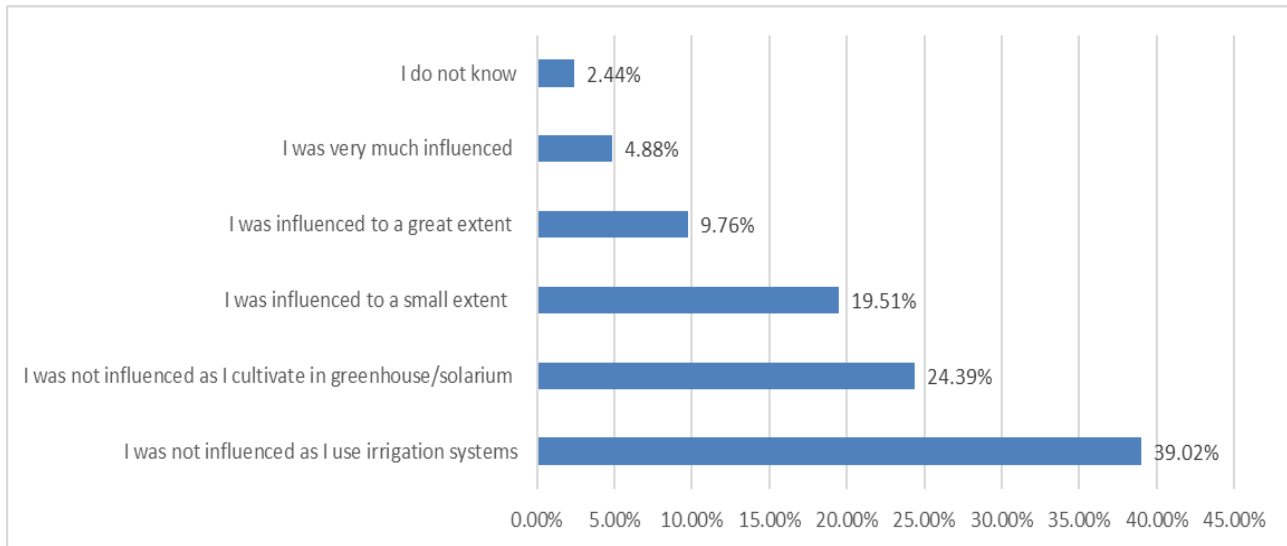
Figure 6 – Marketing of tomatoes during COVID-19 crisis



A share of 40% of the farmers who deliver the tomatoes by telephone order / site / facebook / specialized platform, will do so after the end of the COVID-19 crisis, considering that it is a beneficial way of marketing their harvest, eliminating intermediaries. A share of 11% categorically replied that they will not continue this practice because they find it cumbersome and do not master computer practice well enough, while 49% are undecided.

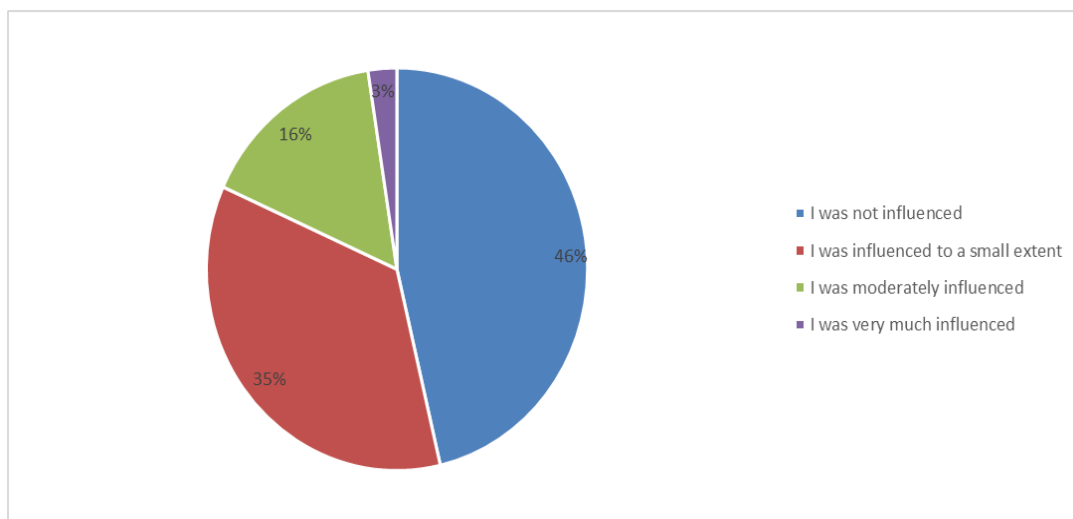
Another issue considered is the one related to the pedological drought from 2019-2020, the question being targeted towards the degree of impairment of the activity carried out by the interviewees. Thus, 96 people answered that they were not affected by drought because they irrigate, 60 people answered that they were not affected by drought because they cultivate only in greenhouses / solariums, 48 people answered that they were affected, but to a small extent, while 36 people responded that they were affected to a large and very large extent (Figure 7).

Figure 7 – Influence of the activity by the pedological drought



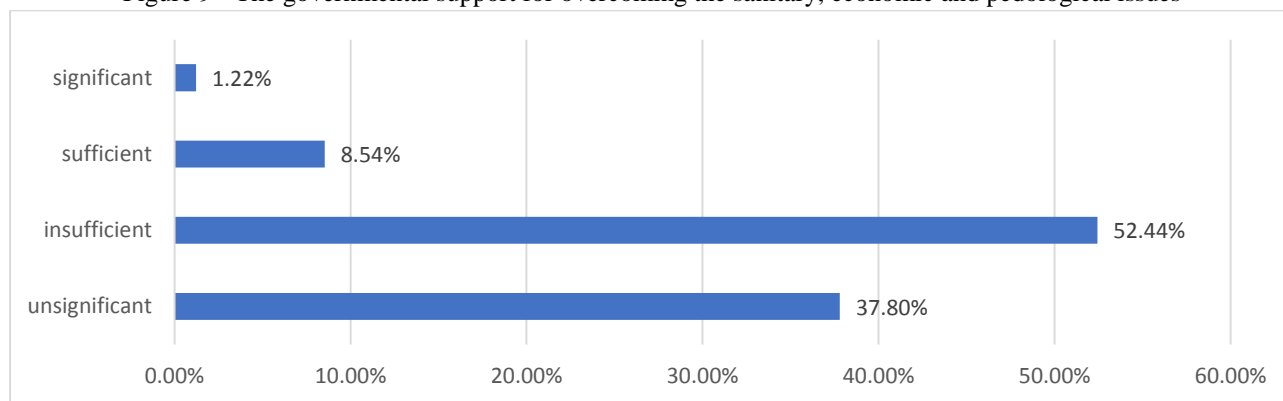
In the context of this severe drought, the heavy rains from May to June 2020, slightly affected the surveyed farmers (less than 20%). Large amounts of water were, only 6.90% of those surveyed considering that they were seriously affected by the floods (Figure 8).

Figure 8 – Influence of the activity by the May-June 2020 floods



As can be seen from Figure 9, a number of 222 of the interviewed farmers (representing over 90%) appreciate insufficiently / insignificantly the support provided by the state to combat the sanitary crisis, and pedological draught issues.

Figure 9 - The governmental support for overcoming the sanitary, economic and pedological issues



CONCLUSIONS

The farmers surveyed consider that the authorities need to be more involved by increasing the amount of support provided for different vegetables, possibly increasing the number of vegetables whose cultivation needs to be supported.

Also, the interviewees appreciate that the intense promotion of Romanian products would lead to an increase in the respective demand for the consumption of local products. Last, but not least, the adoption of more flexible legislation, more in line with their concrete needs, would be beneficial for all farmers in Romania.

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