

Agriculture in transition – restructuring, land issues, competitiveness and institutions
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Rural development and human capital in Romania *over the 25 years of transformations*

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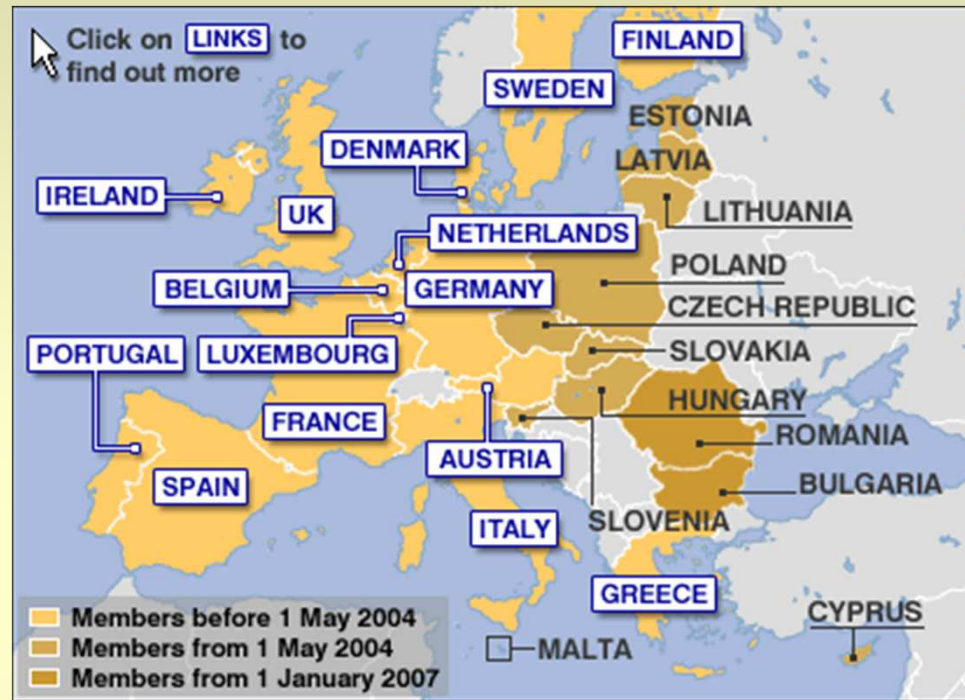
IV. Rural entrepreneurship



I . Rural Romania

- *main characteristics* -

Romania – factsheet



- the 9th largest country in the EU in terms of surface
(5.5% from the EU-27 area)
- the 7th EU country in terms of population
(4.2% of the EU-27 total population)
- 6th largest country in the EU according to the UAA
(7.7% of the UAA of EU-27)
- **GDP/capita represents 49% from the EU-28 average**

Importance of rural areas

	% Territory	% Population	% GVA	% Employment
EU-27	56.7	23.6	17.2	21.7
EU-15	56.1	19.1	16.2	18
EU-N12	58.6	40.6	29.2	36.2
Romania	59.8	45.7	32.4	41.5

Socio-economic transformations in transition

post-communist socio-economic environment

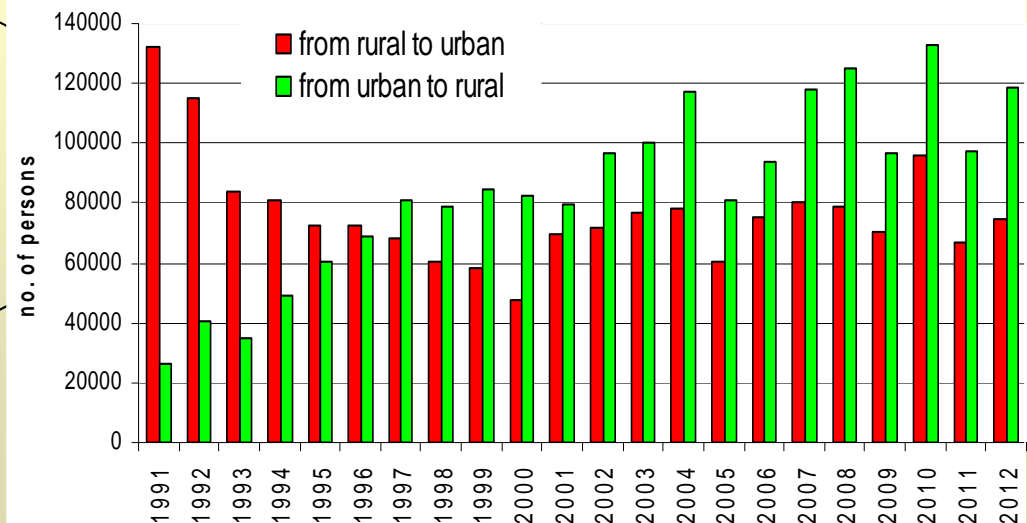
- reconstitution of the private ownership on the agricultural land
- the restructuring of the other sectors of national economy
- lack of non-agricultural occupational opportunities in the rural area

effects

- rural area and agriculture became the main absorber of the shocks generated by the restructuring of overall economy (*Urban*→*Rural migration*)
- private land ownership being one of the main means to meet the subsistence needs of the rural household members

The Romanian rural area and the land ownership become a “social buffer” for more than 40% of the population
holdings under 5 ha
93% of the total number of holdings

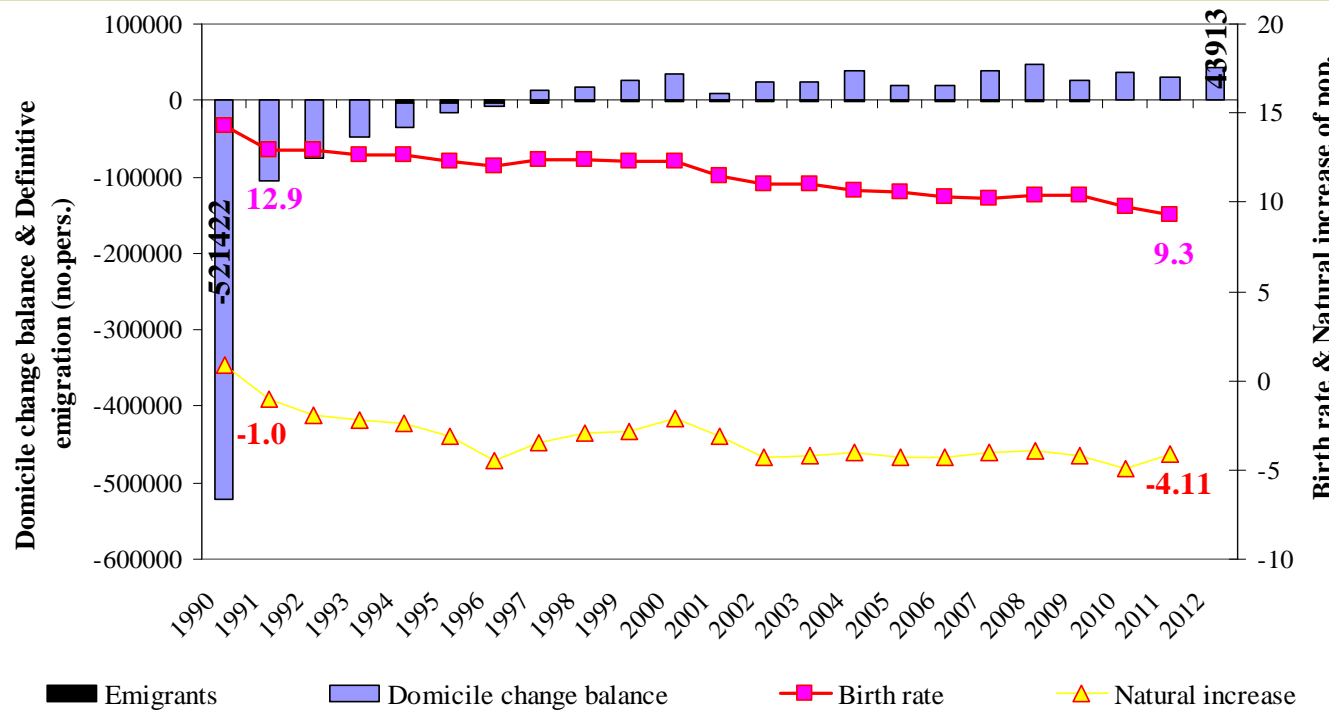
Internal migration





II. Rural human capital - *demographic aspects* -

Two decades of rural demographic phenomena evolution

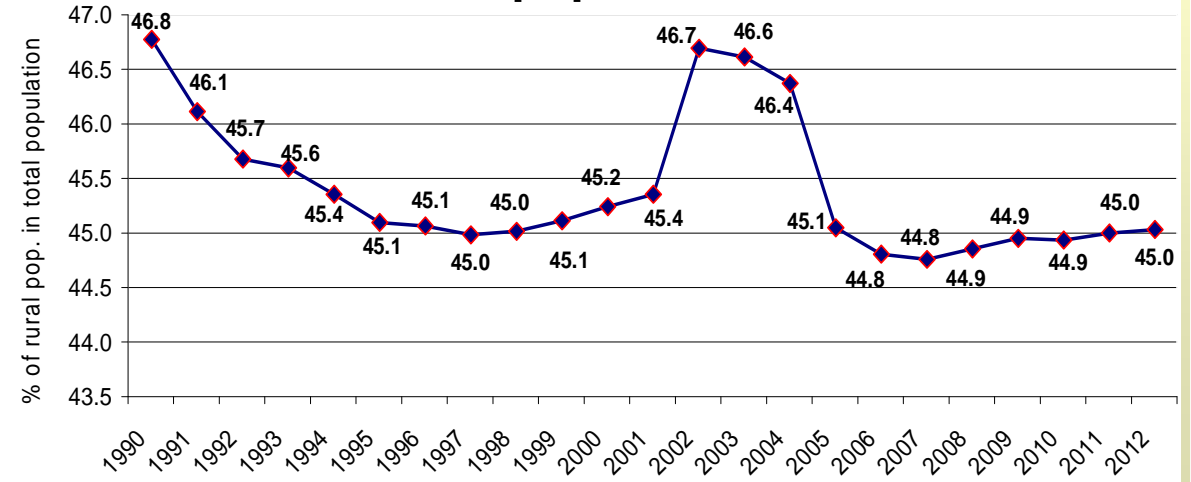


“re-ruralisation” process

- restructuring of economy
- retirement of urban elderly
- lack of job opportunities in urban area

Generalised demographic decline
- accelerated trend in the future -

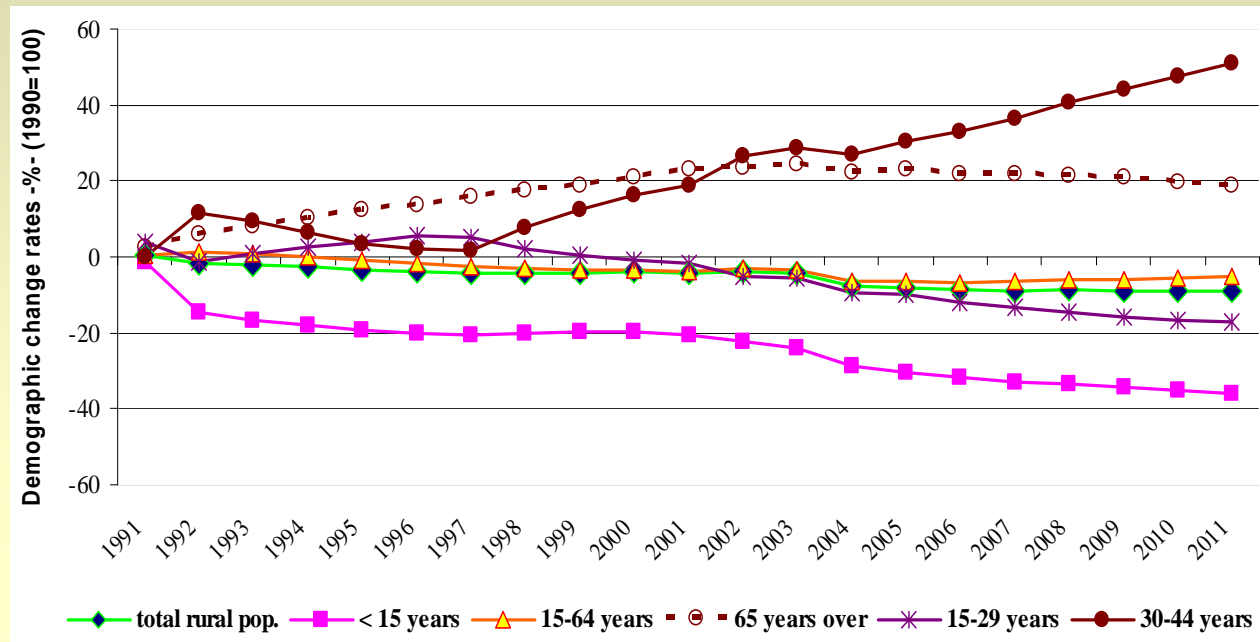
Evolution of the rural population share in Romania



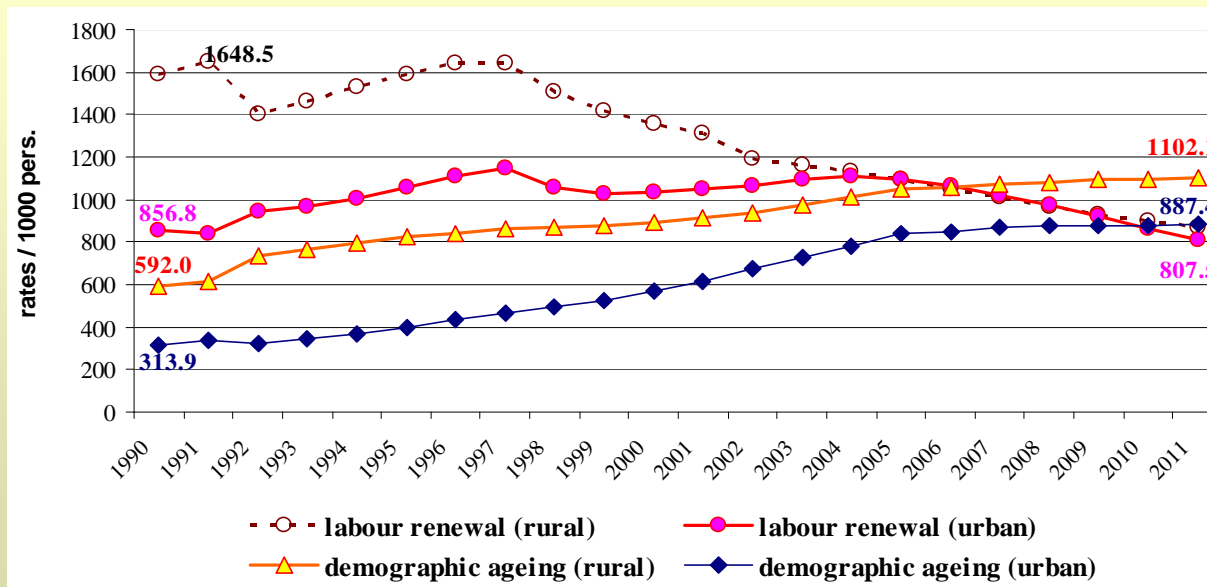
Demographic change rate by rural population's age groups (1990=100)

General demographic ageing
- *accelerate trend* -

Ageing of labour force
- *negative labour renewal* -

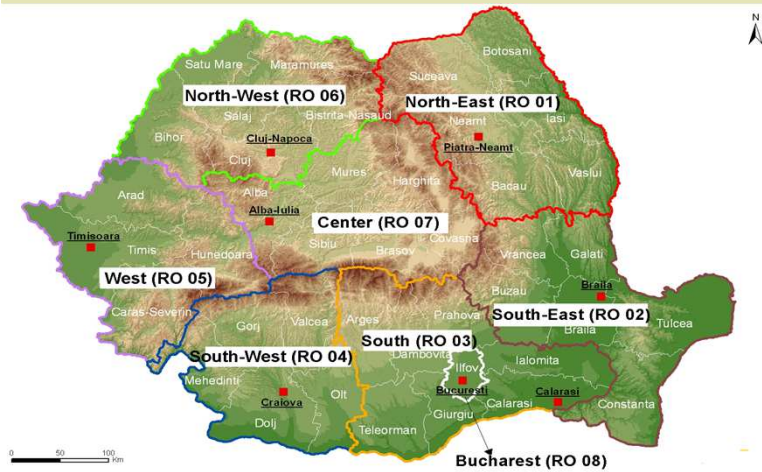


Evolution of demographic ageing and labour renewal indices (by residence)

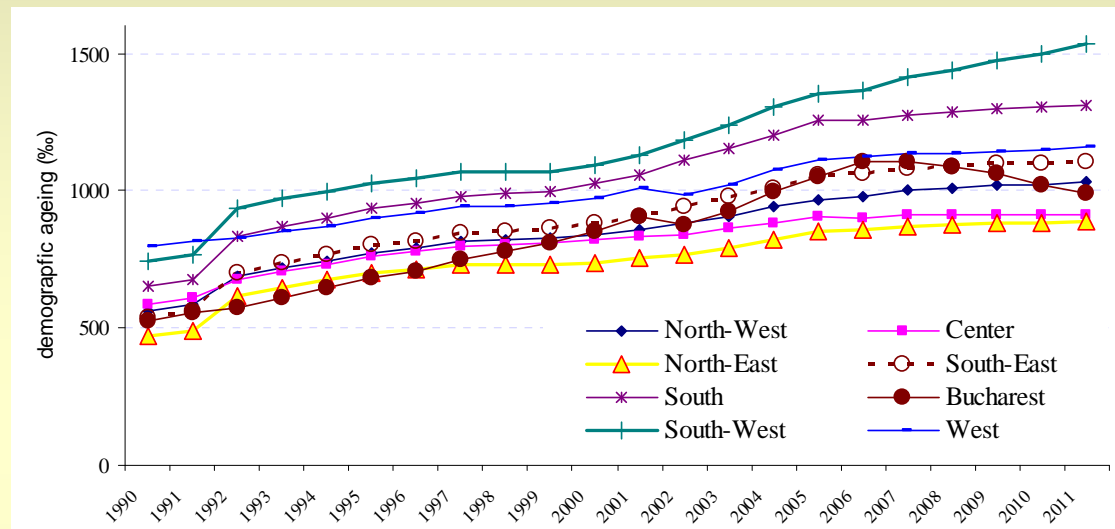


Regional profile - demographic indicators

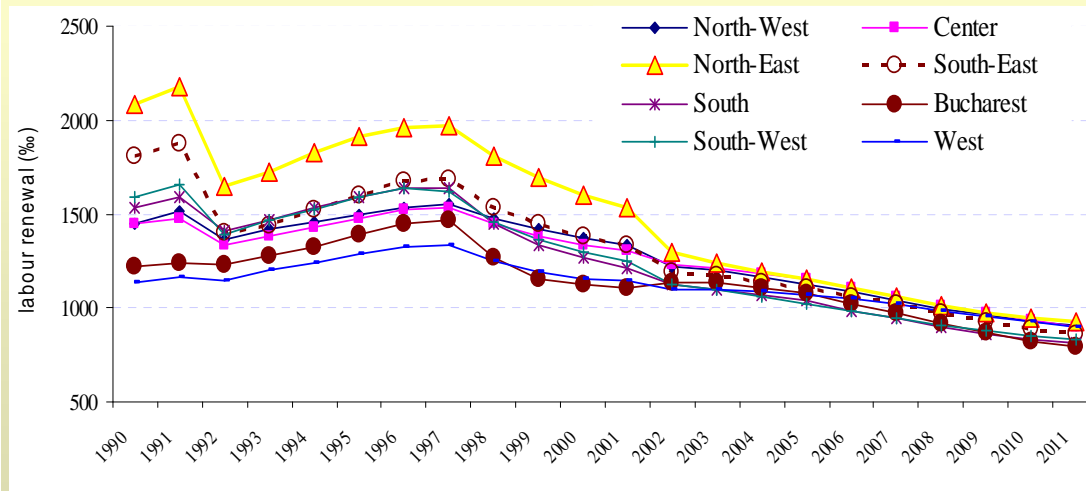
Map of Romanian Development Regions



Demographic ageing
(≥ 65 years / ≤ 15 years)



Labour renewal
(15-29/30-44 years)



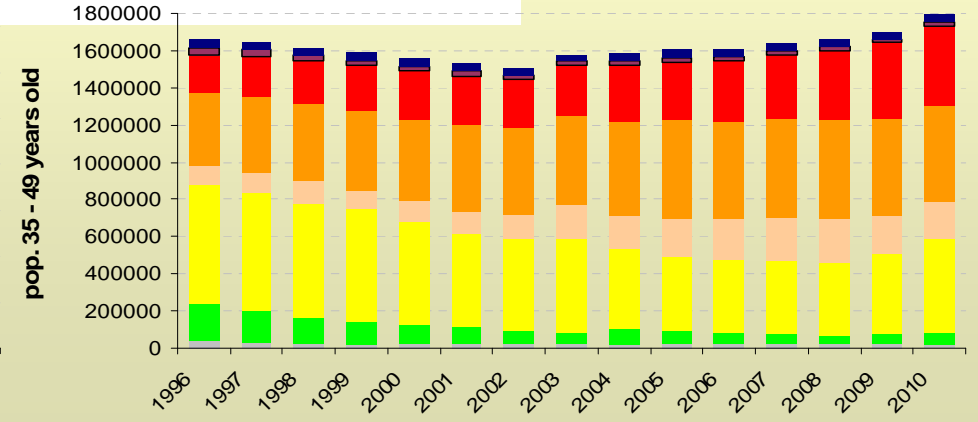
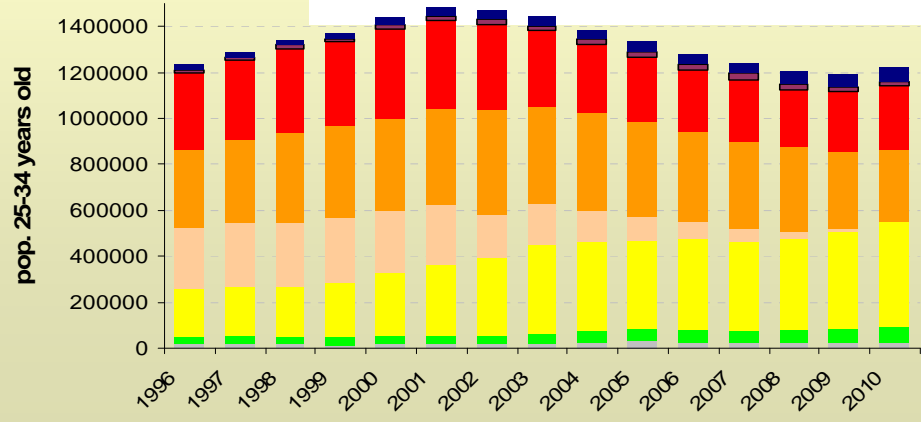
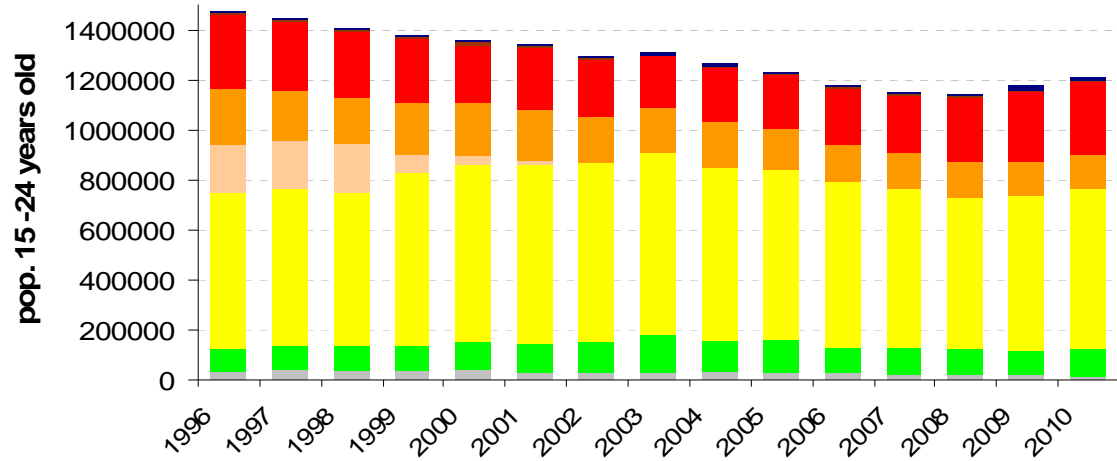
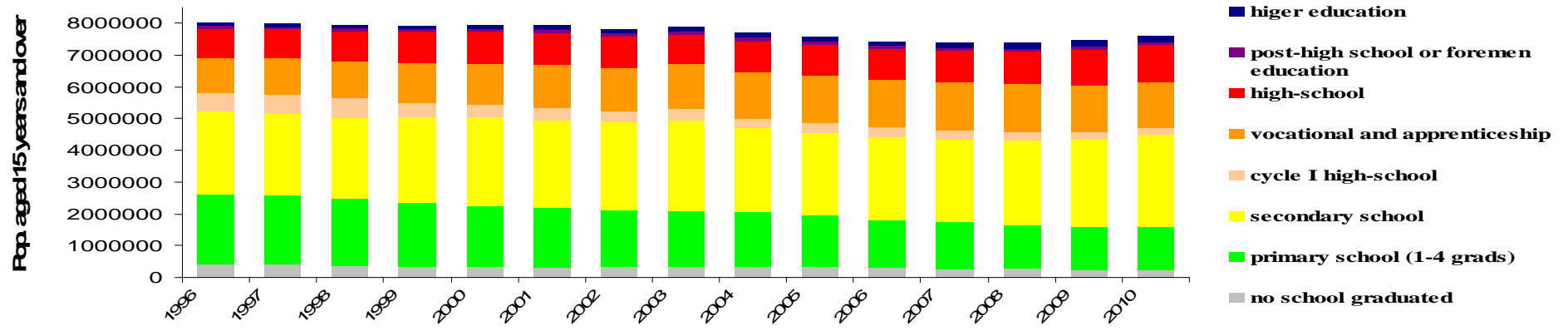
Southern regions are most affected by demographic aging

The renewal of labor became as pronounced for all regions



II. Rural human capital - *education* -

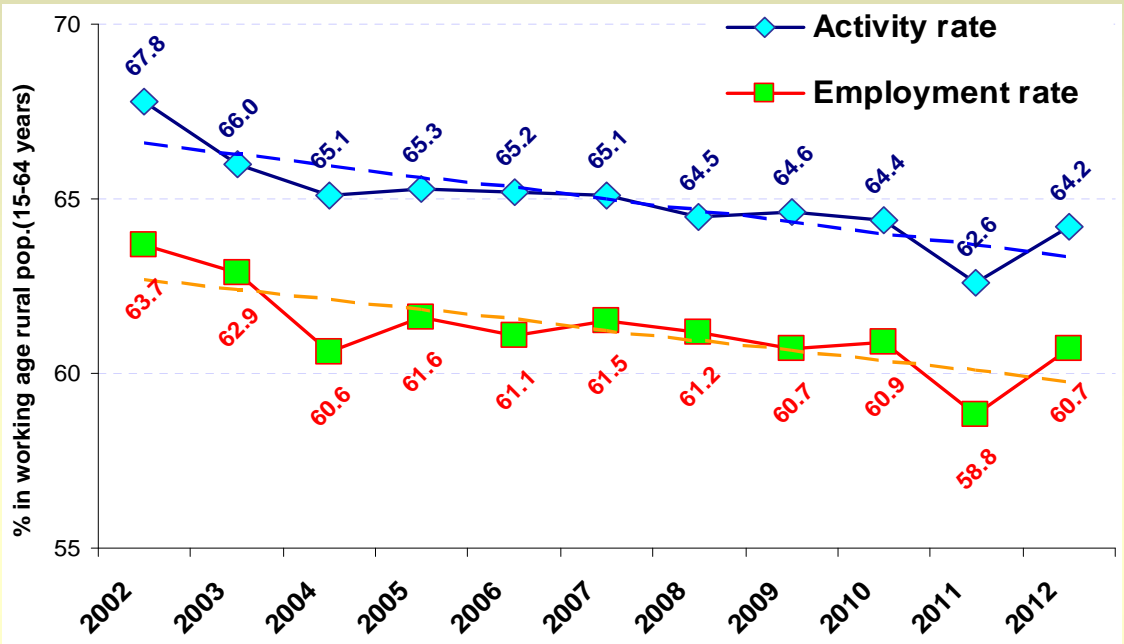
Changes in the educational structure of the rural population aged 15 years and over, 1996 – 2010



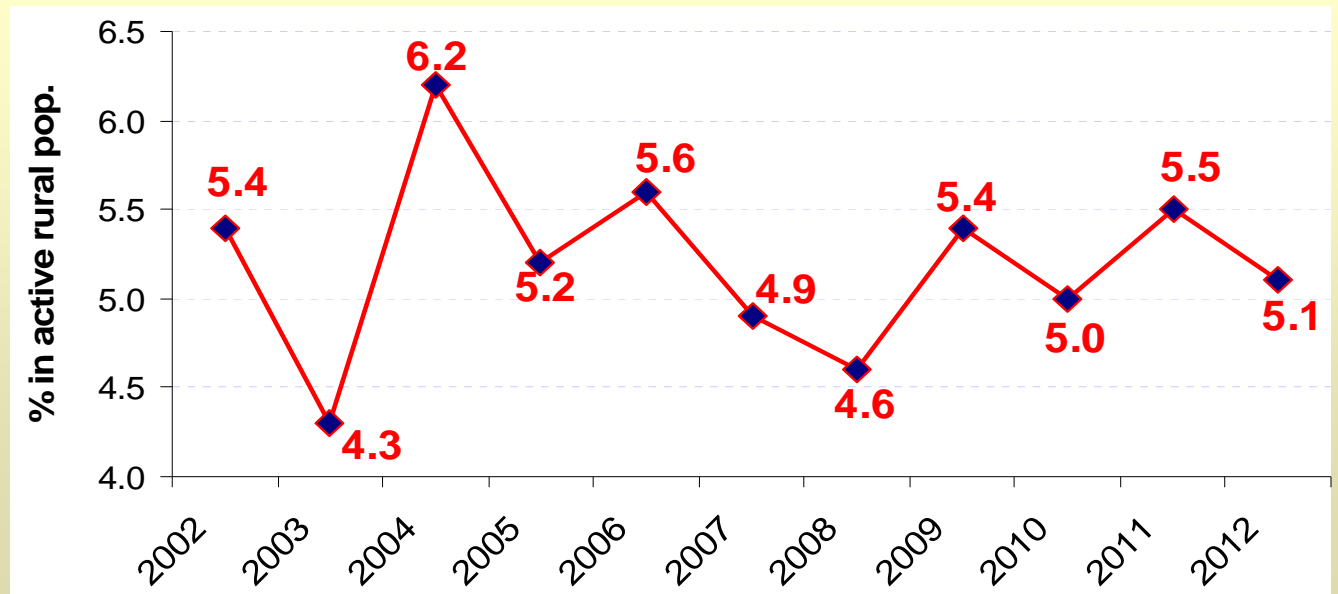


III. Participation of rural population to the labour force market

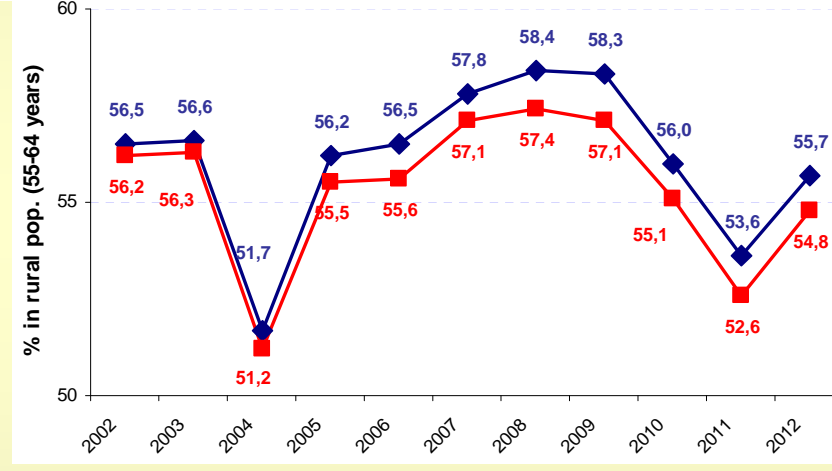
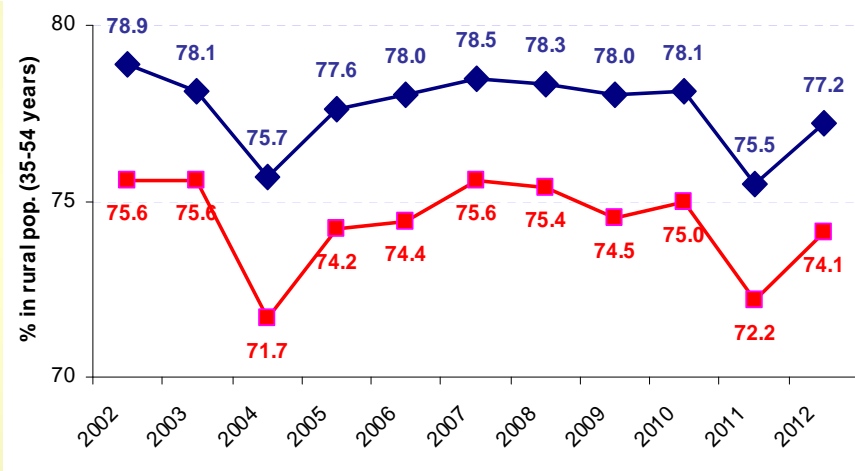
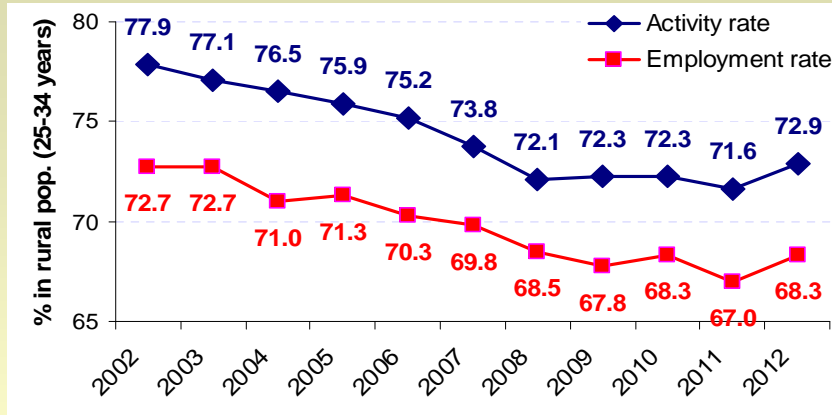
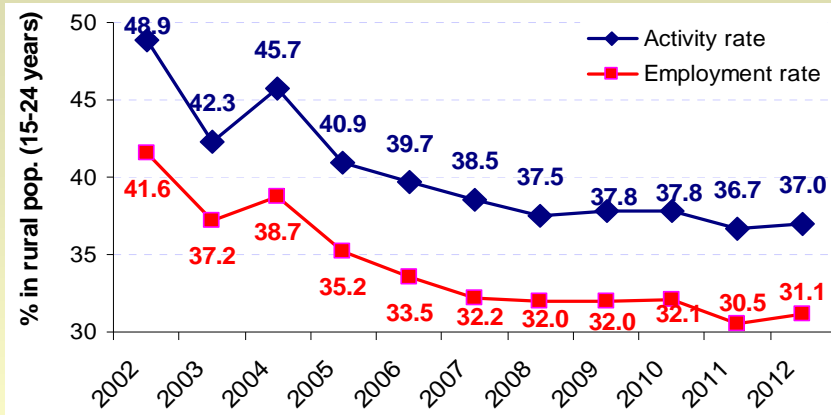
Evolution of rural activity and employment rates



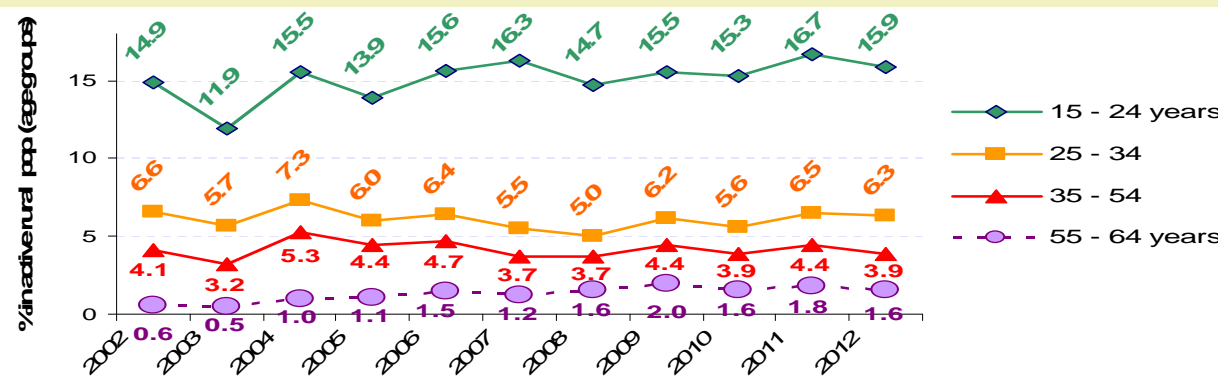
ILO unemployment rate



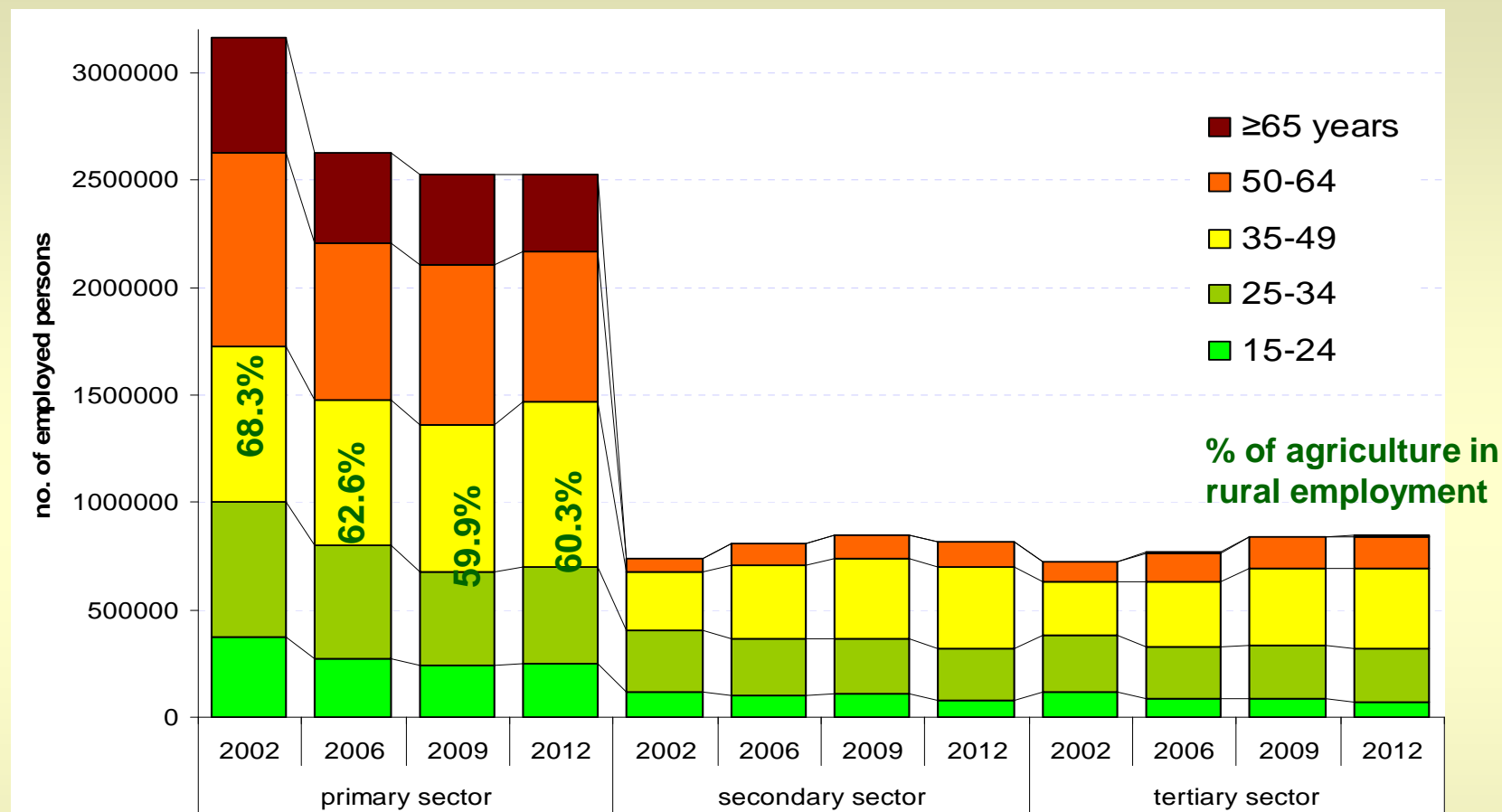
Evolution of rural activity and employment rates by age groups



ILO unemployment rate by age groups



Structure of rural employment by age and main activity sectors



-60% of rural labour force is (under)employed in agriculture

the average number of days effectively worked in agriculture by a person employed in this sector is 47 days/person/year (Agricultural censuses 2010)

- most of them perform agricultural work in their own household

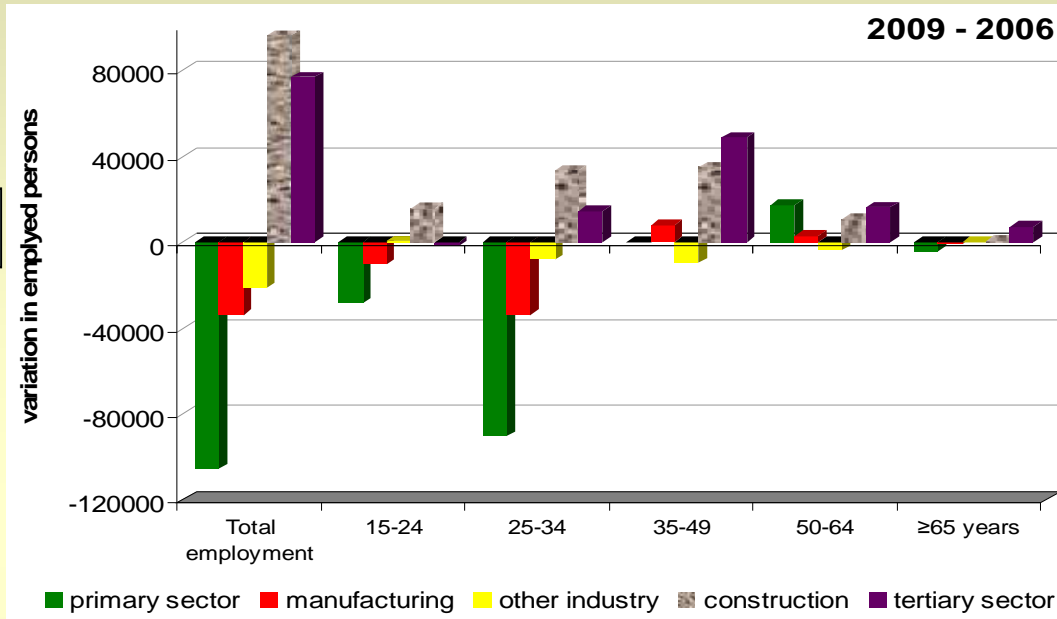
≈ 20% of them are employees with an employment contract, but only 1% are permanent employees

Structural modification of rural employed population by age, by activities

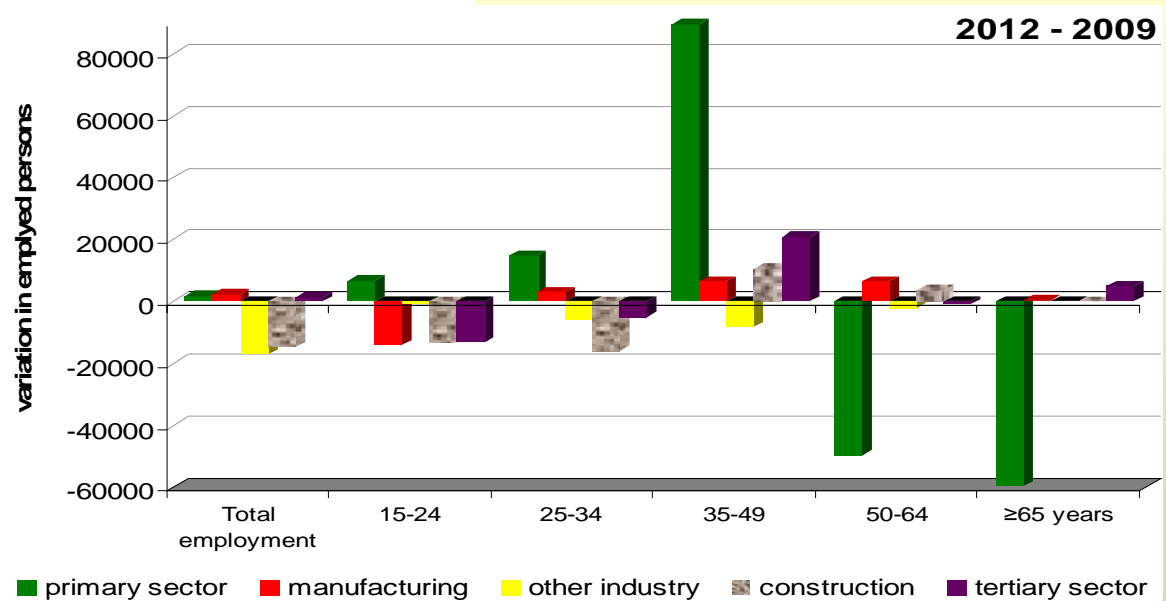
(a) after EU accession (2009-2006)

(b) during the economic crises (2012-2009)

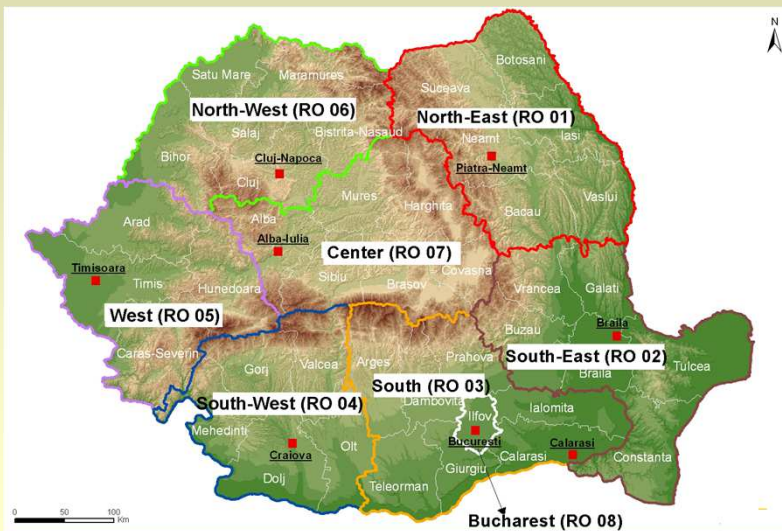
a



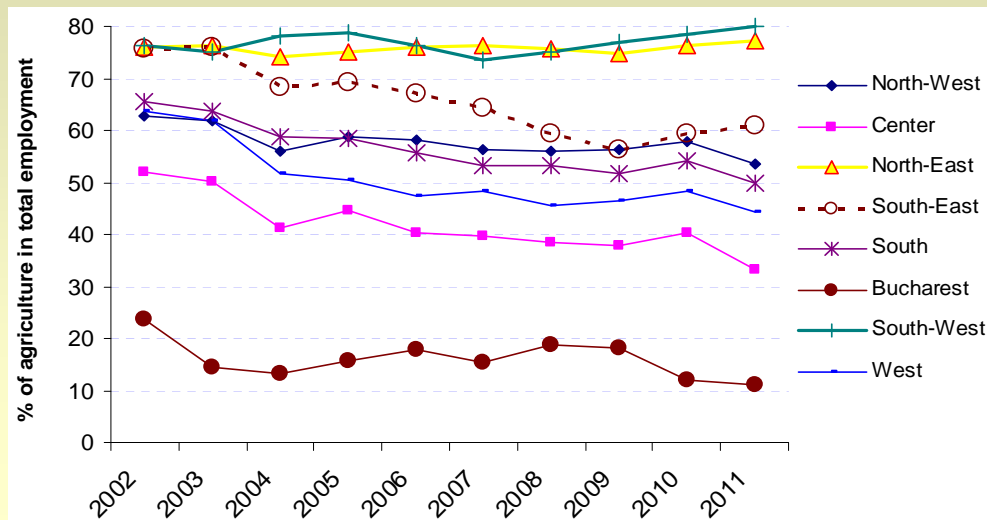
b



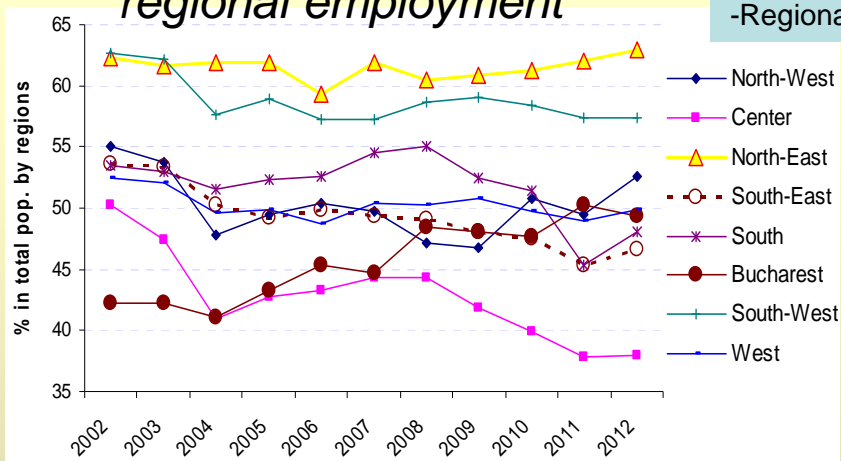
Labour market – regional profiles



Regional employment rates

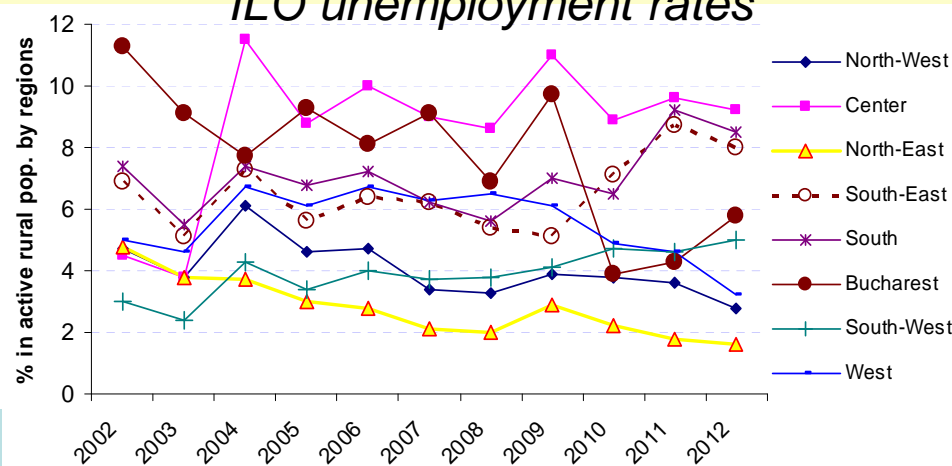


Importance of agriculture in regional employment



-Regional urbanization level - negatively correlated with employment rates
 -Regional employment level significantly depends on (under)employment in agriculture

ILO unemployment rates



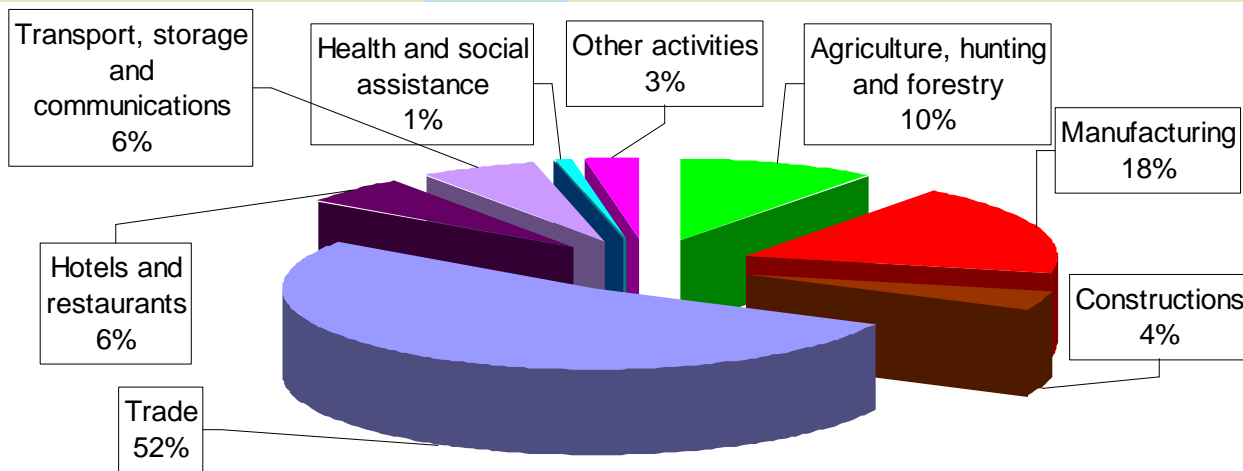
-ILO unemployment is negative correlated with:
 - importance of agriculture in regional employment
 - regional % of rural population



IV. Rural entrepreneurship

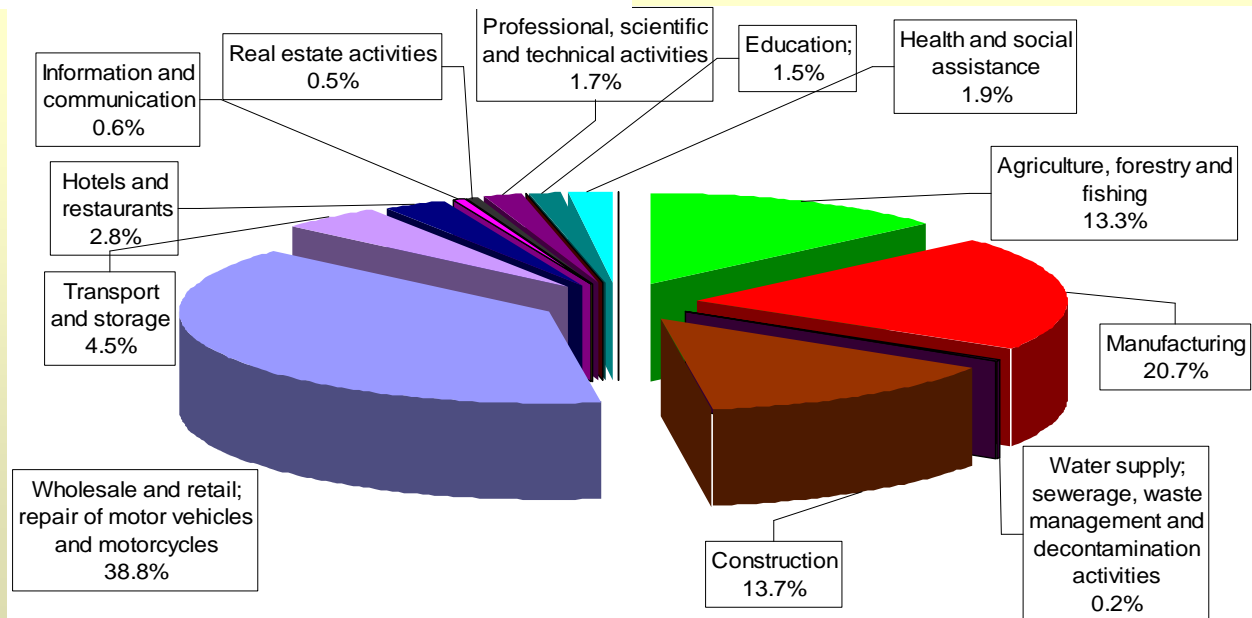
Structure of rural entrepreneurial initiative in Romania, by activity sectors (% in total number of employers)

2006



- 2.5 employers/1000 inhab.
- rural entrepreneurship is predominantly oriented towards the tertiary sector (especially retail activities)

2012



rural economy - supplier of raw products with low processing level or unprocessed, with low value added
 ▼
generating low incomes for rural inhabitants

Romanian rural entrepreneurs' evolution by activity sector

-after EU accession (2009-2006)

&

- during the economic crises (2012-2009)



2009-2006 (after EU accession):

- period of economic growth acceleration
- the number of rural entrepreneurs increased by over 13% (*construction, trade, transport*)
- contraction of the processing (manufacturing) sector of rural economy - risk to maintain for the rural

area the role of supplier of raw materials

During crisis 2009 – to 2012:

- contraction of rural business environment (*24% of the rural employers withdrew from business*)
- revigoration of directly productive sectors (*primary sector and processing industry*)
- contraction of the economic segments that had represented “successful businesses” before the crisis (*tertiary sector – trade and transport in particular and the sector of constructions*)

Conclusions

- **Romania is one of the most rural countries of the EU**
- **Rural human capital is characterized by the following processes :**
 - overall aging
 - the decrease in active labour force and its aging
 - low educational level with low chances to be improved in the short run
- **Rural economy:**
 - dominated by agriculture (60% of total employment)
 - supplier of raw materials with low added value

Thank you for attention !

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