

Regional Status quo of the Organic Sector

NORTH-WEST ROMANIA

North-West Regional Development Agency
Ioana Dragoș

SME Organics Kick off meeting
Brussels, 18-19 May 2016



**Interreg
Europe**

European Union | European Regional Development Fund



North-West Region of Romania



- 6 Counties- The Region surface 34,159 sq km - 14% of Romanian territory
- NUTS II, not administrative region
- 2,73 Mil inhabitants, 47,4 % in rural areas
- 43 Cities – 1911 settlements
- 4 Cities over 100.000 inhabitants (Cluj-Napoca with 400.000, 1/4 students)
- 4 International airports
- 6 state universities + 5 private
- RGDP (2014) – 7500 Euro

Main sectors: **agro-food**, clothing, furniture, automotive, machines and electrical equipment, ITC

Regional context – North-West Romania

- 47,4% inhabitants in rural areas – 30% of total occupied workforce (compared to 5,3% EU average in 2011)
- Agro land is 60,6% from regional surface (2.070.817 ha in 2011): 615.641 ha meadows (2nd place in Ro) and 387.444 ha of hays – proper for zootechnics
- 49,4% of agro-land is for cultivation (less than Ro average of 64,1%) – 60.9% cereals for beans / 56,29% non cultivated land (similar to national average); mushrooms – 72% from national production (5515 tones, 91,6% Sălaj)
- Agriculture is 6,5% of RGAV (decrease with 4,6% bw 2005 – 2010)
- Lowest productivity level in agriculture – 6 times than the processing industry
- Fertilizers on average of 42,9% of agro lands (out of which 60,2% azote)
- Herbicides on average of 16,8% of agro lands
- Only 3% of all companies in NW Region are in agriculture
- High birth rate of rural SMEs bw 2008-2011 (6937 SMEs/year)
- Most of agro business are individuals (98,75%), few collective farms

Current situation of the Organic Sector in Romania

- <e.g. total agri-food sector as % of GDP, organic land area, and share of food total market>
- **Organic agriculture** – raise of 23% annually

| 2010 ↑ | 2012 ↑↑↑ | 2014 ↓↓ |
|--------|----------|---------|
| 3155 | 26.000 | 14.500* |

- * high taxes for certification as organic
- 2016: România has 300.000 ha of land certified as being organic/eco for production and other 500.000 ha with meadows
- 80% of production is exported (especially raw material, no added value and only few processed products)
- **Organic COSMETICS, FOOD SUPPLEMENTS, FERTILIZERS**

Key challenges ↔ Opportunities

- Low productivity due to ancient techniques
- Certification procedure & taxes
- Supply chains infrastructure is weak (warehouses, agro-centers)
- High entering barriers in hypermarkets
- Commercializing mostly raw products, low added value
- Unexploited agro land and high % of destroyed land
- Uptake new technologies
- Develop and improve new skills
- High surface of non polluted lands
- Growing market for organic products “back to the roots”
- EU Regulation 1151/2012 for 50% “short distribution food chain”
- Stronger awareness for organic products
- Increase added value in processing products

Pending: Romanian National Action Plan for Organic/Ecologic Agriculture 2016-2020
Pedagogic Farm (into the school curricula)

Main stakeholders involved

AGRO-FOOD

Farmers
Processors
Importers
Distributors
Agro Transilvania Center (logistic)
Agro Transilvania Cluster (association)
USAMV Cluj-Napoca
Research institutes (ICIA, INCDTIM, Turda R&D Station)
NGO Product from Cluj, BIO Romania, FNAE
6 County Councils
Municipalities, Communes Local Councils
Regional Agency for Funding Rural Investments (AFIR)
6 Agencies for Agriculture Payments (APIA)
6 County Sanitary and Veterinary Division
Certification Bodies

OTHER*

Farmers (medicinal and aromatic plants)
Collectors (wild plants)
Distributors of raw materials
Processors
USAMV Cluj-Napoca
UMF Cluj-Napoca
Research institutes (ICIA, INCDTIM)
Cosmetic & food supplements producers
Final product distributors
Certification Bodies for cosmetics and food supplements
Specialized organic stores
Bio - Pharmacies

Policy Instrument: Regional Operational Plan 2014-2020

- **Priority Axis 2** – Improving the competitiveness of SMEs acting in the priority sectors identified in National Competitiveness Strategy and in the eight Regional Development Plans.
- **Investment priority 2.1.** – Promoting entrepreneurial culture, mainly through economic exploitation of new ideas and encouraging the creation of start-ups, including through business incubators, aiming at the Specific Objective of consolidating the market share of SMEs
- **Investment priority 2.2.** - Supporting the creation and development of advanced production capacity and services of SMEs aiming at the Specific Objective of improving the economic competitiveness through raising productivity of SMEs
- **Eligible NACE codes:** Production of textiles, carpets, clothing, leather, shoes; Wood: for construction, packaging, crafts; Plastic: rubber products, construction, packaging; Dyes, paints and pigments production, other chemical products; Soaps, detergents and other cleaning products; Cosmetics and perfumes, essential oils; Glue production; Glass production; Ceramic tiles, bricks and other construction materials (concrete, plaster); Toys production; Brooms and brushes; Ceramic products for kitchen and bathrooms; Paper and cardboard production; Stationary and wallpaper production; Furniture production; Mattress production; Testing and analysis services; machines and equipments for agro-food industry and beverages; Machines and equipments for processing metal, plastic, rubber, paper and cardboard; Recycling
- **Indicator selected:** Number of companies receiving support
 - <Programme target (2023)> 159 / for NW Romania
 - <SME Organics target> ?

Policy Instrument: Attention!

- The Annex 1 of the Treaty of European Union details the products which production is eligible under **EAFDR** and excepted from ERDF – as it goes from Article 38 - Common agriculture and fisheries policy, under Title III
 - Chapter 4 Milk and dairy products; birds' eggs; natural honey
 - Chapter 6 Live plants and floricultural products
 - Chapter 7 Vegetables, edible plants, roots and tubers
 - Chapter 8 Edible fruit; peel of melons and citrus fruits
 - Chapter 9 Coffee, tea and spices, excluding maté
 - Chapter 10 Cereals
 - Chapter 12 Oil seeds and oleaginous fruit; plants; straw and fodder; miscellaneous seeds and fruit; industrial and medicinal plants
 - ... Chapter 57

Project expectations - ORGANIC

- To correlate ORGANIC sector with urban SMEs in processing industry (including agro-food but not only)
- To create stronger awareness for local/regional/national community and public policy makers
- To exchange, share and multiply best practices in supporting ORGANIC sector
- To create synergies bw ERDF and EARDF programmes at the level of policy and projects to be implemented
- To create growth and ensure sustainability for regional stakeholders involved in the ORGANIC sectors

Thank you!

Ioana Dragoș
Project manager
North-West RDA Romania
Cluj-Napoca

ioana.dragos@nord-vest.ro
0040-755777039



**Interreg
Europe**



European Union | European Regional Development Fund