

Analysis of the Activity of Economic Agents in the Food Sector in Romania

Anton-Theodor DIMITRIU¹
Costin STANESCU COVASALA²

Abstract

This paper considers a very important topic, the analysis of the main economic agents active in the food sector, because it is a key sector from the point of view of food security and the Romanian economy. The work follows the evolution of economic agents in the period 2015-2023. Data such as the number of businesses, the number of enterprises and the number of employees are analyzed.

The food sector is dependent on the agricultural sector, more precisely on the productions obtained from the vegetable and zootechnical sectors, but also on the area of processing agricultural products. The data obtained reflect whether the agri-food industry in Romania is developing due to new technologies, since after 1989, there were decreases in agricultural production of vegetable and animal origin, which led to the restriction of certain activities in the food field and the closing of processing factories.

Keywords: *agro-food chain, fruits and vegetable sector, economic agents, processing of agricultural products.*

JEL classification: Q15, Q18

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1. Introduction

The agri-food sector is among the largest economic fields in the EU, with over 10 million farmers, with approximately 40 million jobs in the field of food processing and food marketing. Romania has the most farmers in the EU, approximately 3.5 million, because most farms are small in size at approximately 5 hectares. According to FAOSTAT data, in 2021, in Romania, 45.7% of the country's population lived in rural areas, and 54.3% in urban areas, hence a large number of people working in agriculture (30% of the population). The food sector was and is an important branch in Romania's economy because most of the population in the rural environment deals with agriculture, which is an important activity in these areas, having a significant contribution to the national economy (Leoveanu-Soare et al., 2020). In the last period, food security has become a topic of interest at the global level due to the increase in the number of the population, the

¹ Dimitriu Anton Theodor, Bucharest University of Economic Studies, Romania, Email: dimitriuanton17@stud.ase.ro

² Stanescu Covasala Costin, Bucharest University of Economic Studies, Romania, Email: stanesucovasalacostin14@stud.ase.ro

water deficit, the land deficit, but also due to the low incomes in the rural environment. The internal production of agro-food products ensures a narrow range of basic foods, more precisely the production of cereals and oilseeds, sheep and goat meat, but also the production of cabbage (Feher et al., 2021). According to INS data, the food industry constitutes 14 % of Romania's total industrial production, and the agricultural sector representing approximately 4.5% of GDP. The value of the production sold in the food industry in 2022 was approximately 60 billion lei, an increase of 28 billion lei compared to 2015. The import of food products is continuously increasing, from 15.6 billion lei in 2015 to 39.6 billion lei in 2022. The average monthly expenditure on the consumption of food and drinks in a household in Romania has increased significantly during the analyzed period, from 506 lei in 2015 to 1172 lei in 2023. These increases have produced due to the decrease in agricultural production in some sectors due to climatic factors (drought, high temperatures) but also due to the increase in prices in the field of electricity and fuels which led to the increase in prices for finished food products. As far as Romanian consumers are concerned, they want to buy quality, healthy food products obtained from local farms at an affordable price. On the Romanian market, the products with a lower price are the imported ones and the national products that were obtained in the conventional system, and the products that are obtained in the ecological system having a high price. Consumers' interest in purchasing sustainable food products is hampered by the differences found between the large marketing companies (hypermarkets, supermarkets, discount stores) and smaller commercial agencies (farmers' stores), large store chains are convenient due to positioning but also due to lower prices, while the second category represents the structure of short food supply chains from local producers (O'Kane et al., 2015).

The objectives of this article are to identify the dimension of food industry in Romania, by types of food product, aiming to answer the question what are the most important branches, considering the number of agents and the value of turnover.

The paper is structured in four parts. After the introduction, the materials and methods are presented. Then, the results are discussed and, finally, the conclusions are drawn.

2. Material and Method

The data used in the present research were obtained from the website of the National Institute of Statistics in Romania, the official institution operating with statistical data, and from the website topfirme.com, which centralizes financial data of all economic agents. The data refer to number of economic agents operating in different branches of food industry and to turnover of each branch, during a period range between 2015 and 2023.

The methodology of this study is based on the analysis of the evolution of the main economic agents in Romania active in the agricultural. Analysis, synthesis and inference are used to critically discuss the results.

3. Results and Discussions

In figure number 1, in the year 2023, most economic agents were found in the Bread Manufacturing field; the manufacture of cakes and fresh pastry products (CAEN 1071), with a number of 7376 economic operators, and economic agents from the Sugar Manufacturing sector (CAEN 1081), with 13 economic agents, ranked last.

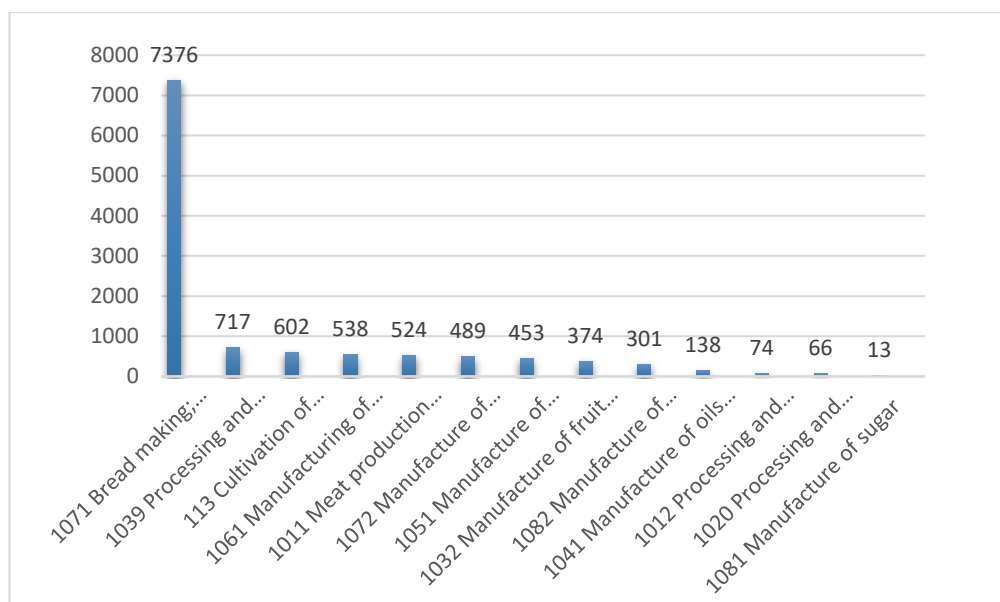


Figure 1. The number of the main commercial agents in the agri-food sector in 2023

Source: data processing - topfirme.com

Regarding the turnover of the sector - Manufacturing of bread, manufacturing of cakes and fresh pastry products (CAEN 1071), in first place, according to topfirme.com, the ranking being the following: Vel Pitar SA, Valcea county (841.4 million lei), Tinervis Group SRL, Bucharest (526 million lei), La Lorraine SRL (406.1 million lei), Fornetti Romania SRL, Timis county (259.9 million lei) and Trei Brutari bread factory, Dambovita county (176, 5 million lei). The operators that carry out their activity in the sugar manufacturing sector (CAEN 1081), in number of 13, register the following figures regarding turnover: Agrana Romania S.R.L., Bucharest (1.2 billion lei), Premium Sugar Factory Ludus S.A., Mures county (47.4 million lei), Europlant International S.R.L., Ilfov county (21 million lei), Laurul S.A., Arad county (14.7 million lei), Pas Alto Pro S.R.L., Salaj county (400,202 lei).

In figure number 2, the number of economic agents for CAEN 101 - processing and preservation of meat and meat products is graphically represented, according to INS data, considerable increases were registered in the Meat Products Manufacturing industry (CAEN 1013), from 321 agents economic agents in the year

2015 to 602 in the year 2023. According to the graph presented below, the number of economic agents operating in the field - Production and preservation of meat (CAEN 1011) recorded increases in the analyzed period (2015-2023), of approximately 20%, more precisely from 434 economic agents in 2015 to 524 in 2023. Regarding - Processing and preservation of poultry meat (CAEN 1012), the values were constant (46 economic operators in 2015, 74 in 2023).

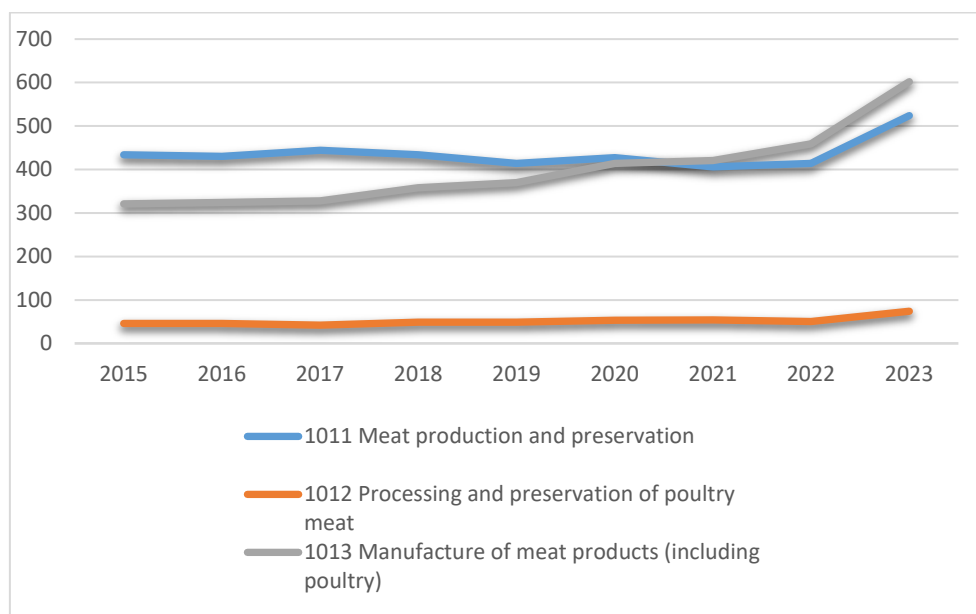


Figure 2. The number of economic operators active in the sector - processing and preservation of meat and meat products

Source: Tempo Online database, <http://statistici.insse.ro:8077/tempo-online>

For the meat production and preservation sector (CAEN 1011), there are 524 economic agents, which were ranked in the following order, according to the turnover recorded in 2023: Smithfield Romania S.R.L., Timis county (1.4 billion lei), Aaylex One S.A., Buzau county (1.1 billion lei), Elit S.R.L., Alba county (790.5 million lei), Abatorul Peris S.A., Ilfov county (500.6 million lei) and Abatorul (Doly-Com Distributie S.R.L.), Botosani county (429.3 million lei). With regard to the economic operators that carry out their activity in the poultry meat processing sector (CAEN 1012), in the year 2023 74 economic agents were active, with the following ranking according to the registered turnover: Transavia S.A., Alba county (1 billion lei) , Avicarvil S.R.L. (816.6 million lei), Agricola International S.A., Bacau county (775.4 million lei), Safir S.R.L., Vaslui county (314.6 million lei) and Fermador, Iasi county (238.5 million lei). According to data from the same source (topfirme.com), economic operators active in the field of manufacturing meat products (602, including poultry meat, CAEN 1023), the following figures were obtained from the point of view of turnover: Cris- Tim Family Holding S.R.L., Prahova county (1

billion lei), Caroli Foods Group S.R.L., Arges county (580.8 million lei), Scandia Food S.R.L., Sibiu county (508.9 million lei), Fox Com Serv S.R.L., Bucharest (477.8 million lei) and Diana S.R.L., Valcea county (103.6 million lei).

Figure number 3 shows the statistical data on the turnover in the period 2015-2022 for the main economic agents whose field of activity is the processing of agricultural products of animal and plant origin. From the analysis data, we can see that the operators in the poultry meat processing sector (CAEN 1012), registered the highest growth, in 2022 with 85.9% compared to 2015. Because the vast majority of agricultural products are perishable or seasonal (vegetables and fruits) in order to ensure consumption throughout the year, including winter, agricultural products are subject to processing and conservation (Apostol, 2017). The only method of valorization of the products obtained is represented by the association. According to the data of the Ministry of Agriculture and Rural Development, the number of agricultural cooperatives is increasing, from 1186 in 2018, to 2274 agricultural cooperatives in 2021. Romania has a great potential in the agricultural sector that needs to be developed, because it is possible to obtain a varied range of agricultural and agri-food products destined for domestic consumption, in this case Romania will be able to ensure its food needs (Istudor et al., 2014).

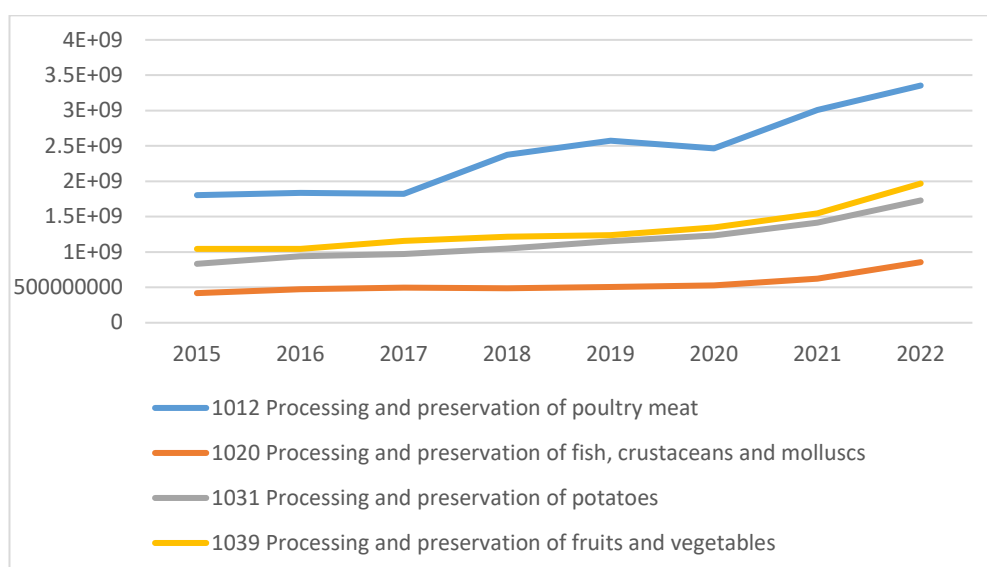


Figure 3. The evolution of the turnover in the processing of the main agricultural products, in the period 2015-2023

Source: Tempo Online database, <http://statistici.insse.ro:8077/tempo-online>

According to the graph presented above, in the year 2022, the economic operators in the poultry meat processing sector (CAEN 1012) with a turnover of 3.6 billion lei are in first place, with fruit processing and preservation in second place and vegetables (CAEN 1039), with a turnover of 1.9 billion lei, followed by the potato processing and canning industry (CAEN 1031), with a value of 1.7 billion lei,

and in last place were located economic agents whose activity is the processing and preservation of fish, crustaceans and molluscs (CAEN 1020), registering a turnover of 856.4 million lei.

The figure below shows the number of economic operators in the milk industry. According to the collected data, most agents operate in the breeding of dairy cattle, continuing with the operators active in the manufacture of dairy products and cheeses, the raising of sheep and goats, and the operators in the ice cream manufacturing industry ranking last.

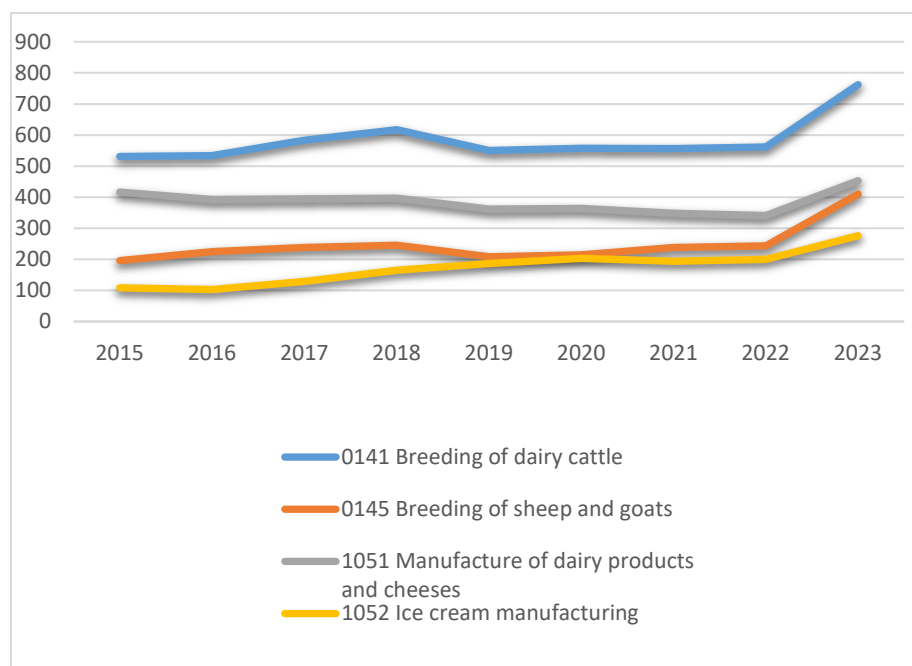


Figure 4. The evolution of the number of enterprises in the field of animal breeding and economic operators in the milk and dairy products sector, in the period 2015-2023

Source: Tempo Online database, <http://statistici.INSSE.ro:8077/tempo-online>

Regarding the dairy cattle breeding sector (CAEN 141), there are 762 economic agents, ranked as follows by turnover: Dn Agrar Apold S.R.L., Alba county (66.4 million lei), Lacto Agrar S.R.L. (51.9 million lei), Animal Ferma S.R.L., Alba county (49.8 million lei), Boga Trifesti S.R.L., Iasi county (44.2 million lei) and Agrozootehnica Ulmeni S.R.L. (42.1 million lei). Regarding the number of cattle, Romania registered a large deficit, from 5,380,780 in 1990, to 1,814,720 in 2023. Due to the decrease in the number of herds, part of the dairy products sold in the country are imported. According to the analyzed data, in the field of activity - raising sheep and goats, 410 economic agents are active and are classified, depending on the turnover, as follows: Rom Balakanellas Impex S.R.L., Brasov county (128.5 million lei), Agrotehnica Zoo S.R.L., Hunedoara county (100.4 million lei), Gagea S.R.L., Timis county (82 million lei), Cristmih S.R.L., Tulcea county (54.8 million

lei) and Pai Agrocomplex S.R.L., Mures county (38.9 million lei). From the analysis of the data of the Tempo Online Database, between 1990 and 2020, important differences were recorded among the flocks of sheep and goats. The number of herds among goats increased from 1,004,810 in 1990 to 1,421,695 in 2020, and as regards the number of sheep, it was decreasing from 14,061,864 in 1990 to 10,299,549 heads in year 2023. With regard to sheep and goat milk production, it increased from 3917.9 in 1990 to 6585 thousand hectoliters in 2023. The big problem in Romania is the lack of slaughterhouses for sheep and goats. The vast majority of farmers have no way to capitalize on their sheep and goat meat because there are no specialized spaces for slaughtering animals, in most cases the animals end up being exported at a low price that does not benefit the farmers.

The manufacture of dairy products and cheeses (CAEN 1051), counts 453 agents who activate this industry, which deals with the processing of fresh milk, obtaining a wide range of products such as: cheese, cream, yogurt, milk powder and drinks based on milk. Being an important industry, the ranking of the main economic operators according to turnover is as follows: Albalact S.A., Alba county (1.2 billion lei), Danone productione si Distributie de Produse Alimentare S.R.L., Bucharest (1.1 billion lei), Hochland Romania S.R.L., Mures county (832.8 million lei), Brasov Milk Factory S.A., Covasna county (827.2 million lei) and Friesland Campina Romania S.A., Bucharest (564.6 million lei).

Ice cream manufacturing (CAEN 1052), counts 276 economic agents and is classified, depending on the turnover, as follows: Ice Dyp Balas S.R.L., Timis county (103 million lei), Top Gel Prod S.R.L., Dolj county (90.9 million lei), Cicom S.R.L., Dambovita county (80.3 million lei), Cami- Delicia S.R.L., Vaslui county (15.7 million lei) and Abi Grup S.R.L., Iasi county (12.1 million lei).

In Romania, horticulture is a very important activity in the economic and agri-food sector, thanks to the geographical positioning and the favourable climatic conditions, many varieties can be cultivated. Romania ranks sixth in the European Union in terms of the total area cultivated with vegetables and fruit trees (Apostu, I. 2012). Fruits and vegetables are foods that have a very important role in nutrition, due to the vitamins they contain. Producers face big problems because of the large quantities of fruits and vegetables that Romania imports (Cîrstea et al., 2013). Imported products are sold at a lower price compared to the price of local products, in most cases Romanian farmers have nowhere to capitalize their goods and in many cases they register considerable losses. The problem of high prices for Romanian products is low production and high production costs, farmers trying to recover their investment and obtain profit by charging a higher selling price.

According to the data presented, in the year 2023 the most economic operators are in the field of growing vegetables and melons, roots and tubers (CAEN113), with a number of 1750 operators, in second place, with 1089 operators, are the farmers who grows fruit trees, strawberries, nuts (CAEN 125) and in the last place with 56 economic agents in the area of processing and preserving potatoes (CAEN 1031).

The processing and preservation of potatoes (CAEN 1031) counts 56 economic operators, depending on the turnover, according to topfirme.com, their ranking being the following: Star Foods E.M. S.R.L., Bucharest (817.4 million lei), Intersnack Romania S.R.L., Bucharest (718.3 million lei), Szigepsek S.R.L., Harghita County (44 million lei), Takeover Processing Comercializare Potato – Tara Fagarasului S.A., Brsaov County (35.2 million lei) and Baradi Agro S.R.L., Harghita county (21.7 million lei). The manufacture of fruit and vegetable juices (CAEN 1032) counts 374 economic agents active in this industry, the ranking of the main economic operators according to turnover is as follows: Microfresh S.R.L., Ilfov county (14.6 million lei), Austria Juice Romania S.R.L. , Vaslui county (13.7 million lei), Loja Fructelor S.R.L., Arges county (8.1 million lei), Acsi Trade S.R.L., Satu Mare county (4.4 million lei) and Sicran 2002 S.R.L., Bistrita-Nasaud county (3 .7 million lei).

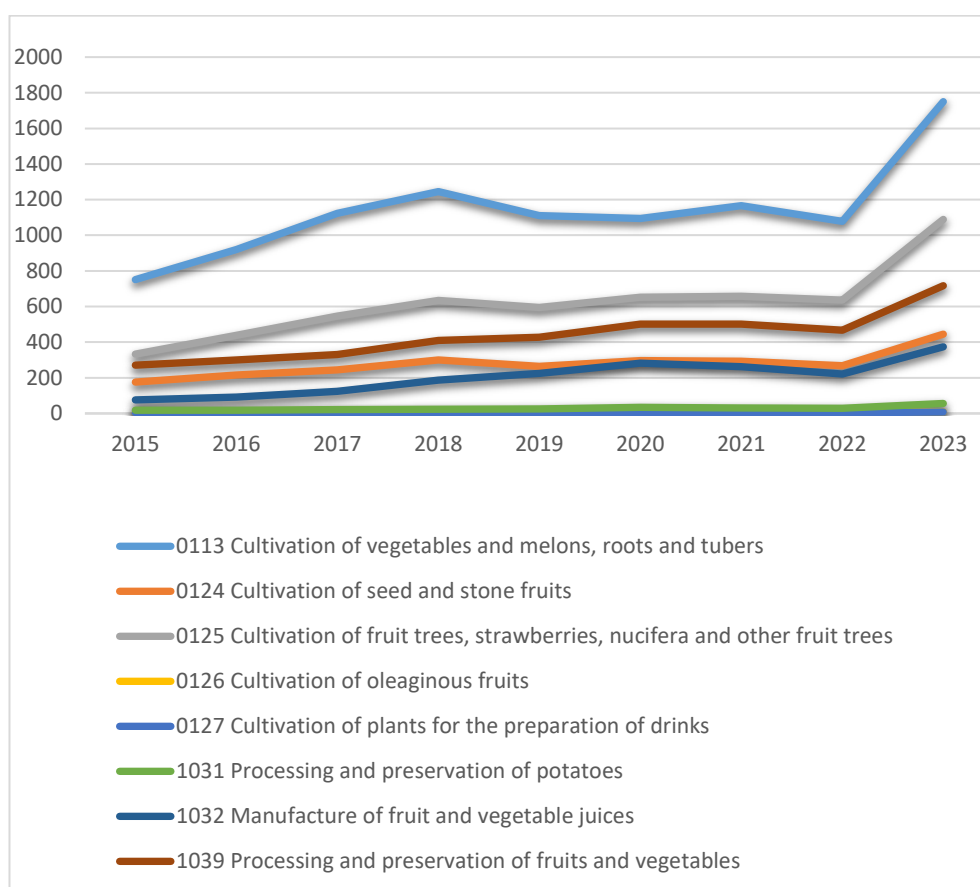


Figure 5. The evolution of economic agents active in the fruit and vegetables sector, in the period 2015-2023

Source: Tempo Online database, <http://statistici.INSSE.ro:8077/tempo-online>

The processing and preservation of fruits and vegetables (CAEN 1039) counts 717 economic operators, depending on the turnover, their ranking being as follows: Contec Foods S.R.L., Ilfov county (208.4 million lei), Annabella Fabrica de Conserve Raureni S.A., Valcea county (185.2 million lei), Eurobananas S.R.L., Ilfov county (149 million lei), Divingarden S.R.L., Bihor county (111.1 million lei) and Eisberg S.R.L., Ilfov county (93.1 million lei).

Most economic operators are found in the bakery sector (7376 economic agents) because Romania is one of the main producers of cereals in the European Union. Bread is the most consumed food product at national level, the average monthly consumption of bread reaching 7.2 kg/person, according to data obtained from the National Institute of Statistics in Romania. Thanks to the new technologies of the last period the bakery sector has developed, a varied range of products from this field is obtained. In second place was the fruit and vegetable processing and preservation sector (717 economic operators) and in third place, the economic operators whose activity is the cultivation of vegetables (602 commercial agents). The fewest economic operators can be found in sugar manufacturing, with 13 economic agents.

The previously analyzed data show that in the activity in the food field in Romania, there is a slight increase due to the development of businesses in agriculture and in the agri-food sector. For example, farmers understood that the processing of agricultural products brings them higher incomes compared to the sale of raw materials. At the local level, small and medium-sized factories are being developed in the processing and processing of meat, milk and cereals. This evolution is due to the growing interest of consumers in local, fresh and clean products, from producers or even from the farm gate, in this case Romania is still in the process of developing the market for organic products, but information is needed and educating consumers to adopt pro-ecological behavior. At the national level, most shops that sell ecological products are found in Bucharest but also in the big cities of the country (Stoica et al., 2020). Due to the increasing number of international consumers who are interested in organic products, large organizations are developing products that are considered "an alternative that prevents the use of chemical pesticides, fertilizers and growth hormones" (Dean et al., 2014)

4. Conclusions

The analysis of the data shows that the agricultural sector remains an important pillar in the economy, but also from the point of view of jobs in rural areas, which are the main source of income for the population in these areas. According to the collected data, the most economic agents in the vegetable agricultural sector are in the area of growing vegetables and melons, roots and tubers (CAEN 113), with 1750 economic agents. The most important vegetable basins are in the southern part of the country, in the counties of: Galati, Braila, Buzau and Giurgiu. Regarding the number of factories processing agricultural products, most are found in the bakery sector (CAEN 1071).

The bakery products manufacturing sector extends over the entire territory of the country, because bread consumption in Romania is on average 7.2 kilograms per month, according to the data of the National Institute of Statistics. The most

employees among the economic agents analyzed are found in the manufacture of meat products (including poultry meat, CAEN 1013), in the number of 25,215 in 2023. In order for them to develop, the authorities must support farmers and producers, with the help of investments. The vegetable sector needs the implementation of irrigation systems and the purchase of high-performance agricultural machines to obtain important quantities per hectare. Increasing the number of factories processing agricultural products, especially for obtaining dairy and meat products.

Increasing the number of raw material processing factories, especially for obtaining dairy and meat products, but also the expansion of ecological agriculture, could through their export, reduce the economic deficit. The development of this field can lead to the reduction of imported agri-food products, to the creation of jobs and to economic growth.

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