

# ROMANIAN INTEGRATION INTO THE EUROPEAN UNION - OPPORTUNITIES AND POTENTIAL RISKS FOR THE BAKERY INDUSTRY

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## ABSTRACT

*Romania's integration into the European Union hadn't had a significant effect on the bakery segment, but for the benefit of consumers, the food safety requirements increased. Currently in our country, food security is a priority in the context of EU integration, but for real growth of competitiveness on domestic and international market. Systemic production of safe food is not a voluntary act, it is necessary for modern economy. The food industry has the obligation in contributing to the food security. For food manufacturers to ensure continuity of their activities after the integration, they must adapt to changes made by the actual dynamism of the processes, the technology and the assortment renewing.*

**KEYWORDS:** *bakery industry, food safety, integration, hygiene safety, standards*

Romania's integration into the European Union hadn't had a significant effect on the bakery segment, but for the benefit of consumers, the food safety requirements increased. Because, in the first quarter, after integration, the import prices of bread should have been reduced due to the elimination of customs duties, this did not happen, given the fact that suppliers and retailers kept the prices as high as they did before, using high commercial additions in order to obtain a high profit.

Today, Romania is not a very important player in the foreign markets of the bakery segment. Among export bakery products we can mention: biscuits, corn, waffles and pasta. In the first quarter before, our country has exported 2000 tons of biscuits in countries like Hungary, Poland, Czech Republic and Germany, 500 tons of pasta in African countries and 1,000 tons maize in Germany, Poland and Italy. Regarding imports, they are relatively small, they represent only 10% of the total domestic market for bread.

The value of the bakery market in Romania currently exceeds one billion euros, annually the production goes to 2.3 million tons of bread. A percentage of 40% of the worldwide bakery market is occupied by large players such as Vel Pitar Ramnicu Valcea, Dobrogea Group, Eagle, Lujerul, Spice, Baneasa and Pambac Bacau, and the remaining 60% of small producers. On the milling segments, compared with the bakery segment, the market is opposite occupied, meaning the large milling companies like Boromir, Dobrogea, Pambac and Loulis, hold 60% of the entire market, and small millers, have only 40% of it. Regarding the pasta production, the major producers are Baneasa, Pambac and Monte Baneasa.

In order to become industrial players, many small producers, such as Redal Sibiu, Garbea Ploiesti (Prahova county), Oltina Urlați (Prahova county) or Pati Pan Mariano (Arges County) tend to the industrialization process, investing millions of euros to increase production capacity and the processing time.

Romania's integration into the European Union found bakery industry unprepared in many ways. Although large processing units are modern equipped and networks are very good, in the years before accession, the industry has not kept the same rate of development.

Comparing the situation of our country with other countries (which had integrated in the European Union before us), we can say that certainly there will be a concentration of production units and time processing and large players will have a much higher market share comparing to the present. Moreover, small producers will remain only with the local market, and the big ones will dominate the whole national market, in the same time with the delivery increasing that will (externally and on the retail segment).

Given that, many mills and bakeries do not meet standards and requirements imposed by the European Commission, they will be closed. In early 2007 the National Veterinary and Food Safety Authority decided to close more than 1,000 bakeries, as they did not meet the conditions of hygiene and food safety. Also, many of them were practicing tax evasion and were even selling bread without paying taxes.

According to National Veterinary and Food Safety Authority, in the years to come several thousands units are to be closed, due to the fact that they do not meet EU requirements. Under the current circumstances, there is no longer required the emergence of new players on the Romanian of bakery market, because production capacity is 2.5 times larger than consumer needs.

Today, on the bakery segment activate about 10 000 operators and those who invested in the bakery were from all areas, from actors to football players. However, in the coming years on the Romanian market will enter a lot of foreign capital and international players will focus particularly on the production of bread with a long period of validity, pasta and biscuits. Following the changes that will be produced in this segment, the setting of the whole industry will be changed in better, meaning that players who activate in this sector will make products more secure in terms of hygiene and food safety, while retaining the unmistakable taste of Romanian bread.

Regarding consumption of bakery products in our country, it recorded growth trends, meaning that Romanians eat very much bread, about 110 kilograms per capita per year, one of the reasons being poverty, but tradition too. Compared with the European average which is below 82 kilograms per capita per year, Romania recorded a consumption well above the EU average.

Regarding the consumption of cereals, in total, which include bread, pasta, pastry and confectionery, a Romanian annually consumes about 128 kilos of grain. If we refer to the consumption of pasta, the average consumption in Romania is only 2.5 kilos per capita per year, while in EU it can reach 10 kilos, and in Italy - 30 kilos per capita per year. In conclusion, our country is not big consumers of pasta, but is still on the first place in consumption of bread, which gives a favorable position on a healthy food diet - bread is a basic food that gives to the human body the nutrient potential in order to maintain health or to prevent and control certain diseases (anemia, etc..).

The fundamental objective in the production diversification and selling it into the bakery industry is to create a functioning market economy, compatible with the principles, rules, mechanisms, institutions and policies of the European Union, which is based (in globalization) on an assessment of resources in that field.

Romanian bakery industry objectives in the context of EU integration should be based on the following:

- food security;
- existence of competitive technologies and production processes on the European market, the harmonization of Romanian law with the *acquis communautaire* and its implementation;
- Romanian standards alignment to the European and international ones;
- improve the image and the status of professions miller and baker;
- higher quality training.

Today, manufacturers of bakery products, are becoming increasingly aware of hygiene of the food and market, and for products to be safe for consumption, they must comply with the technological standards and health. Through the analysis of the principal

details of the bakery products market in Romania, this market is seen as wanting a determination and compliance with a functioning market economy, characterized by the existence of a developed and fair competition, business environment adapted to standards, a increasing purchasing power and all kind of competitors.

In the context of Romania's EU adherence, has been organized a series of events having the purpose "food security". In this regard, current issues were discussed, the concern was related to the hygiene and food safety legislation and its application in industry, being presented by experts from the European Union (England, Netherlands) and from the National Veterinary and Food Safety Authority. ROMPAN discussed the major interest topic: "The implementation guides importance of the hygiene legislative package. Examples of hygiene guides in Romania".

At the events were presented and developed subjects regarding:

- the legislation on food safety;
- implementation of HACCP system and its role in providing safe food for consumption;
- developing the Good Practice Guides for baking, milling, pastry-confectionery - their purpose and importance;
- measures taken by companies members ROMPAN for implementing European standards and implementing HACCP system procedures.

### Conclusions

In the coming years on the Romanian market will enter a lot of foreign capital and international players will focus particularly on the production of bread with a long period of validity, pasta and biscuits.

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Comparing the situation of our country with other countries (which had integrated in the European Union before us), we can say that certainly there will be a concentration of production units and time processing and large players will have a much higher market share comparing to the present. Moreover, small producers will remain only with the local market, and the big ones will dominate the hole national market, in the same time with the delivery increasing that will

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