



MANAGEMENT OF INTEGRATION RELATION IN AGRARIAN PRODUCTION AT NATIONAL AND REGIONAL LEVEL

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ABSTRACT

The results from scientific research on the topic are summarized in the article. Conclusions about the situation of integration processes in agrarian production are drawn. Economic and organization solutions for the improvement of the integration in agrarian sector are shown. The importance of operating cooperation for the effective development of agriculture in the developed countries is proved and reasons for the need of economic stimulus for their building in our country are given.

The role of non-governmental organizations for the acceleration of integration in agriculture as well as for the development of agri- and eco- tourism in country regions is emphasized.

The working out and adoption of national strategy for the development of Bulgarian agriculture and particularly for the integration of our country in European Union is advisable.

Key words: Integration, Regional development, Agribusiness

INTRODUCTION

The quick overcoming of the crisis in agrarian production requires a complex and multilateral improvement of integration relations in the pre-production, production and post production areas of agrarian sector (1, 2, 4, 7).

The integration is complete, incomplete, vertical and horizontal. It is put in practice through organization and economic means through contracts, joint enterprises for processing and realization, cooperation for sale and supply (4, 5, 9). They all cooperate to increasing the incomes of agrarian producers and to decreasing the price of the final consumer goods, made by agricultural raw materials (6, 8, 10).

Integration processes develop at regional, national and international level. A positive example of regional and international integration is the common agricultural policy

of the countries-members of the European Union (3, 9, 11).

The purpose of this study is giving reasons for a new system of integration relations of mutual economic interest for all the participants in the united process of production, processing and realization of food products from agricultural origin as well as of services from the country regions.

During the period 1990-2002 there has been a collapse in the volume of the agrarian production of principal agricultural products (Table 1). The reasons for this are from economic and organization character. The structures of the economics of central planning were liquidated but no new structures, typical of the market economy and the private property, were created. The state abdicated from the economics without making structures for supporting the production and realization of the agricultural production, made in the private and cooperative farms. The cooperative agricultural farms were not transformed into cooperation for operations, supply, sales, and credits. The external markets for the agricultural production in the ex Soviet Union were liquidated. Structures for the integration of production with

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processing and realization of agricultural raw materials were not created. The agricultural producers are robbed by many mediators and profiteers (1, 3, 9, 11).

In the developed countries with effective market economy and effective agrarian sector three principal organization forms of cooperation on the chain “production – processing – realization” are used:

1. Cooperation /capital associations / as benevolent unions of private owners of individual capital under the form of juridical persons for the production of profit.

2. Cooperation's /for supply, operations, sales and credits/, as benevolent unions of owners with personal business which function as non-profit juridical persons.

3. Contemporary cooperation and corporations as benevolent unions of capital owners and owners of private business.

The cooperation has a significant part in the realization of integration relations in the countries with developed market economy during the period 1980-1990. The relative part of cooperation for the realization of the agricultural products as well as for the supply of resources to the agricultural owners in the different country is shown on tables 2 and 3. These activities of cooperation with developed market economy include from 15 % to 60 % from the total volume of the branch.

The functioning of agribusiness as a relatively independent structure allows direct and cheap relations between producers and consumers. The expenses for food products from agricultural raw materials are 15-17 % from the family budget in the country with well-developed agribusiness. The same expenses in our country exceed 60 %. The model organization structure of agribusiness in the developed countries is shown in scheme 1. The direct relation between science and production and between the structures of producers and consumers in the three areas of agrarian sector – pre-production, production and postproduction are expressed in it.

The total scheme of agribusiness contains vertically integrated structures for different food products. A model hierarchic structure of cooperation of the production, the processing and the realization of milk and dairy products is shown in scheme 2. It is characterized as an entity of economic and non-governmental organizations participating in the united process. There are built on a benevolent principle and mutual economic interest. There are similar structures in the

countries with market economy in Europe and the USA. We can mention as an example the American cooperative Land O'Lakes, which owns 35 % from the market of dairy products in the USA.

RESULTS

The study carried out on the project allows the following essential conclusions:

1. The catastrophic collapse of the agrarian production in the country during the last 10-12 years is due to the destroyed integration relations both on the vertical and horizontal axes between producers and consumers.

2. There is no strategy for the effective development of the agrarian sector as an integrated production system in accordance with the requirements of the European Union.

3. There are no economic stimuli for the building of an infrastructure and a modern processing industry as a joint property of agricultural owners, economic and trade organizations.

4. The structure of non-governmental organizations for regulation of integration is not well built and the established structures are not supported by the government and do not function in an effective way.

The improvement of integration relations in the agrarian production requires the following economic organization and solutions.

1. Provision of economic stimuli from the state budget as well as from international organizations and programs for supporting the reforms in the agrarian sector, which should be given by the non-profit organizations.

2. To insure a profit non subject to taxation for investment into infrastructure units and processing enterprises as a joint property of agricultural producers, processing enterprises and trade organizations.

3. Working out of a national strategy for the development of the agrarian economy, particularly of the integration relations, ecological agriculture and agrarian tourism in accordance with the requirements of the European Union.

4. Stimulation of the integration of the private agricultural producers into cooperation for supply, operations, processing and sales as well as into cooperative unions.

5. Encouraging, through tax preferences, the building of vertically integrated corporative structures on separate final food products, including producers from the pre-

production, production and post production areas of the united production process.

6. Working out of national systems for management of the quality and the ecological production through building of laboratories of the quality assessment and certification of the producers and the production.

7. Organization inclusion of food, wine and tobacco industry and the export of agricultural raw materials and products in the structure of the Ministry of the Agriculture and Forests.

The organization and economic solutions, shown above, do not have the pretence to be generally accepted. They are results from the scientific project, carried out by the members of the Management department at the Agrarian faculty at Trakia University – Stara Zagora.

The next stage in the activities on the project includes the working out of a scheme for combining the economic interests of all the participants in the united process of production and realization of a given food product through redistribution of the final product.

The practical realization of the solutions shown requires an active integration between the science and the production in the agrarian sector.

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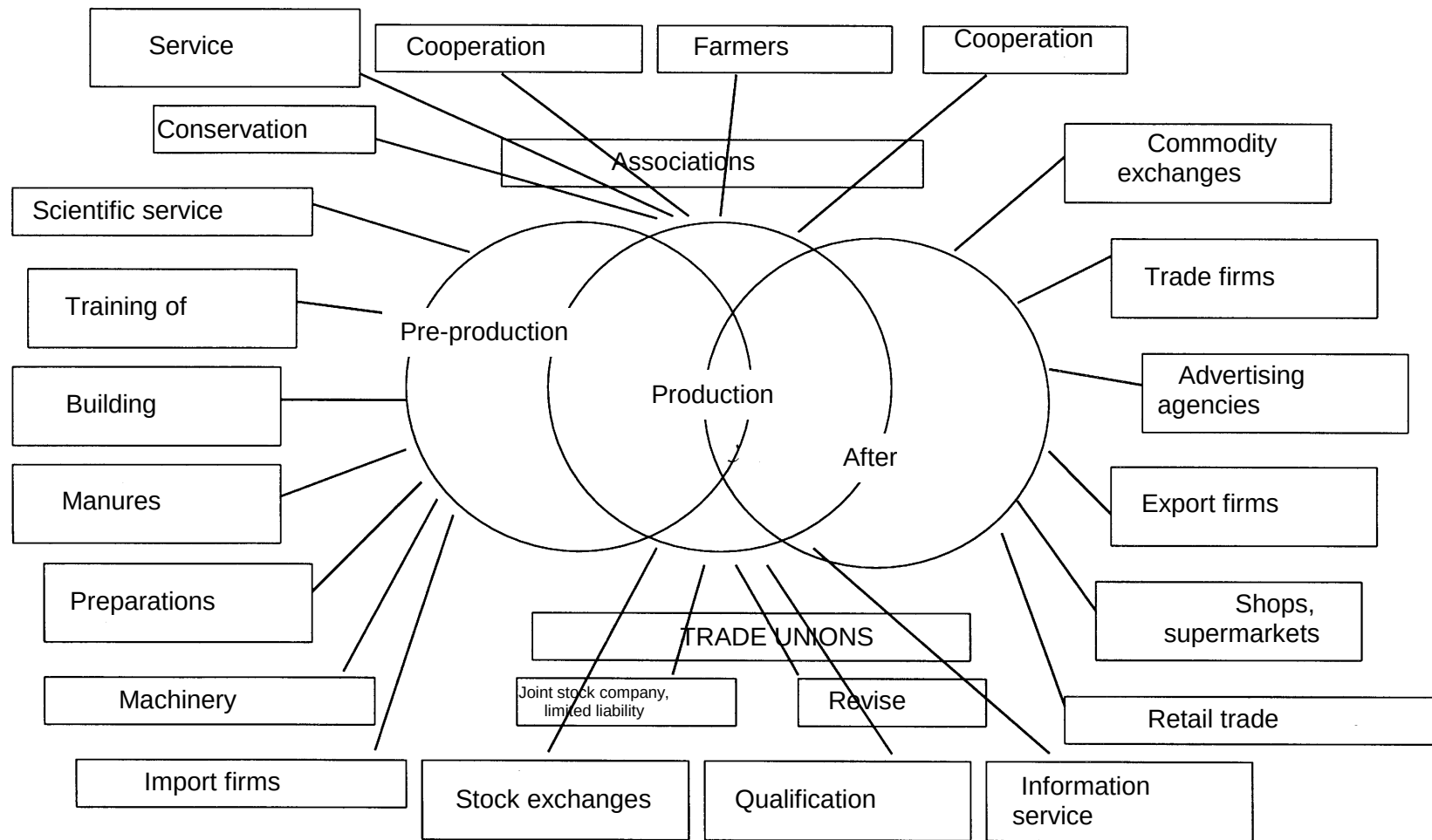


Figure 1. Agricultural structure (Integrating scheme for production of products from agricultural stuff)

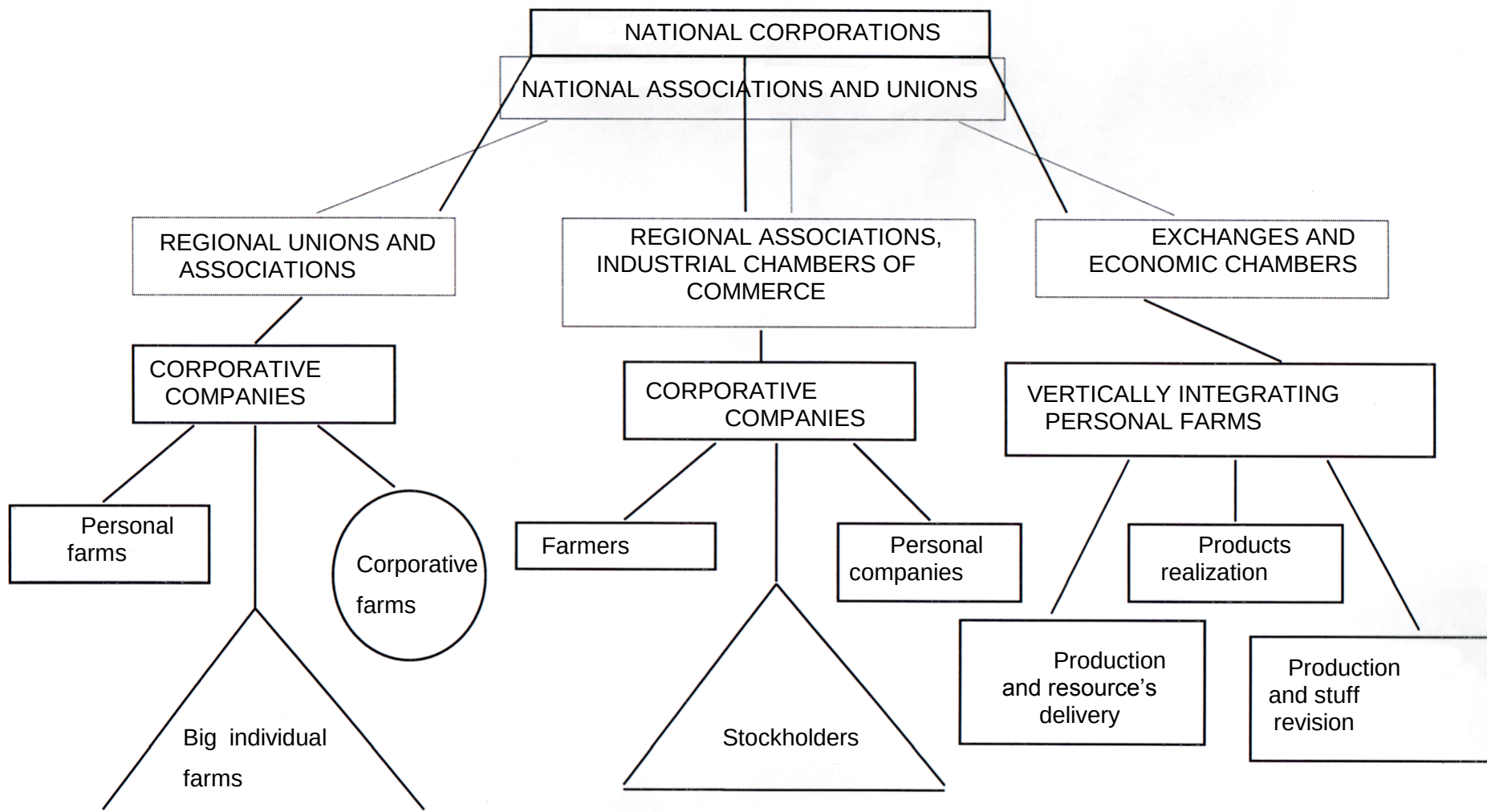


Figure 2. Hierarchical structure of the cooperation in milk industry in Bulgaria

Table 1. Dynamics in the production of the basic kinds of agricultural products during 1990 – 2001 (Excl. edible offal)

	Kinds of agricultural products	Production														Total wastages for 1996-2001 compared to 1990
		1990		1996		1997		1998		1999		2000		2001		
		Thousa nd tons	%	Thousa nd tons	%	Thousa nd tons	%	Thousa nd tons	%	Thousan d tons	%	Thousa nd tons	%	Thousa nd tons	%	
1	Total cereal crops	8216	100	3426	41,7	6198	75,4	5388	65,6	5207	63,4	4374	53,2	-	-	16487
2	Wheat	5292	100	1802	34,0	3575	67,6	3203	60,5	2643	49,9	2781	52,6	4077	77,0	13671
3	Barley	1387	100	457	32,9	810	58,4	717	51,7	653	47,0	674	48,6	931	67,1	4080
4	Sunflower seeds	389	100	526	135	438	113	524	135	606	156	425	109	405	104	-590
5	Tobacco leaves	846	100	324	38	242	29	490	58	445	53	409	48	-	-	2320
6	Tomatoes	149	100	118	79	134	90	193	129	170	114	131	88	-	-	-1
7	Cattle meat	240	100	80	33	57	24	56	23	65	27	73	30	-	-	869
8	Pigs meat *	607	100	252	41	227	37	248	41	267	44	243	40	-	-	1798
9	Sheep and goats meat *	169	100	60	36	50	30	53	31	58	34	59	35	-	-	565
0	Poultry meat *	253	100	99	39	101	40	105	42	106	42	105	42	-	-	749
1	Other animals meat *	5	100	7	140	13	260	5	100	6	120	7	140	-	-	-13
2	Total milk (thousand liters)	2384922	100	1389543	58	1435573	60	1589016	67	16552081	69	1655382	69	985960	41	5598850
3	Total cow milk (thnd. liters)	2039610	100	1128134	55	1160699	57	1287414	63	1347546	66	1368248	67	826901	41	5118718
4	Total sheep milk (thnd. liters)	262911	100	110318	42	106510	41	105965	40	103412	39	93748	36	69614	26	987899
5	Total buffalo milk (thnd. liters)	20295	100	12086	60	11044	54	10502	52	10448	52	8929	44	1642	8	67119
6	Total eggs (thousand numbers)	2460038	100	1734059	70	1582836	64	1689729	69	1650197	67	1489528	61	-	-	4153841

* - in carcass weight

Table 2. Cooperation's specific percentage (%) in the activity with agricultural products in different countries (by David Cobia)

Country	Kinds of agricultural products					
	Milks	Corns	Fruits and vegetables	Butchered animals	Wine	Poultry
Belgium	70	-	65	15	-	-
Denmark	87	15	-	90	-	55
Finland	97	73	-	94	-	60
France	44	52	28	37	68	-
Ireland	100	-	34	20-35	-	64
Holland	87	-	80	25	-	17
Norway	100	-	40	74	-	73
Sweden	99	80	-	80	-	70
USA	78	41	17	-	-	8
Germany	79	55	46	30	35	-

Table 3. Cooperation's specific percentage (%) in the resource's delivery for the agriculture (by David Cobia)

Country	Kinds of agricultural products			
	Fodder	Manures	Seeds	All kinds of resources
Belgium	20	15	16	-
Denmark	50	43	53	45
Finland	-	-	-	70
France	19	-	-	-
Ireland	53	50	55	-
Holland	53	-	-	55
Norway	-	-	-	60
USA	18	38	17	27
Germany	60	60	-	50