

Chapter 11

Public–Private Partnership Model for Supporting Traditional Producers

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ABSTRACT

Traditional products market in Romania is starting to become competitive as a result of the adoption of new legislative framework (Order 724/2013), which requires new conditions regarding traditional foods definition and limitation of produced quantity. At the end of 2016, there were 556 registered traditional products nationwide as follows: 456 limited liability company, 64 individual, 14 family business, 17 individual, and 15 individual enterprise. Given that there is a limitation in terms of traditional foods production, we must consider the effects of land taxation over the entrepreneur's income in this field. The aim of this study is to identify an effective model of public-private partnership that could support the traditional producers, while taking into consideration the role of financial instruments in order to remove the barriers between the farmer and the government. One of these forms is the association or creating groups of manufacturers.

INTRODUCTION

The existence of agricultural associations contributed to the reduction of agriculture disparities between the countries less developed and those developed, especially after European Union integration. Thus, for a better functioning of the agricultural sector, associations have a very important role in increasing the market access of producers, balancing the relations between supply and demand. These also influence economic policies, which are defined by relations between the manufacturer and the state.

The concept of public-private partnership generally expresses a way of cooperation between public authorities and the private sector (non-governmental organizations or companies), with the aim of carrying out projects aimed at local development from all points of view. The sustainable development of rural areas is one of the main objectives of European Union member states. It is necessary to promote a general harmonious development, contributing to the reducing of disparities between levels of development of the different regions.

In the current context of global economic and financial crisis, in which all European Union member states are in competition to attract available funding on the market is very important to stimulate the process of attracting private investments in large public interest projects and very important at local level.

Public-private partnership should be seen not as a miracle of this period, but as an option viable, useful, among other existing traditional models. Over time, practice has developed a great deal diversity of public-private partnerships created by the dynamism of development, the multitude of peculiarities contractual arrangements and circumstantial circumstances.

Fragmented agriculture cannot yield the globalized market of today and a solution to resolve this structural problem is the development of associativity in the countryside. For historical reasons and beyond, the cooperation in agriculture has a bad reputation in Romania. However, in order to capitalize fully on the development, potential offered by the Common Agricultural Policy in the financial years 2014-2020, the state must stimulate the association of agricultural producers.

In order to benefit these measures, farmers have to go into the formalized/taxed economy. But doing this, they are unfairly competing with producers who do not register their production and with importers who obviate the payment of taxes. Thus, by tolerating tax evasion and encouraging the informal economy (for example through producer certificates), the Romanian state diminishes the incentive power of the association measures, which it also finances.

BACKGROUND

Traditional foods are a valuable part of Romanian agriculture sector and also an important part of the national culture, identity and heritage. The aim of the study is to document on traditional foods at global, European and national scale in order to identify a public-private partnership model that can support Romanian producers and their value-added products.

The study focused on the European and national regulations that certifies the traditional foods and public-private partnership national regulations.

As stated in order studies as well, in order to understand and predict the success in selling traditional foods we need to know the meaning of word “traditional” in consumer’s belief:

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