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NORTH-EAST REGION'S SMART SPECIALIZATION STRATEGY

**“Project cofinanced by the European Regional Development
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**CASE STUDY – AGRIFOOD INDUSTRY IN NORTH-EAST
REGION, Romania**



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1. SMART potential specialization sector

The agrifood industry in the North East Romania enjoys a very high level of employment (42% more than on the national level), but continues to be a traditional sector based on low value-added products. Even if the share of agrifood products in total exports of the region is not significant, there is still a positive trade balance especially for products such as fruits, grains and meat. Most companies operating in this sector are SMEs, but the presence of some large companies, with over 250 employees, is also noticed. However, SMEs are those that need support to be able to be competitive. Thus, the reconfiguration of the sector will address specific problems such as the lack of promoting products and local/regional brands, low financial assistance to SMEs, low added value products and limited interest in the research, development and innovation sector.

In 2011, from the total number of active units in national food industry (7833), 13.28% were present in the North-East. Most of them operate in the counties: Suceava (228), Bacau (204) and Iasi (204). Going further, the activity of the majority is "Manufacture of bread, cakes and pastries." The table below presents the main active players in the industry, with a turnover of more than EUR 3 million (12,500,000 RON).



Company	County	Location	No. of employees 2011	TO 2011 -RON-
Agricola International SA	BC	Bacau	1805	332841739
Pambac SA	BC	Bacau	605	156688866
Dorna Lactate SA	SV	Dorna Candrenilor	608	185200945
Doly COM SRL	BT	Botosani	305	117382318
Industrializarea Cărnii Kosarom SA	IS	Pascani	388	81164828
Ulerom	VS	Vaslui	172	150584476
Rompak SRL	IS	Pascani	210	93663848
Dorna SA	SV	Vatra Dornei	265	104414981
Safir SRL	VS	Valeni	254	91746073
Betty Ice SRL	SV	Suceava	545	81526639
Marcel SRL	IS	Rachiteni	240	63854110
Mopan SA	VS	Vaslui	674	123535310
Prodprosper SRL	NT	Dumbrava Rosie	120	30525129.00
Vascar SA	VS	Vaslui	270	51852358.00
Pescado grup SRL	BC	Buhusi	179	34738826.00
Kubo Ice Cream Company SRL	NT	Piatra Neamt	188	33507384.00
Mandra SA	VS	Barlad	102	65485076.00
Croco SRL	BC	Onesti	244	59676876
Salbac SA	BC	Bacau	311	69227298
Panimon SA	BC	Onesti	199	36228897
Lacto Solomonescu SRL	BT	Miron Costin	164	29231999
Bucovina SA	SV	Scheia	138	19332029
Five Continents Group SRL	BT	Rachiti	158	24205168
Ilvas SA	VS	Vaslui	160	27708363
Facos SA	SV	Scheia	170	18811744
M&R SRL	IS	Iasi	116	18476260
Superstar COM SRL	SV	Radauti	129	23218835
Europrod SA	BC	Bacau	113	25579739
Spicul 2 SRL	BT	Dorohoi	196	18413548
Raraul SA	SV	Campulung Moldovenesc	155	34541901
Compan SA	IS	Iasi	134	11851757
Palina Com SRL	NT	Piatra Neamt	101	13400793

Source: List of companies in Romania, 2013



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A concentration of companies was noticed in the following particular areas: 1011 - "Processing and preserving of meat" (in Botosani and Darabani municipalities from Botosani County, and in the town Pașcani, Iasi), 1013 - "Manufacture of products from meat" (in Șcheia, Fălticeni, Radauti - Suceava County), 1051 - "Manufacture of dairy and cheese products" (in Vatra Dornei, Șcheia and Câmpulung Moldovenesc - Suceava County, and in several towns from Botosani County: Miron Costin, Răchiți and Dorohoi), 1071 - "Manufacture of bread; manufacture of cakes and fresh pastries products".

The food industry is constantly developing and it's closely linked to the progress of agriculture companies, which provide the first stage processing of agricultural products. Thus, in 2011, in the agricultural sector in the North East Region 2,060 local units were active, which registered a turnover of EUR 680 million and had a total of 18,173 employees. At county level, most firms were based in Suceava, and the fewest in Botosani. An agglomeration of companies is noticed towards the sector "cultivation of cereals" (29.66%) (-> hence the high level of exports and a large number of firms producing bread) and logging activities (17.52%) . This trend is found in most counties, but a focus is also noticed in "auxiliary activities for crop production" (Iasi, Botosani, Vaslui) and on "Silviculture and other forestry activities" (Neamt).

2. Clusters and smart specialization

➤ Agrifood technology cluster „Ind-Agro-Pol”

Aims to stimulate innovation and collaboration in the construction of machinery for agriculture and food industry and related sectors, in order to strengthen the competitiveness and sustainability of these economic sectors, and to sustain smart, sustainable and socially inclusive growth. This cluster was established in 2011 with the following members: 14 companies, 4 universities, 12 research institutes, 2 public authorities, 8 catalysts, 2 associates and 1 employers association.

Because this cluster has national rather than regional coverage, we will present the companies active in North East:

No.	Company	Location	TO 2011 -RON-	Employees 2011
1.	SC OMP SRL	Bacău	37306715	40
2.	SC Mecano Fuc SA	Vaslui	24792489	261
3.	SC Metatech-CD SRL	Iași	49251	7
4.	SC Rancon SRL	Iași	3991473	36
5.	SC Rancon Reciclare SRL	Iași	7312932	3

Source: List of companies in Romania, 2013

The agrifood companies from the Ind-Agro-Pol cluster totaled in 2010, according <http://clustero.ro> a turnover of over EUR 185 million and 2,338 employees. The value of exports was EUR 16 million (1% of total exports in the North East from 2010). Like the textile and clothing industry, the agrifood sector specific activities are part of the low-technology products category, registering a need for a reconfiguration of this area in terms of smart specialization so as to generate high added value products.

As was demonstrated in a study elaborated by ARUP (UK) the agrifood sector was identified as an important sector with several areas of specialization and research in the North-East Region.

Sector	Sector Specialisation	Research Area	Research Specialisation	Regional Focus
Food and Agriculture	Agro-Food, Biotechnology, Functional Food, Wine, Fisheries	Food and Agriculture	Agronomy, crop science, food science and agricultural and biological science, agricultural biotech. Soil research, Nano-materials for protein separation	NE,SE,S,BI,SV,V, C

Source: Potential for Food and Agriculture Specialisation, ARUP study

Comparative advantages were registered in the following groups of products, according to the Combined Nomenclature: edible fruits, grains, fats and oils of animal or vegetable, meat, cereal products, vegetables products, fruits.

3. Areas of expertise in the agrifood sector

Areas that may be considered niche in the context of smart specialization strategy, that combines production activities with research, development and innovation are presented in the table below:

Sector of origin	Essential domain	Sector reconfiguration directions	Support links
Agrifood sector in the North East Region	Agronomy	Mechanization of agriculture (machinery and agricultural mechanization technologies), organic agriculture	1. Companies 2. Doctoral School of Agriculture, Horticulture and Animal Husbandry 3. Agricultural Research Centre Iasi 4. Catalyst organizations
	Horticulture	Technologies for processing agrifood products, wine technology, plant genetics	1. Companies 2. Doctoral School of Agriculture, Horticulture and Animal Husbandry 3. Vegetal Genetic Resources Bank 4. Catalyst organizations
	Animal Husbandry	Fisheries techniques, aquaculture, biotechnology	1. Companies 2. Doctoral School of Agriculture, Horticulture and Animal Husbandry 3. Animal Husbandry Research Centre Iasi 4. Aquaculture and Ecology Research Station 5. Catalyst organizations