

Impact of EU Enlargement on the Romanian Meat Industry

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Abstract

With over twenty years ago, Romania was a big producer of meat, with breeding pigs steers and lambs farms, throughout the country. At present, the meat industry has declined considerably. For many years, however, Romania from the exporter of meat has become a fresh meat and meat products importer. Meat consumption per capita in Romania is about half the EU average (92 kg). Romanians show a strong preference for pork, although chicken meat consumption is increasing. The current financial crisis will trigger a decline in terms of meat consumption in EU countries including in Romania.

Keywords: beef, meat, mutton, pig, poultry, production

1. Introduction

This article provides interpreted statistics and information on Romanian livestock meat production and consumption from the Food and Agriculture Organization of the United Nations [1], National Institute of Statistics [2] and the United Nations Statistics Division [3] statistical database. FAO [1], and Undata [3], compiles information and data on various aspects of food and agriculture from all countries.

Nutritional value of meat is high, given by its high content of protein, vitamins and mineral substances. It can be consumed boiled, roasted or grind. All meat products are an important source of high biological value protein, containing all essential amino acids in an optimal proportion. Because of this, the meat may be associated with any food that contains proteins with lower value. Pork is one of the most widely eaten meats in the

world, accounting for about 38% of meat production worldwide, although consumption varies widely from place to place. Nearly 100 million metric tons of pork was consumed worldwide in 2006. Beef production in 2010 is forecast to continue its recent decline.

2. Materials and methods

The analysis is based on official time series data covering a period of six years (2004-2009). This period may statistically be regarded as inadequate to guarantee a satisfactory estimate of the production and demand for the product [4]. It may be argued that such an exercise which has the initial constraint of limited data is subject to a wide margin of error. On the other hand, it is also a fact that observations covering a long period of time pose some statistical and economic problems of analysis. In this respect, it is important to note that factors affecting production and demand do change over time and therefore estimates based on long periods of observations may not reflect these changes [5]. All data collected from FAO [1], Undata [3], and National Institute of Statistics [2] were rewritten into the tables. The principal

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factors affecting the demand for meat in general include: the amount and distribution of per capita income in the population; the availability and

3. Results and discussions

The traditional Romanian diet is based on meat, the annual average meat consumption per capita being around 65 kg. As purchasing power increases, it is expected that meat consumption will continue to increase in the future. A large number of animals are slaughtered outside of specialized industrial units as a consequence of the substantial share of small farms (rural households) rearing just a few animals for home consumption and local sales. The situation is better in the poultry sector, where production takes place mainly in large industrial units, and it is improving in the pig sector, where the share of animals slaughtered in specialized units is increasing.

Pork sector

Pork is the preferred meat of the Romanian consumers and accounts for about 45% of the total meat consumption. This sector is also fairly polarized, with some large industrial units,

prices of substitutes; the retail price of the commodity [5].

holding about 25% of the total pigs, and very numerous small farms/households, accounting for 75% of the pigs - which are mainly used for self-consumption. This dual character of the Romanian pig sector is also reflected by the fact that less than 40% of the slaughtered pigs are slaughtered in industrial units. As the majority of the pigs are held in individual households, with deficient feeding and husbandry practices, and generally poor genetics, the major problem that arises is the quality of the domestic pork supplied to the processing industry, and at the same times its high price. As a result, pork imports have expanded rapidly, becoming one of the top agricultural imports into Romania (according to the Ministry of Agriculture, imports cover 70% of the domestic demand for pork).

At the end of 2009, the number of pigs was over 6.5 million heads – but down 6.78% compared to 2007 when Romania became a member of EU (Table 1).

Table 1. Pork production (2004-2009)*

	2004	2005	2006	2007	2008	2009
Pig (head)	5,145,000	6,495,000	6,662,000	6,815,000	6,565,000	6,353,000
Slaughtered (head)	4,585,000	5,376,000	5,469,000	5,661,000	5,289,000	5,697,000
Production (tonnes)	374,039	436,424	468,119	491,202	455,330	470,567
Import (tonnes)	143,981	197,831	207,554	202,054	244,864	-
Export (tonnes)	300	335	475	138	158	-
kg/per capita	28.3	29.2	31.5	32.6	32.0	-

*data from FAO, Undata and NIS

In Romania, pork production is well below industry application processors, providing only 30% of the necessary, so there is no other option than recourse to external sources. Beneficiary from this anomaly situation are domestic producers, which have been shown to European prices, quality, sometimes lower. The only advantage is the freshness of “indigenous” meat [6].

In the first nine months after joining the European Union, Romania has doubled imports of pork from Denmark. Information was launched by the Romanian Association of Meat, which quotes the Danish Meat Association. The situation reveals a less favorable domestic manufacturers conclusion:

after accession, export of pork became important. Romania has become a major importer, with an estimated at over 200,000 tonnes annually. In terms of consumption, it increased from 21.8 kilograms in 2000 to 32.6 kilograms in 2007. In 2008, Romania imported 244,864 t of pork, most of it from Germany (28.1%). Hungary ranks second with 18.4% of pork imports, followed by Spain (10%), France (8.5%), and Austria (7.9%). The Netherlands is on the 6th place, with nearly 16,000 t (6.5% of total imports). Due to Classical Swine Fever, Romania cannot export pork to the EU for the time being.

Major problem in Romania on pig meat was vaccination against classical swine fever, which

leads to inability to compete with Romanian products on European markets. From the first days of 2010 is allowed to export pork products produced only in "lohn" system, which means that the raw materials - meat - used in processing come from the EU market, not local. It remains to be seen if there are quantities available for export, given that only in 2008, imports totaled over 244,000 tones, which put Romania, like Poland, in the top of the largest importers in Central and Eastern Europe.

Beef

Beef and veal are not exactly traditional in the consumption pattern, with some 15% share in the total. The beef sector does not really exist as a distinct sector and production is mostly seen as a

by-product of the dairy sector. Cattle production in Romania has a major weakness in its small-scale fragmented systems. The predominance of cattle on peasant/small farms makes the sector somewhat less visible. The Romanian cattle herd is fairly stable.

Beef is only 10% of meat consumption in Romania, compared to 40% as is the average in the EU. Romania registers a low consumption of beef per capita, although self-consumption is high in rural areas. Thus, in the first 5 months of 2009 consumption of bovine meat (in carcass equivalent) was 2.6 kilograms per inhabitant. Consumption of beef per capita in Romania in 2008 was of 6.6 kilograms, down with 2.95% from 6.8 kilograms in 2007 (Table 2).

Table 2. Beef production (2004-2009*)

	2004	2005	2006	2007	2008	2009
Beef & veal (head)	2,907,000	2,928,000	2,938,000	2,762,000	2,819,000	2,636,000 ¹
Slaughtered (head)	1,016,100	1,267,423	1,156,344	1,189,812	1,116,000	952,000 ¹
Production (tonnes)	195,300	191,400	194,380	211,204	190,616	163.200 ¹
Import (tonnes)	4,736	27,088	41,198	10,742	13,042	-
Export (tonnes)	22,515	18,369	23,805	31,360	31,992	-
kg/per capita	8.2	9.2	8.9	6.8	6.6	2.6 ²

*data from FAO, Undata and NIS

¹on 31th July 2009 (NIS)

²on 31th May 2009 (NIS)

Statistical data (Table 2) shows that in 2008 were over 2.8 million cattle (more with 2.03% than in the year of EU integration), 35% of the total number of cows being represented by Romanian Spotted breed - Simmental type, very well suitable for meat production.

In 2008, imports accounted for 9% of beef sales in Romania. The total number of slaughter cattle decreased by 6.21% in 2008 over the previous year, while production has fallen by 9.75%. In 2008, total imports of bovine meat (including live animals) were 13,042 tonnes, up 2,300 tonnes compared to 2007, but down from 2005 and 2006 when it was imported 27,088 tonnes and 41,198 tonnes respectively. Total imports originating from Austria 26%, followed by Italy (16%), Germany (14.9%), Hungary (10.6%) and France (8.7%). In 2008, Romania's exports of bovine meat and live animals totaled 31.992 tonnes (31,360 tonnes in 2007, 23,805 tons in 2006 and 18,369 in 2005), of which 66% went to Austria and 10% to Belgium.

Regarding the beef, keep problems in the first place, the fact that, in recent years have cut so many animals, but they weren't replaced with others. So, has become a common fact that retailers and restaurants in Romania to make specific orders that the pieces of beef from Argentina and Brazil.

Mutton

Romania ranks 5 in Europe regarding the number of sheep owned (representing 11.2% of the total EU breeding flock), what should be a prerequisite for winning a place on the world market for sheep meat. Also, after accession, Romanian breeders of sheep and goats can produce milk of sheep and goat without limit, as in the case of cow milk. In the EU there are important deficits, especially the lamb (estimated at 300 thousand tonnes annually), but also of sheep and goat milk. The level of self-sufficiency continues to decline. There is a growing Muslim population in Europe for whom sheep-meat is the product of choice [7].

Of the main eight sheep populated nations in EU, it is only Romania's breeding flock that increased between 2004 and 2008 (Table 3). The breeding flock increased by 1.022 million over this time, an

increase of 12.06%. Sheep meat production for 2008 compared to 2007 had declined by 10.36 percent or 7,575 tonnes, but increase again in 2009 with 5,215 tonnes (7.37%).

Table 3. Mutton production (2004-2009)*

	2004	2005	2006	2007	2008	2009
Sheep (head)	7,447,000	7,425,000	7,611,000	7,678,000	8,469,000	8,214,000
Slaughtered (head)	5,201,642	5,101,919	5,151,147	5,544,542	5,479,831	5,609,347
Production (tonnes)	66,752	48,688	59,086	73,177	65,602	70,817
Import (tonnes)	119	224	346	751	911	-
Export (tonnes)	10,309	15,818	18,819	20,546	10,163	-
per capita	3.26	2.28	2.2	2.5	1.9	-

*data from FAO, Undata and NIS

In the past, Romania has been a valued partner for the export of live sheep or in the case, in the countries of the European Union and Arab countries. Fattening lambs was an activity for export, especially to countries in the Middle East, but with the abolition of fattening farms for lambs, exports collapsed. Although in Romania mutton and lamb is consumed occasionally (on Easter, in autumn), supply is poor because of heavy livestock exports, especially in 2007 and because breeds are not specialized in meat production. In consequence mutton or lamb is not a very good quality for consumers. Sheep can not only provide parts required by the consumer processors (chops, leg), so they call the big producers in Australia and New Zealand [8].

Poultry

Poultry is one of the sectors which managed to recover faster than others. Although severely affected by the outbreaks of Highly Pathogenic Avian Influenza in late 2005 and first half of 2006, the sector - which had already invested heavily in its modernization - has succeeded to overcome the crisis. The poultry number increased by 3.5% in 2008 compared to 2007, to 84.991million heads (Table 4). While the broiler sector is flourishing, the egg sector is slowly shrinking. The poultry sector remains polarized, with some very large-scale integrated units and many small-scale household producers. The latter group produces mainly for home consumption and sells the little surplus production on the local (street) market.

Table 4. Poultry production (2004-2009)*

	2004	2005	2006	2007	2008	2009
Chicken (heads)	76,616,000	87,014,000	86,552,000	82,036,000	84,991,000	85,105,000
Slaughtered (heads)	17,921,400	20,874,000	18,436,500	20,815,000	21,129,300	21,657,500
Production	372928	401639	361305	304905	406690	371393
Import (tonnes)	130454	161453	160163	128337	114791	-
Export (tonnes)	3808	2602	57	1785	3870	-
per capita	19,6	22,3	20,7	20,9	21	-

*data from FAO, Undata and NIS

In 2008, Romania imported some 115,000 t of poultry meat, of which 30.5% from the Netherlands and 23% from Brazil. Poultry meat was also imported from Hungary (7.7%), Germany (7.3%) and Belgium (5.3%). Exports totaled less than 4,000 t and were directed mainly to Bulgaria (47%) and Cyprus (20.3%).

Romanians have tripled consumption of poultry in the last seven years, but the quantity consumed remains at half the European average. In Romania is currently consuming about 21 kilograms of chicken meat per capita.

The nature of the business (short production cycle), the organization of the sector (characterized by large integrated companies), the

availability of EU funds and the increasing demand for poultry meat have made it possible for the sector to recover and develop. Many slaughterhouses have been modernized, some using Dutch technology (e.g. from Meyn Food Processing Technology B.V. - manufactures systems and equipment for the poultry and convenience food processing industry).

4. Conclusions

After EU accession, Romania's trade with member countries has increased. Thus, if in 2006 the value of trade was 43 billion Euros in 2008, just two years after accession, figure increased by 47%, reaching 63 billion. But of this growth benefited mainly importers and only little exporters, which means Romania has been more sales market than producer of goods and services.

Performance in the food industry has improved significantly, but much more remains to be done in terms of restructuring the sector in order to remain competitive and meet EU food safety and quality standards, and in terms of establishing well-performing marketing links between the food industry and the large majority of farmers. Competition on the food processing market is quite high. The increasing consumption of food products in Romania, coupled with the booming retail sector, has attracted and continues to attract foreign investments in food processing. As of December 2007, this sector has attracted 5.2% (that is 2.2 billion EUR) of the total foreign direct investments in Romania. Suppliers of raw materials for the food industry can also find interesting opportunities on the Romanian market,

as the country is – despite its agricultural potential – a net importer of food products. Maintaining the national flock at least at its current level is fundamental. Returns to producers are a key to meeting that objective and achieving price returns closer to EU levels is a priority.

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