

**Minodora MOLDOVAN**

*Institute of Agricultural Economics, Romanian Academy, Bucharest  
minodora.moldovan@yahoo.com*

## THE ROMANIAN MEAT SECTOR – CHARACTERISTICS AND POST-ACCESSION ASSESSMENTS

### ABSTRACT

The Romanian meat sector holds a significant share in agriculture; in the year 2007 its value represented 16.1% of total agricultural output and 41.8% of animal production. In the first year after Romania's accession to the European Union, an obvious increase of total meat production by 12.3% compared to the year 2006 was noticed, due to the increase in the number of slaughtered animals in all species and of the slaughtering weight, mainly in the case of specialized industrial units. This positive trend also benefited from support from the state budget received for meat quality, for the classified pork and beef carcass, subsidies for the slaughtered chicks, as well as from direct payments for the bovine, sheep and goat farms.

The domestic meat supply remained deficient, although production increased; yet it is worth mentioning that in the year 2007 the consumption coverage by domestic production represented 75.9% compared to 66.5% in 2006. The meat consumption per capita was at the same level as in 2006, i.e. 64.7 kg.

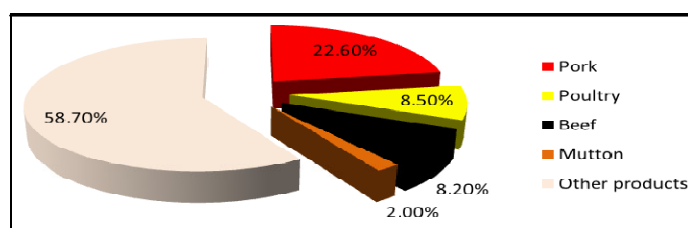
Meat imports in 2007 totalled 338.5 thousand tons, down by 22.1% compared to 2006. Romania exported mainly live sheep and bovines, pig exports being banned due to swine fever.

**Key words:** meat market, carcass classification, direct payments.

**JEL Classification:** Q 13.

### 1. INTRODUCTION

The Romanian meat sector has a significant share in agriculture, so that in the year 2007 the meat production value represented 16.1% of the agricultural output value and 41.8% of the livestock production (Figure 1). The greatest share was noticed in the pork meat, i.e. 22.6 %.



Source: NIS

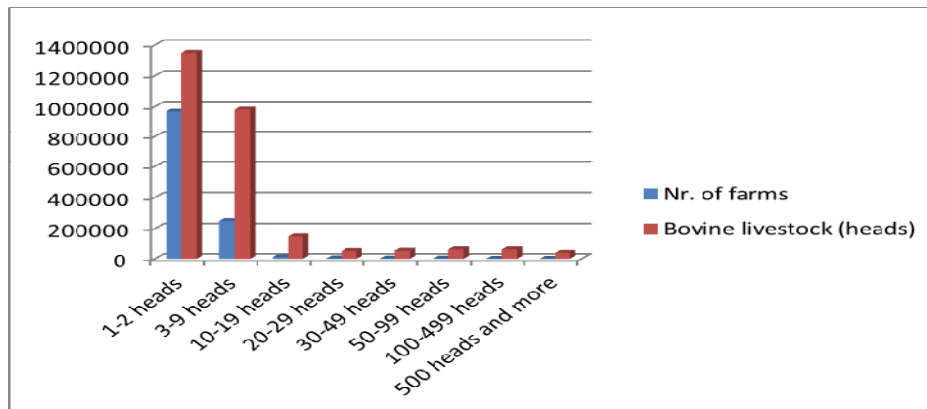
Figure 1. The share of meat production in the livestock production value.

## 2. PRODUCTION OF MEAT ANIMALS

The total meat production followed an increasing trend after the year 2002, mainly due to the subsidies received for the animals delivered to the slaughterhouse, but also for the breeding animals. In 2007 the total meat production amounted to 1501 thousand tons live weight, up compared to previous year. In the structure of total meat production, the greatest share was held by pork meat, with 42.8%, followed by the poultry meat with 27.8%, while beef represented 22.1% and mutton 7.3%.

### 2.1. Bovines

With over 2.8 million bovine heads, Romania is on 10th place among the EU countries. The bovine raising sector is characterized by the existence of a large number of small farms. According to the statistical data, there are over 1.2 million holdings, with a total number of 2.8 million bovines. Out of the total number of farms, 99% are individual holdings with 96% of total herds, while only 4% of the livestock herds are found on legal entity units. The Romanian statistical data do not differentiate the livestock herds raised for milk from those raised for meat. From the total number of bovine farms, 78.5% have 1–2 heads and 20.1% have 3–9 heads (Figure 2).

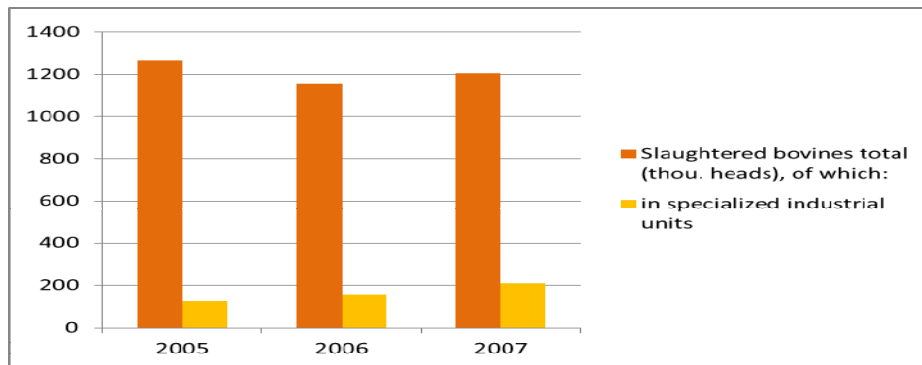


Source: NIS

Figure 2. The number of farms and bovine herds by size classes.

The average bovine farm size is 2.2 heads. As the Romanian producers are mainly oriented to milk production, meat is a secondary product and there are no specialized meat breeds. The raising and fattening system is largely extensive, on the household, with low weight gains at fattening, and a low feed conversion rate and long fattening duration, which influences the meat quality. The number of

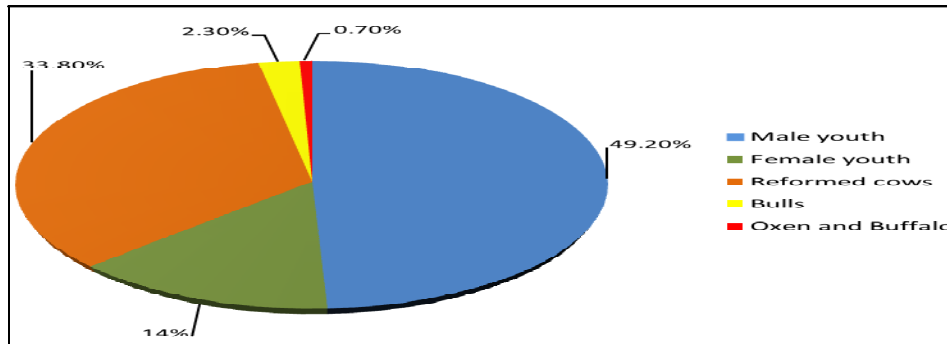
slaughtered bovines was 1206 thousand heads in 2007, up by 4.3% compared to the previous year. It is worth mentioning that the number of slaughtered animals on specialized industrial units increased by 35% in 2007 as compared to 2006, with an average slaughtering weight of 412 kg (Figure 3).



Source: NIS.

Figure 3. The number of slaughtered bovines in the period 2005–2007.

The structure of the slaughtered bovine categories reveals the low quality of beef, taking into account the high share of the meat coming from the culled cows (Figure 4).



Source: NIS

Figure 4. The structure of bovine slaughterings in the year 2007.

In 2007, the primary production totalled 32 thousand tons live weight, up compared to 2006 but down compared to 2005, possibly due to drought conditions (Table 1).

The same increasing trend can be noticed in the production obtained in specialized industrial units, determined both by the number of the slaughtered animals and by the increase of average weight at slaughtering compared to 2005.

Table 1

Beef production in the period 2005–2007

	2005	2006	2007
Meat production (thousand tons live weight), out of which:	383	318	332
– in specialized industrial units (thousand tons live weight)	51	66	87
Average weight at slaughtering (kg/head)	302	275	275
A.w. at slaughtering in specialized industrial units (kg/head)	407	425	412

Source: Livestock herds and production, 2005–2008, NIS.

The sale of bovines for meat is based upon the purchase of the animals from the farm (household) or from the animal fairs, taking into consideration the health condition of the animals in the first place, proved by the sanitary-veterinary documents. The small farmers who supply animals on a sporadic basis prefer the spot payment, supplying animals to intermediaries (cattle dealers). As a rule, the intermediaries purchase calves and young bulls that they fatten and then export. The small producers are weakly integrated to the market system; for their most part, there is no coordination between sales and quality of animals, the target being milk production and slaughterings for family consumption.

## 2.2. Pigs

In the year 2007, Romania was on the 8th position in the EU, with slightly over 6.6 million heads. Pigs are mainly raised on small-sized individual farms, which own 79.4% of the number of pigs, on commercial companies which have 19.2% of pigs and 1.4% are raised on other legal entity units. In Romania, there are about 1.7 million pig farms, with an average size of 2.8 heads/farm. An important share of pig production is obtained on family farms, under on-household extensive raising system, the duration of fattening being 8–9 months; another part is represented by the large-scale producers, of industrial type, often with vertical integration, which are involved in raising, fattening, slaughtering and processing activities. There are 200 authorized professional farms, which raise one million pigs.

An analysis of the evolution of pig slaughterings in the period 2005–2007 reveals an increase, the share of slaughterings in specialized industrial units being significant, up to 36% of total slaughterings in 2007 as against 24% in 2005. The greatest number of pig slaughterings take place on the occasion of winter holidays, mainly on households for self-consumption purpose. In December 2007, 2405 thousand pigs were slaughtered, out of which 90% were pigs slaughtered on the population's households. The increasing number of slaughterings in specialized units can be explained by the payments received in conformity with the EUROP carcass classification and granting subsidies for the E and U classes beginning with the year 2006. The same trend was noticed in meat production, which totalled 642 thousand tons live weight in 2007, out of which 35% was obtained in specialized industrial units (Table 2).

Table 2

Evolution of pig herds and pork production

	2005	2006	2007
Total number of pigs (thousand heads)	6622	6815	6565
Total pig slaughterings (thousand heads), out of which:	5376	5469	5662
– slaughterings in specialized units (thousand heads)	1300	1642	2135
Total pork production, out of which (thousand tons live weight):	605	618	642
– in specialized industrial units (thousand tons live weight)	128	169	225
Average weight at slaughtering (kg/head)	93	113	108
– in industrial specialized units (kg/head)	97.8	102.6	104.8

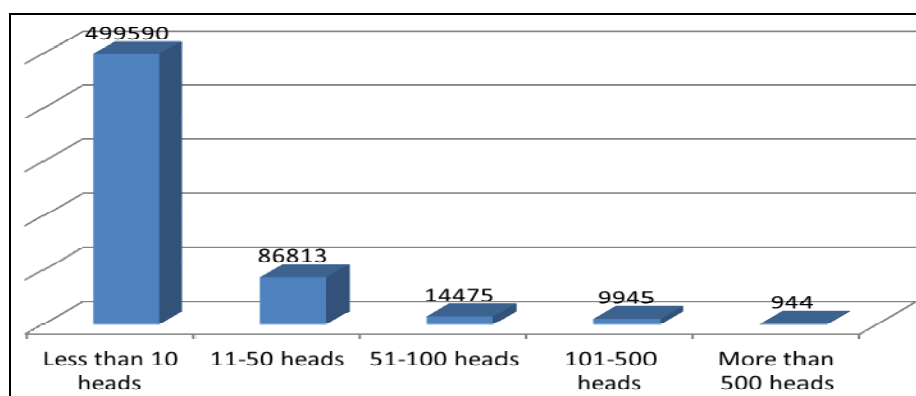
Source: NIS.

The production increase was due to both the increase in the number of slaughterings and to the increase of the average weight at slaughtering, with a country average of 108 kg live weight/head and 104.8 kg live weight/head in the specialized industrial units.

Starting with January 2007, having in view the principles of bio security, identification and registration of animals, the pigs coming from the non-professional farms can be sold only on the local market. According to the National Sanitary-Veterinary and Food Safety Authority (NSVFSA), by December 2007, about 1.6 million non-professional (self-consumption) farms had been identified, and 200 authorized industrial farms, under permanent sanitary-veterinary control.

### 2.3. Sheep and goats

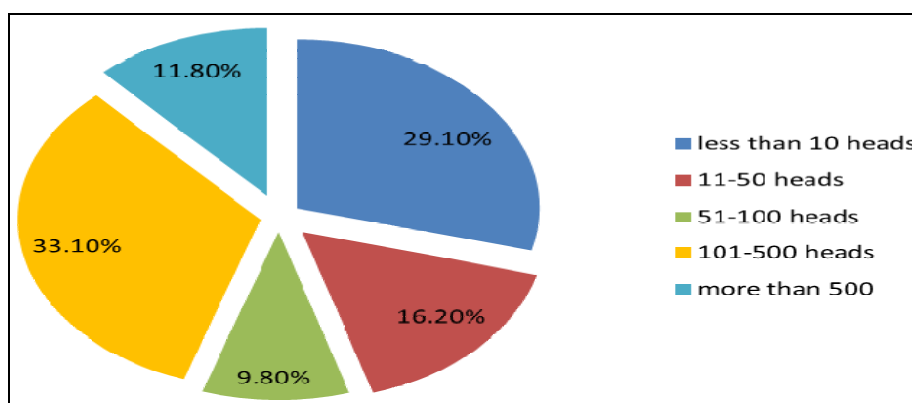
With a total number of 9.3 million sheep and goats, our country is on the 5th position in the European Union. By size classes, 81.6% of farms have less than 10 heads and 14.2% have 11–50 heads (Figure 5).



Source: MAFRD.

Figure 5. The number of farms by size classes.

Out of the total number of sheep and goats, 97.6% are found on individual household farms. The largest concentration of animals is on the farms with 101–500 heads, that is 33.1% of the total number of herds, 29.1% on farms that own up to 10 heads, 16.2% on farms with 11–50 heads (Figure 6).



Source: MAFRD.

Figure 6. The structure of livestock number by size classes.

In the year 2007, the sheep and goat herds totalled 9334 thousand heads, out of which 865.1 thousand were goats; the total meat production amounted to 110 thousand tons live weight (Table 3).

Table 3

The livestock herds and the sheep and goat meat production in the period 2005–2007

	2005	2006	2007
Number of sheep and goats (thousand heads)	8921	8406	9334
Meat production (thousand tons live weight)	114	101	110
Number of slaughterings (thousand heads), out of which	5566	5641	6127
– in specialized industrial units (thousands heads)	206	195	155
Average weight at slaughtering (kg/head)	20.4	17.9	17.9
Average weight at slaughtering in specialized units (kg/head)	24.9	26.0	23.1

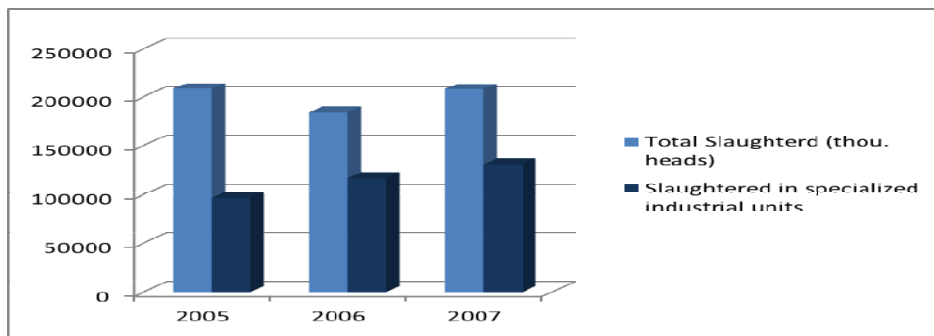
Source: NIS.

The largest number of slaughterings can be noticed in the period of Easter holidays; in April 2007, 3314 thousand heads were slaughtered, at a weight of 15–16 kg, i.e. 54.1% of total slaughterings in the respective year. In general, lambs are slaughtered less in slaughter houses, also due to the large distances from slaughter houses, as most sheep are on pastures for a period of 160–180 days/year. A large number of sheep is slaughtered by shepherds in the presence of a veterinary surgeon, for the family consumption, amounting to almost 50% of slaughterings.

## 2.4. Poultry

Poultry is raised under extensive system on the individual household farms and under intensive or industrial system. The large broiler units are integrated farms, with units for combined feed production, reproduction units, units for broiler raising, slaughtering and processing, deliveries and own stores.

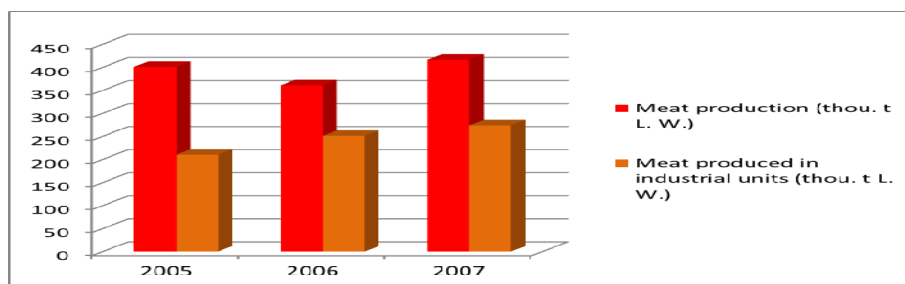
There are 273 thousand individual farms, summing up 24% of the total number of poultry and 185 legal entity units, which own 76% of the poultry number. Most of the poultry companies belong to the Union of Poultry Raisers from Romania, which represents the commercial industry and the producers' interests. The poultry number at the end of the year 2007 totalled 82 million heads. The total number of slaughtered poultry was 208,147 thousand heads, out of which 62.8% were slaughtered in specialized industrial units (Figure 7).



Source: NIS.

Figure 7. Number of slaughtered poultry.

The production of live weight poultry meat totalled 416 thousand tons in 2007, up by 15.3% compared to 2006; 2006 was the year marked by the crisis of avian influenza, and the sector recovered after this. The poultry meat production obtained in industrial specialized units totalled 274 thousand tons, representing 65.9 % of the poultry meat production (Figure 8).



Source: NIS.

Figure 8. Poultry meat production in the period 2005–2007.

The broilers are delivered to slaughterhouses, the integrated complexes having their own slaughterhouses, which totally or partially take over the poultry from the small and medium-sized companies that do not have their own slaughterhouses. The delivery prices to slaughterhouses ranged from 3.5 to 4.5 RON/kg live weight in the year 2007. The investments in the poultry sector in the period 2002–2005 amounted to 55 million euros in poultry farms; in the years 2006 and 2007 the investments totalled about 80 million euros; the investments were mainly made from own sources and they consisted of new halls or the modernization of old ones, machinery, equipments and transport means. The largest producers have similar technical performances to those in the European Union. In individual households, the poultry is slaughtered for self-consumption, the surplus of live poultry being sold in fairs or on the local markets.

### 3. SLAUGHTERING, PROCESSING, ECONOMIC OPERATORS

In the year 2007, 1007 economic operators activated in the meat industry, out of which 635 were involved in the production, processing and canning of red meat (pork and beef), 60 in the production, processing and canning of poultry meat and 312 in meat preparations. For the red meat there are 153 units in the A category and 259 units in transition until 2010, the remaining being units without restructuring and modernization programs which will close down.

The hierarchy of the main slaughtering and processing enterprises according to their turnover reveals that the first 20 enterprises account for 46% of the cumulated turnover. The first large producers are the following: CrisTim with a market share of 18% and over 100 million euro turnover; Aldis with a market share of 15 % and around 90 million euro turnover; Campofrio with a share of 12% and 85.5 million euro turnover; Caroli Foods and Angst with a share of 10% and 60 million euro turnover each.

The investments have increased since 2002 each year, from 50.2 million euro, to reach 107.8 million euro in 2006. By structure elements, 47.4% of investments were made in machinery and equipment, 32% in buildings and 17.9% in means of transport. This situation reflects the technological reshaping priority in the meat industry in order to get in line with the EU norms and standards of the EU. The main funding sources were the following: 79.5% from own sources, 13.2% from domestic credits, and only 0.3% were subsidies; the foreign capital represented 3.4%, while 3.6% were other funding sources.

The industrial meat production had an increasing evolution in the period 2005–2007, which was mainly based on the meat preparations (Table 4).

According to the Romanian Meat Associations (RMA), the output value of meat preparations was 900 million RON in 2007. The slaughtering and processing of beef take place in units slaughtering and processing other animal species too, mainly pork. There are no specialized units only for bovines, because of the difficulties



in finding a sufficient number of animals to be slaughtered. The production of slaughtered bovine meat was 211.2 thousand tons carcass in 2007, out of which 20.6% was obtained in specialized units (Table 5).

Table 4

Evolution of industrial meat production – total

	2005	2006	2007
Meat	230.6	232.8	273.0
Meat preparations	134.5	205.1	208.3
Canned meat	23.4	26.3	25.8
Total industrialized meat	388.5	464.2	507.1

Source: NIS.

Table 5

The evolution of beef production and carcass weight in the period 2005–2007

	2005	2006	2007
Total beef (thousand tons), out of which:	190.1	159.3	211.2
– in specialized units	25.3	33.1	43.5
Average carcass weight (kg)	150.1	137.8	175.1
Average carcass weight in specialized units (kg)	202.7	212.3	206.0

Source: Livestock herds and production, 2005–2008, NIS.

The meat production obtained in specialized units increased in 2007 mainly on the basis of the number of slaughterings and less through the increase of average carcass weight, which was 206 kg/carcass, smaller than in 2006 when it had reached 212.3 kg/carcass on the average. As regards beef processing, this takes place together with the pork processing, and there are few beef preparations and cans.

The experts in the meat industry consider that in total processed meat production, beef represents about 3.8 %. The processed beef amounted to 11.5 thousand tons in 2006 and 14.9 thousand tons in 2007.

The pork carcass meat production totalled 491.2 thousand tons in 2007, out of which 163.7 thousand tons, i.e. 33.3%, was obtained in specialized industrial units (Table 6).

Table 6

The pork meat production in carcass equivalent in the period 2005–2007

	2005	2006	2007
Meat production (thousand tons carcass), out of which:	436.4	451.8	491.2
– in specialized units (thousand tons carcass)	91.7	123.2	163.7
Average carcass weight (kg)	81.2	82.6	82.8
In specialized units (kg)	70.6	75.1	76.7
Yield (%)	72.1	73.1	76.5
– in specialized units (%)	71.6	72.8	72.8

Source: NIS.

The average carcass weight was 82.8 kg, larger than that obtained in the industrial specialized units (76.7 kg), which reveals that the pigs raised on the population's households were fatter, with a larger weight at slaughtering. The cutting yield was 72.8%.

Since 2006, the EUROP carcass classification system started to function: E over 55% lean meat; U 50–55%; R 45–50%; O 40–45%; P under 40%.

In 2007 the average pork carcass price experienced fluctuations depending on the quality class (Table 7).

Table 7

Average prices per pork carcass quality categories classified in 2007.

	<b>E</b>	<b>U</b>	<b>R</b>	<b>O</b>	<b>P</b>
Average carcass weight (kg)	75.8	76.2	76.5	78.1	84.9
Lean meat percentage in carcass	57.7	52.4	42.5	41.0	35.2
Average price (RON/kg)	4.63	4.31	3.64	3.45	2.95

Source: The Carcass Classification Commission.

As there are not enough statistical data at the level of the meat industry to reveal the characteristics of the industrial meat and meat preparations production, it is estimated that the pork meat represents almost half of the total industrialized meat, i.e. 120 thousand tons in 2007, and about 70% in meat products and preparations. The main association of the Romanian processors is the Romanian Meat Association (RMA) that estimated a processed meat market of over 900 million euro, up compared to the year 2006, when it reached 850 million euro.

The fragmented nature of the sheep raising sector and the small-scale type of production determined that most slaughtering are made in slaughterhouses that also slaughter other animal species. It is only in recent years that they started to build up slaughterhouses for sheep, which operate according to the EU standards.

Lambs are not slaughtered only in slaughterhouses, but also in the facilities built up in fairs and markets under sanitary-veterinary control, on a 5-day period before the Easter holidays. In the year 2007, the sheep carcass meat production was 52.8 thousand tons, on the rise compared to the previous years (Table 8).

Table 8

The production of sheep and goat carcass meat in the period 2005–2007

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Carcass meat production (thousand t), out of which:	51.9	45.2	52.8
– in industrial specialized units (thousand t)	2.5	2.6	1.8
Average carcass weight (kg)	9.3	8.0	10.9
– in industrial specialized units (kg)	12.4	13.1	11.8
Slaughtering yield (%)	46	45	48

Source: NIS.

The average carcass weight of 10.9 kg, larger than in the previous years and the slaughtering yield of 48% reveal the poor genetics of the animals. The physical industrialized sheep meat production reached 2100 tons in 2007, a small number of preparations existing: pastrami, sausages, *ghiudem* and *babic* (traditional mutton preparations).

For **the poultry meat**, the integrated producers have their own slaughterhouses; in the last years they made investment efforts for getting in line with the EU standards. Thus, in the period 2002–2005, investments worth 60 million euro were made in poultry slaughterhouses and in 2006–2007 the investments amounted to about 90 million euro. According to the National Sanitary-Veterinary and Food Safety Authority, there are 36 slaughterhouses authorized for poultry meat, category A, and 26 slaughterhouses under restructuring and modernization until 1.01.2010. The slaughtered poultry meat totalled 304.9 thousand tons carcass in 2007, out of which 68.8% was obtained in complexes, up by 25.9 thousand tons compared to 2006 (Table 9).

Table 9

The poultry meat production

	2005	2006	2007
Poultry carcass total (thousand tons), out of which:	308.6	273.3	304.9
– in industrial specialized units (thousand tons)	155.1	184.4	210.3
Average poultry carcass weight (kg/piece)	1.5	1.5	1.6
– in industrial specialized units (kg/piece)	1.6	1.6	1.6

Source: NIS.

The main great poultry meat producers are: Agricola Bacău, Transavia, Agrisol International, Avicola Calarași, Avicola Crevedia, which also got oriented towards the half-prepared food segment. Thus, Transavia made 17 million euro worth investments in a unit for poultry meat preparation and in 2007 it had a turnover rate of 56 million euro. Agricola Bacău has, according to the representatives of the unit, a 10% market share on the poultry meat segment, obtaining 16% of the poultry meat production from the specialized units in 2007, with a 70 million euro turnover. The performance of the industrial poultry sector is based on significant investments in increasing the genetic value of the poultry for meat, in the modernization and construction of production capacities and in obtaining quality products, as well in the product promotion. The selling prices of chicken carcass were 5.6 RON/kg, that is 1.62 euro, comparable to those in other countries of the European Union: 1.46 euro/kg in Belgium, 1.74 euro/kg in France or 1.57 euro/kg in Germany.

#### 4. TRADE

The domestic meat production did not cover the population's consumption needs, which resulted in a large volume of imports, mainly in pork and poultry meat. The imports totalled 338 thousand tons of meat in carcass equivalent in 2007, down by 22.1% compared to 2006. As regards exports, Romania exported live sheep and bovines.

The greatest part of beef production goes to the domestic consumption. The retail selling prices featured significant oscillations, ranging from 6.5 to 9.5 RON/kg carcass, (1.9–2.7 euros/kg). These prices are below the EU prices, for example in France the price was 3.21 euro/kg for carcass U and 2.69 euro/kg for carcass R, while in Italy the price was 3.18 euros/kg carcass of baby beef. The trade balance in beef is deficient; thus, in the year 2006 the imports totalled 53.9 thousand tons refrigerated and frozen meat, but in 2007 the imports significantly decreased, 94% of the demand being covered from the domestic production (Table 10).

Table 10

Foreign trade in beef

	2005	2006	2007
Imported refrigerated and frozen meat	33.8	53.9	12.9
Exported refrigerated and frozen meat	0.9	1.2	3.9
Exported live animals in carcass equivalent	17.4	22.7	24.4

Source: The Foreign Trade Yearbook, NIS, 2005, 2006 INS; 2007 MAFRD.

The imports also came from the EU Member States, but the largest share (70%) came from Argentina, Brazil, USA. The exports started to increase after 2004, to reach 3900 tons in 2007 to EU Member States (Germany, Spain, Hungary, Italy). The average export price was 2.14 euros/kg for refrigerated meat and 2.81 euro/kg for frozen meat, while the average import price for refrigerated meat was 2.51 Euro/kg, and for frozen meat 1.63 euro/kg. Besides the refrigerated and frozen meat, live young bulls were also exported, around 90 thousand heads at an average price of 1.7 euro/kg in the European countries and in other countries. As regards the pork destination, only 47% goes to the commercialization chain, the remaining 53% going to family consumption. The average delivery price for the domestic pork carcass in 2007 was 6–7 RON/kg to slaughterhouses, while the retail selling price on local markets was 8–10 RON/kg. As regards the foreign trade, after 1997 Romania became a net pork importer. The pig farmers have intra-Community export bans from 2007 to 2009, due to the swine fever cases found in 2006 and to the vaccination against this disease. In 2007, the pork meat imports decreased compared to previous years, mainly due to the domestic production increase by 43 thousand tons carcass as compared to 2006, in the conditions when the consumption was close to this level (Table 11).

Table 11

The foreign trade evolution in the refrigerated and frozen pork meat

	2005	2006	2007
Imports	213	225.6	187.3
Exports	0.4	0.8	0.3

Source: NIS.

The average imported meat price was 1633 euro/ton, while the average price for the exported meat was 1997 euro/ton. 66% of imports came from the European Union countries and 34% from other countries (USA, Canada). Except for the Easter period, it seems that the sheep meat market is quite limited, because of the absence of demand and of the consumption tradition. Most often, the producers sell the meat directly on the local markets (35%), the self-consumption represents 43%, and the sales to butcher's shops 22%. The meat is generally sold under the form of carcasses or semi-carcasses, while the restaurants and hotels with traditional menus prefer to import meat cuts from Australia and New Zealand, as the domestic market supplies only carcasses, and the meat is not of good quality. The selling price on the Romanian market was 4.3 euros/kg carcass in 2007, compared to the average price in the EU of 3.98 euro/carcass and to the Member States that produce "heavy lambs" (carcasses over 13 kg), which establish the price for this type. For the "light lambs" carcasses (up to 13 kg/carcass), the selling price was 6.06 euro/kg carcass, the EU average (Spain 6.44euro/kg, Greece 5.61 euro/kg, Italy 6.34 euro/kg). As regards the foreign trade, Romania has a favourable position by the exports of live sheep (Table 12).

Table 12

The foreign trade in sheep meat

	2005	2006	2007
Imported refrigerated and frozen meat	0.3	0.5	0.5
Exported refrigerated and frozen meat	1.6	1.4	0.6
Exports of live animals in carcass equivalent	18.6	17.4	18.0

Source: The Foreign Trade Yearbook, NIS, 2005, 2006, MAFRD.

Romania is a potential exporter of live lambs and ram lambs to the EU countries (Greece and Italy) and to Muslim countries (Libya, Syria, Saudi Arabia). The prices for the exported lamb ranged from 1.8 to 2.1 euro/kg live weight. The exports of refrigerated and frozen meat diminished were down to 600 tons in 2007, the average price being 4 euro/kg carcass.

The share of poultry meat sold in the shops of the poultry companies represents 15%. Through the hyper- and super markets networks 35% of the poultry meat is distributed, the specialized distributors account for 20% and 30% of poultry meat is directly distributed, while the share of export is under 1%, in

conformity with the Romanian Union of Poultry Raisers estimations. In 2007 the imports diminished compared to 2006, mainly those from third countries such as USA, Canada, Brazil (Table 13).

Table 13

Foreign trade in poultry meat

	2004	2005	2006	2007
Imports	129.1	160.8	155.4	138.3
Exports	3.8	6.2	3.1	1.7

(thousand tons)

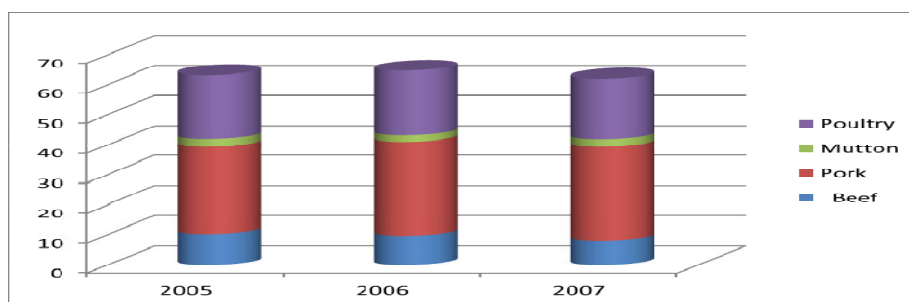
Source: NIS.

The poultry meat from the domestic production supplied on the domestic market is at food and food safety standards that comply with the EU norms, as since 2005 the poultry farms no longer use animal flours, hormones and antibiotics in poultry feeds, as opposed to the meat imported from third countries, which do not comply with these standards. The average price for the imported meat in 2006 was 0.67 euro/kg and 0.9 euro/kg in 2007.

## 5. CONSUMPTION AND CONSUMER PRICES

The total meat consumption had an increasing trend after 2001, when it reached 44.8 kg per capita; in 2007 it reached 64.8 kg per capita, as opposed to the EU average of 86 kg per capita.

The consumption increase was the effect of the economic growth process initiated after the year 2000 and it was mainly due to the increase of the population incomes (Figure 9).



Source: Food balances, NIS.

Figure 9. The average meat consumption per capita in the period 2005–2007.

In Romania, the beef demand is lower, due to the population's traditional preference for pork. The consumption in 2007 reached 9.6 kg/capita, as against 10.2 kg/capita in 2005 and it represented 14.8% of the total meat consumption, on

the third place among the Romanian consumers' preferences. Out of the total beef consumption, 93.9% came from the domestic production. The consumer prices in 2005 and 2006 were lower than those for pork, yet in 2007 they started to increase, being equal to them and even higher in certain meat assortments. In the years 2005 and 2006, the prices ranged from 6.5 to 7.8 RON/kg carcass, 9.0–9.8 RON/kg for beef chest and 12–13 RON/kg for beef leg. In 2007 the prices reached 9.8 RON/kg for beef chest and boned leg, 16 RON/kg for deboned leg.

Compared to other European countries, the beef meat consumption in Romania is low as opposed to France and Italy, where the average consumption is 27 and 29 kg/capita, while the EU average consumption is 19.8 kg/capita. The pork meat has the greatest share in meat consumption and it reached 48.9% in 2007, that is 31.6 kg/capita, under the EU average. In the European Union, the average pork meat consumption is 43.4 kg/capita, 66.1 kg in Spain, 65.8 kg in Denmark, 57.1 kg in Germany, 40.9 kg in the Czech Republic.

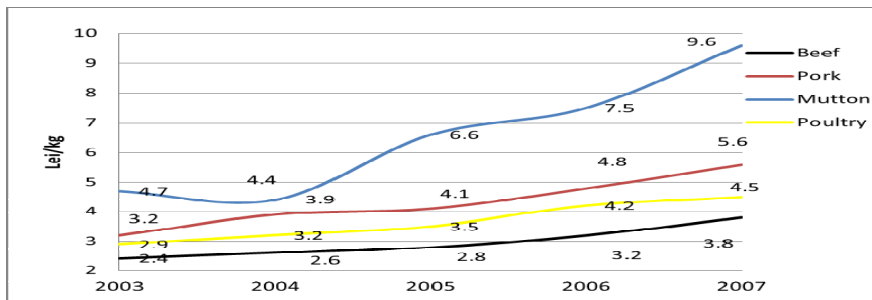
In 2007, 28% of the meat consumption was covered by imports, and the consumer prices by assortments were the following: pork chest 11–12 RON/kg, deboned leg 14.7–16 RON/kg, pork cutlet 18–19 RON/kg. The Romanian consumers preferences for mutton and goat meat is different in the territory: higher consumptions are found in the South-East regions, with Greek and Turkish influences and the Center Region, with tradition in sheep grazing, where the consumption is 6.8 kg/capita, as well as in the region West, with an average consumption of 5.7 kg as opposed to 2.3 kg/capita, the country average in 2007. In the European Union the average consumption is 3.7 kg/capita, as opposed to Greece with a consumption of 13.8 kg/capita, Ireland with 8.3 kg., United Kingdom 6.5 kg. In Romania the consumer prices in 2007 oscillated by regions, ranging from 15 to 18 RON/kg lamb carcass, lamb meat having the greatest share in consumption and sales. The self-sufficiency in this product was 104%.

The poultry meat consumption followed an increasing trend after the year 2000, from 12.1 kg/capita to 21.4 kg/capita in 2006 and 2007, which is a comparable level to the EU average of 22.0 kg/capita, but lower than Italy – 36.4kg/capita, Spain with 27.1kg/capita or France – 24.3 kg/capita. The consumption increase was rather due to imports, which accounted for 36% in 2006 and 31% in 2007; the self-sufficiency in this product was 64% in 2006 and 69% in 2007.

## 6. PRICES

The average procurement prices had an increasing evolution in all species (Figure 10). The procurement prices in bovines grew from 2.4 RON/kg live weight in 2003 to 3.8 RON/kg in 2007.

The procurement prices in markets and fairs for the live pork meat ranged from 3.2 to 5.6 RON/kg in the period 2003–2007. The procurement prices in mutton and goat meat reached 9.6 RON/kg live weight in 2007, this being the most expensive meat compared to the other species.



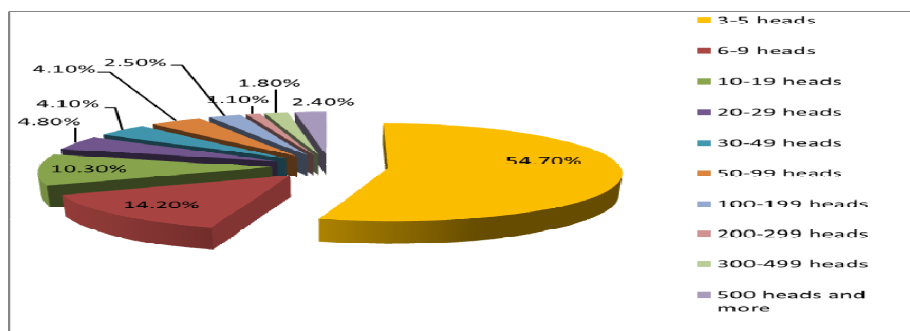
Source: Romania's Statistical Yearbook 2003–2008, NIS.

Figure 10. The average procurement prices in meat.

## 7. FINANCIAL SUPPORT POLICIES

### 7.1. Bovines

The beef market in Romania could become attractive for all operators, having in view the financial support in practice in the European Union, Romania also benefiting from this support. From the total amount received per animal head in the first year after the accession, 25% comes from the EU budget and 75% from the national budget. Around one million cows are not included in the milk quota system and they can be inseminated with meat breeds in order to improve the productive performances. According to APIA data in 2007, 215,964 applications were submitted for receiving complementary national direct payments, for a total number of 1,158,386 bovines. After the administrative checking, 193,386 applications were authorized and paid for 983,108 eligible animals; the support value was 481,723 thousand RON. The greatest share, i.e. 54.7% of the received subsidies went to the farms with 3–5 heads (Figure 11). The farms with less than three heads do not get subsidies, only an aid for the procurement of breeding animals.



Source: APIA

Figure 11. The distribution of subsidies by farms and size classes of bovine herds.



## 7.2. Pigs

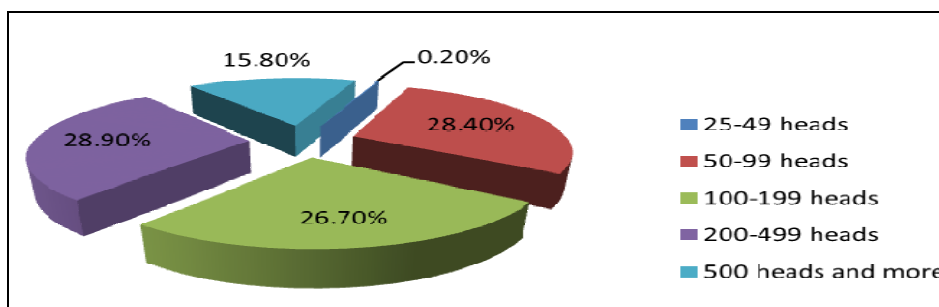
The EU pork support system is based on the Council Regulation no. 1365/2000, which is an amendment to the basic Regulation no. 2759/1975.

The regulation mechanisms for the pork meat chain are the following: prices, quality standards, aids for private storage and export refunds.

In 2006 the pork subsidy was for the first time conditional to the quality established by the EUROP carcass grading system. Thus, subsidies were received from the budget for the graded carcass of 120 RON/carcass for the E category and 100 RON/carcass for the U category; the subsidies totalled 148.1 million RON for 1347.3 thousand heads, while in 2007 the subsidies totalled 154 thousand RON for 1400 thousand heads. The subsidies can be received on the condition of fulfillment and implementation of the program regarding the bio security norms in the authorized units, in conformity with the norms established by the current legislation. The breeding of the pig herds for carcass quality improvement having in view the lean meat percentage increase in carcass to over 55% for classes E and U is a measure which is supported by granting a subsidy of 150 RON/head of reproduction sow at first farrowing, i.e. 4 million RON for 26.7 thousand young sows. It is expected that these measures will lead to the shift from the production for self-consumption to the commercial production and the improvement of the meat quality structure.

## 7.3. Sheep and goats

The CAP mechanisms are currently used by the European Union in the sheep and goat meat sector for the purpose of supporting the producers and market stabilization by Council Regulation no. 2529/2001. The subsidies granted by the Government aim at supporting the breeding of sheep and goats for meat production; they amount to 0.8 RON/head for the official control and for testing the rams/he goats 50 RON/head. The complementary national direct payments are received by the farms with minimum 50 sheep heads or minimum 25 goats. In the year 2007, 35,313 applications were submitted for total number of 4,880,803 sheep and goats, out of which 33,320 applications were authorized and paid, for a total number of 4,0 million sheep and goats. The received subsidies totalled 140.8 million RON. The farms in the size class 200 - 499 heads accounted for 28.9% of subsidies, while those with 50-99 heads received 28.4% of subsidies (Figure 12).



Source: APIA

Figure 12. Distribution of subsidies by farms and size classes of sheep and goats herds.

In the next years, the size structure of young sheep fattening farms should be improved and the carcass classification system should be implemented.

#### 7.4. Poultry

In order to increase the poultry meat production, certain measures were initiated and implemented for poultry breeding in the direction of chicken carcass quality improvement and increasing the weight at slaughtering, providing subsidies for the genetic patrimony and premia per kg of broiler chicken slaughtered in the slaughterhouse since 2002. In 2007, commodity subsidies were provided of 1.6 RON/chicken (a total support estimated at 114.7 million RON) and by Government's Decision no. 853/2007 as genetic patrimony support (1786 thousand RON). The farmers who applied for subsidies were conditioned by the delivery of the chickens to the slaughter houses at a live weight of minimum 2 kg and by the on-farm respect of the bio security norms attested by sanitary-veterinary authorization. The financial support of the meat production is provided under economic efficiency conditions and has in view the creation of a competitive sector in the conditions of meeting the EU standards.

### 8. CONCLUSIONS

- The domestic pork supply does not cover the consumption needs, while the processors procure the raw material from imports.
- The need to shift from the production for self-consumption to commercial production.
- The support to breeding the pig herds in order to increase lean meat percentage in carcass.
- The waste and dejections management, the management of the waters resulting from farms, meeting the minimum standards with regard to the pig

maintenance spaces are problems that must be solved through great investments, taking into account the EU requirements.

– The cows that are not included in the milk quota system can be inseminated with meat breeds and can be supply calves for fattening.

– The improvement of the bovine breeding activity in the direction of increasing and improvement of the meat production quality by raising meat breeds and hybrids.

– The export orientation to meat in carcass, having in view the beef deficit in the European Union.

– The sheep meat consumption has an occasional character, in general during the Easter holidays (lambs) and in winter (slaughterings of adult sheep).

– The great exports of live young rams should be oriented towards the export of meat in carcass for the increase of producers' incomes.

– Efficient activity in poultry meat industrialization units with performance similar to that obtained in the European Union.

– The operators in the poultry meat industry have improved their activity, selling their products through their own distribution network and own shops.

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