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Romania

Poultry and Products

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Report Highlights: A recovery in the Romanian Poultry industry is well underway. Domestic poultry production is expected to increase by 12% in 2003 and 10% in 2004, driven mainly increased demand and subsidies. Regarding U.S. exports to Romania, their value doubled in 2002 to over 16 million. For 2003, veterinary restrictions imposed on EU production, along with the continued fall of the U.S. dollar, are the main factors to help United States become the leader supplier in 2003.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Production

Production grew by 15 percent in 2002, and is expected to continue to increase at an impressive rate: by 12% in 2003 and 10% in 2004, reaching 225,000 MT. This rate of growth indicates that the sector is in full recovery. About 110 million of birds were slaughtered in 2002 at an average weight of 1,8 kg live weight. The number is expected to slightly increase, along with an increase in the average weight.

These figures only include the production obtained from commercial farms, large and small. The household production, mainly for self-consumption, was excluded since it does not reach the market.

Subsidies and productivity improvements have mainly driven the production increase. Weight gains per day varied depending on farm performances between 36-41 grams/day in 2002 compared to 27-34 grams/day in 2000. Feed conversion ratios decreased from 2.27 kg feed/kg meat in 2000 to 2 kg feed/kg meat in 2002, which indicates that the sector used its inputs more efficiently.

Nevertheless, increasing feed costs, debts from the past and descending profitability are the major concerns of domestic producers. Feed costs increased in the first half of 2003 by 10% compared to 2002, mainly due to the low availability of corn and wheat in the market. Feed costs are the major source of uncertainty in the market for 2003, as corn and feed wheat prices are expected to be significantly higher than in 2002, which will put pressure on inefficient producers.

The level of industry concentration is noteworthy: 6 large farms account for almost 50 percent of Romania's commercial production. The remaining 50 percent is divided equally between farms producing 1,500-6,000 MT/year and less than 1,500MT/year. The level of integration varies with the farm size and the degree of investment. The large farms are fully integrated from reproduction, to slaughter, and to processing. Smaller producers are not integrated and deliver their production to local slaughterhouses.

Private investors from Middle East and the EU who acquired formerly state-owned farms continued to be the main foreign investors in the poultry industry.

Domestic support

Direct payments, for both domestic and export, and input support (vouchers for fuel) were the main types of financial support granted in 2003 to poultry producers.

The breeding livestock received \$818,000 as direct support, primarily for maintaining the existing flocks rather than research and development.

The subsidies for internal use are meant to maintain the upward trend of the poultry industry put in place in 2002. Commercial farms were eligible to receive a direct payment worth of U.S. \$90/MT live weight. Approximately \$11.7 million were allocated for 130,000 MT live weight. In April of 2003 the subsidy was increased to U.S.\$120/MT, based primarily on higher feed prices. The same level of support is expected in 2004.

Export subsidies for 5,000 MT, have been recently approved for poultry meat for any destination, except European Union. This support will be valued at roughly \$650,000.

Input support was granted to poultry producers for on farm activities in the form of a reduced price for diesel (11 cents/liter; about 20% less of the regular price) through a voucher system.

Marketing

Currently about 25%-30% of the domestic production is sold chilled compared to only 10% in 2002. Nonetheless the percentage is quite low compared to other neighboring countries (for instance, in Poland and Hungary, about 90% of production is sold chilled). Lack of funds prevents investment in new equipment for supplying the market with fresh poultry. The whole birds are sold at an average weight of about 1.3-1.5 kg. The package and design of products have been improved and some of the companies developed brand names.

Unlike U.S. consumers, Romanian consumers prefer eating chicken leg quarters rather than breast. Due to this consumer preference, there is no significant price difference between chicken legs and breast.

Veterinary Certificates, Labeling and Marketing Requirements

Fresh, chilled and frozen U.S. poultry meat products are eligible to be exported to Romania with the FSIS Form 9250-1 (2/13/2002) as reported by AgBucharest in #RO2008.

Bilingual labels (English/Romanian) are required on all products exported to Romania. The information may be written directly on packages or on labels. The label should include basic information on the product:

- product name;
- name and address of exporter;
- name and address of importer;
- production and expiration date;
- net weight;
- storage recommendation (for frozen products: to be stored at minus 18 degrees Celsius).

In the case of pre-packed frozen products, the labels should mention that “re-freezing after defrosting is prohibited” (for details, please see report RO2012).

The requirements for mechanically deboned meat (MDM) also became more restrictive. It can only be used as an ingredient for heat-treated meat products in certified processing plants. The processing plants must notify the field veterinary offices about their MDM suppliers; they would also need to notify the veterinary authorities whenever they change their suppliers (for details, please see report RO2017).

New requirements for packaging poultry meat were enforced at the end of year 2002. The new regulation significantly changed the marketing of poultry in Romania. The regulation states that bulk packaging, while permitted in country, will be limited, since the practice of selling the cuts individually without repackaging is not permitted. Nevertheless bulk packed products (i.e. the U.S. industry's 4x10) can be imported and sold to institutions, restaurants, and processors and wholesalers. Re-freezing after defrosting the cuts is prohibited (for details, please see report RO2020).

Trade

The total value of imports in 2002 was the same as in 2001 (\$57 million) with a significant increase (more than double) for U.S. exports, from \$8 million to \$17. Veterinary restrictions imposed on the traditional exporters to Romania (The Netherlands and Belgium) along with the revaluation of Euro, compared to U.S. dollar were the main factors to help U.S. become the leader supplier. Under such circumstances, U.S. exporters accounted for 50 percent of total imports in the first half of in 2003, followed by Brazil (23 percent) and European Union (19 percent).

Total imports of broiler meat slightly decreased over the first semester in 2003 by 5 percent compared to the same period in 2002 (41,136 MT compared to 38,709 MT). Based on this figure, the imports are expected to increase by no more than 5 percent by the end of 2003 and 3 percent in 2004. The major part of U.S. poultry exports is represented by frozen chicken leg quarters (28,808 MT in 2002 and 14,500 MT in first six months of 2003) and in small percentage by "mechanically de-boned meat" used for further processing and chicken liver. U.S. exports are expected to increase by 30% in 2003, reaching 38,000 MT.

The customs regime did not significantly change during 2003 with one exception (poultry breeds). As part of GOR efforts to support poultry industry and encourage import of high-quality breeds, the customs duties for live chicken was reduced in 2003 from 16% to 9 percent. Nonetheless the support has not been transposed into higher imports of live chicken. Hungary continues to stay the main supplier of genetics for Romania.

The current duties for various subgroups of Poultry meat are described in the Table 1 below.

Table 1: The applied customs duties (%) on Poultry

HSC	Product	Applied duty 2003	Applied to imports from the EU	Applied to imports from CEFTA
0105.11	Live chicken, weighting not more than 185 grams	9	9	9
0105.12 0105.19	Live poultry (such as goose, ducks, turkey) weighting not more than 185 grams	0	0	0
0105.92	Live chicken, weighting not more than 2,000 grams	15.5	15.5	10
0105.93	Live chicken, weighting more than 2,000 grams	15.5	15.5	10
0105.99	Other live poultry, such as turkey, goose, ducks	15.5	15.5	10
0207	Poultry Meat			
0207.11	Whole birds, fresh or chilled	45	45 [*]	45
0207.12	Whole birds, frozen	45	45 [*]	28
0207.13	Cuts and offals, fresh or chilled	45	45 [*]	45
0207.14	Cuts and offals, frozen	45	45 [*]	28
0207.14.91	Liver, frozen	45	45 [*]	10
	Turkey meat and offals			
0207.24 0207.25	Whole birds, fresh, chilled or frozen	45	45 [*]	45
0207.26 0207.27	Cuts and offals, fresh, chilled or frozen	45	45 [*]	45
0207.27.91	Liver, frozen	45	45 [*]	10

* These categories fall under “double-zero quota” with EU.

Based on the trade negotiations with European Union, Romania accepted a zero tariff-quota of about 3,000 MT poultry meat to EU with 10% year rate increase. In 2003, Romania accepted 3,750 MT duty free from European Union. Although Romania receives the same tariff preference quota for shipment to the EU, it has not taken full advantage of the agreement. It is expected that only half of the quota will be fulfilled in 2003, partially because of high domestic prices and inadequate standards for quality and packaging. The main poultry product exported by Romania to EU is chicken breast.

Central European Free Trade Agreement (CEFTA) member countries continue to enjoy a preferential duty level of 28% for meat and 10% for frozen chicken liver.

As a result of FAS efforts to promote the Export Credit programs, some long-established importers have been using in 2003 Supplier Credit Guarantee Program for poultry meat imports, with a total value exceeding \$700,000.

Although the total imports of poultry has slightly decreased in the first semester of 2003 compared to the same period of previous year, the domestic producers put pressure on the GOR for increasing the duties.

There are currently 6 slaughterhouses approved for EU exports and 4 more are under the approval process. However, the exports have not increased spectacularly, remaining at a level of less than 1% of total production. The export subsidies might result in higher exports if the poultry producers succeed to identify markets with less competition and fewer marketing requirements. For the time being, the main destinations of poultry exports are European Union countries (Germany and France). Exports are expected to reach 3,000 MT in 2003 and 5,000 MT in 2004, if the current ascendant trend will continue.

Turkey inventories are about 300,000 turkey birds held in private households, with less than 20,000 birds in commercial farms. Romanian Customs Office reported imports of 13,000 MT in 2002 mostly turkey cuts, 40% higher than a year before. U.S. percentage in total imports increased from 6.5 percent in 2002 to 20 percent in the first five months of 2003. The main competitors for U.S. turkey exporters are Italy, Germany, France and Hungary. Turkey meat is consumed seasonally mostly in spring and winter for holidays.

Consumption

There are good expectations regarding poultry consumption in Romania. Romanian consumers perceive poultry meat healthier than red meat, therefore preferred. There are good opportunities for U.S. poultry exporters.

Prices

Over the first six-month period of 2003, prices at farm-gate increased by 10-15%. This is basically due to both feed cost and demand increase. The prices are expected to stay within the same interval, given the grains availability and meat supply.

Table 2. Farm-gate prices for poultry products, 2002-2003 (U.S.\$/MT)

Month	Whole birds	Breast, bone-in	Chicken legs, bone-in
January	1,530	1,910	1,920
February	1,425	1,790	1,780
March	1,280	1,720	1,710
April	1,299	1,870	1,860
May	1,360	1,745	1,720
June	1,400	1,740	1,700
July	1,410	1,860	1,780
August	1,390	1,915	1,800
September	1,360	1,930	1,740
October	1,340	1,960	1,630
November	1,330	1,920	1,640
December	1,310	1,950	1,620
2003			
Month	Whole birds	Breast, bone-in	Chicken legs, bone-in
January	1,180	1,840	1,530
February	1,190	1,900	1,560
March	1,250	1,900	1,655
April	1,280	1,900	1,650
May	1,370	2,000	1,710
June	1,360	2,015	1,740

Source: Union of Romanian Poultry Producers

Note: These are farm gate prices and do not include the VAT. The official monthly average exchange rate is used in all cases.

Other reports for further reading:

- RO 2017 Mechanically de-boned meat
- RO 2014 Annual Poultry Report 2002
- RO 2017 Marketing Requirements for poultry meat
- RO 2008 Health Certificate for poultry meat
- RO 2012 Labeling Requirements

PSD Poultry

PSD Table

Country	Romania						UOM
	Poultry, Meat, Broiler						
Commodity	(1000 MT)(MIL HEAD)						
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [D]	DA Official [	Estimate [D]	DA Official [	Estimate [New]	
	01/2002		01/2003		01/2004	MM/YYYY	
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	143	182	160	204	0	225	(1000 MT)
Whole, Imports	0	1	0	1	0	0	(1000 MT)
Parts, Imports	50	78	57	82	0	85	(1000 MT)
Intra EC Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	79	0	83	0	85	(1000 MT)
TOTAL Imports	50	79	57	83	0	85	(1000 MT)
TOTAL SUPPLY	193	261	217	287	0	310	(1000 MT)
Whole, Exports	0	0	0	0	0	0	(1000 MT)
Parts, Exports	2	1	2	3	0	5	(1000 MT)
Intra EC Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	1	0	3	0	5	(1000 MT)
TOTAL Exports	2	1	2	3	0	5	(1000 MT)
Human Consumption	191	260	215	284	0	305	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	191	260	215	284	0	305	(1000 MT)
TOTAL Use	193	261	217	287	0	310	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	193	261	217	287	0	310	(1000 MT)
Calendar Yr. Imp. from U.	0	29	0	38	0	33	(1000 MT)

Export Trade Matrix Poultry

Export Trade Matrix

Country Romania

Commodity Poultry, Meat, Broiler

Time Period **Jan-Dec** Units: **Jan-May**
 Exports for: **2002** MT **2003**
 U.S. **0** U.S. **0**

Others		Others	
Germany	630	The Netherland	266
France	401	France	240
Switzerland	145	Germany	239
R. Moldova	49	United Kingdom	131

Total for Others 1225 876
 Others not Listed **73** **61**
 Grand Total 1298 937

Import Trade Matrix Poultry

Import Trade Matrix

Country Romania

Commodity Poultry, Meat, Broiler

Time Period **Jan-Dec** Units: **Jan-May**

Imports for: **2002** MT **2003**

U.S. **28808** U.S. **14517**

Others		Others	
The Netherland	17880	Brazil	6354
Belgium	9114	The Netherland	1626
Brazil	5518	Belgium	1066
Hungary	4522	Germany	989
Germany	3332	Hungary	945
Italy	2908	United Kingdom	777
United Kingdom	2765	Italy	495
Ireland	1641	Ireland	358
Canada	661		

Total for Others 48341 12610

Others not Listed **2119** **757**

Grand Total 79268 27884

PSD Turkey

PSD Table

Country	Romania						UOM
	Poultry, Meat, Turkey						
Commodity	(1000 MT)(MIL HEAD)						
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]
	01/2002		01/2002		01/2002	MM/YYYY	
Inventory (Reference)	0	0	0	0	0	0 (MIL HEAD)	
Slaughter (Reference)	0	0	0	0	0	0 (MIL HEAD)	
Beginning Stocks	0	0	0	0	0	0 (1000 MT)	
Production	0	0	0	0	0	0 (1000 MT)	
Whole, Imports	0	0	0	0	0	0 (1000 MT)	
Parts, Imports	0	0	0	0	0	0 (1000 MT)	
Intra EC Imports	0	0	0	0	0	0 (1000 MT)	
Other Imports	0	0	0	0	0	0 (1000 MT)	
TOTAL Imports	0	0	0	0	0	0 (1000 MT)	
TOTAL SUPPLY	0	0	0	0	0	0 (1000 MT)	
Whole, Exports	0	0	0	0	0	0 (1000 MT)	
Parts, Exports	0	0	0	0	0	0 (1000 MT)	
Intra EC Exports	0	0	0	0	0	0 (1000 MT)	
Other Exports	0	0	0	0	0	0 (1000 MT)	
TOTAL Exports	0	0	0	0	0	0 (1000 MT)	
Human Consumption	0	0	0	0	0	0 (1000 MT)	
Other Use, Losses	0	0	0	0	0	0 (1000 MT)	
Total Dom. Consumption	0	0	0	0	0	0 (1000 MT)	
TOTAL Use	0	0	0	0	0	0 (1000 MT)	
Ending Stocks	0	0	0	0	0	0 (1000 MT)	
TOTAL DISTRIBUTION	0	0	0	0	0	0 (1000 MT)	
Calendar Yr. Imp. from U.	0	0	0	0	0	0 (1000 MT)	

Export Trade Matrix Turkey

Export Trade Matrix

Country Romania

Commodity Poultry, Meat, Turkey

Time Period Units:

Exports for: MT

U.S. U.S.

Others Others

France	39		

Total for Others 39 0

Others not Listed

Grand Total 39 0

Import Trade Matrix Turkey

Import Trade Matrix

Country Romania

Commodity Poultry, Meat, Turkey

Time Period **Jan.-Dec.** Units: **Jan.-May**
 Imports for: **2002** MT **2003**
 U.S. **862** U.S. **574**

Others		Others	
Italy	4219	Italy	705
Germany	2560	Hungary	427
France	2447	Germany	411
Hungary	858	France	247
Belgium	779	Brazil	202
Brazil	358	Spain	113
Austria	347		
The Netherland	236		

Total for Others 11804 2105
 Others not Listed **558** **168**
 Grand Total 13224 2847