



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 9/24/2003

GAIN Report Number: RO3015

Romania

Livestock and Products

Annual

2003

Approved by:

Brian Goggin
U.S. Embassy

Prepared by:

Monica Dobrescu

Report Highlights:

In 2002, both swine and bovine inventories slightly recovered compared to 2001. However, Romania still holds its position as a net importer for both pork and beef. In order to adapt to the EU legislation, the Romanian sanitary veterinary requirements are becoming stricter and more rigorous. Post estimates that prices will increase for both pork and beef meat due to feed shortage and expensive feed. Throughout 2003, lower tariffs will encourage U.S. pork exports in Romania, which have risen sharply since 2000.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1]
[RO]

PRODUCTION 3

Domestic support policy 3

Table 1: Subsidy program for the livestock sector in 2003 4

Consumption 4

Trade 4

Prices 6

Table 2: Farm gate prices for beef, carcass weight in 2003 (\$/MT) 6

PRODUCTION

The Romanian livestock numbers have begun to recover in 2002, after a long period of decline. According to the most recent statistical data, at the end of 2002, the cattle inventory reached 2.878 million head, a slight increase compared to 2001 (2.870 million head). The number of swine also increased slightly in 2002, reaching 5.1 million head at the end of the year. By May of 2002, swine inventories totaled 6.4 million head, 25% up from last year's level. The sheep and goat inventories have also followed an ascending trend, reaching 7.9 million head at the end of 2002 compared to 7.7 million in 2001.

Even though all three inventories registered slight increases in the last year compared to 2001, domestic feed shortages led to increased slaughter rates for both pork and beef, which helped drive meat prices down. The drought, which reduced crop production and led livestock producer groups to ask for, and obtain duty-free imports of feed grains (specifically barley and corn).

The domestic production of beef meat in 2002 increased to 341,000 MT compared to 295,000 MT in 2001 (on a live weight basis) while pork meat production expanded slightly to 615,900 MT from 413,500. The sheep and goat (live weight) production in 2002 decreased to 112,500 MT compared to 114,000 MT in 2001. At present, the slaughter rate has increased but, by the end of 2003, pork and beef meat production is expected to increase slightly.

The GOR has granted an aid of \$122/ton, live swine meat, for swine weighing 90-110 kg/head, delivered at authorized slaughterhouses until the end of 2003. The total subsidies for meat commercialization will amount to \$30.2 million. With regard to the genetics, \$12.5 million are provided for the support of purchases of fowl, swine, cattle and sheep.

Overall, AgBucharest expects that the sector will face tough conditions due to reduced feed crops in 2003/2004 and this is why in the short run the livestock inventories will stay close to the 2002's level. The beef and pork production will likely follow a slightly upward trend in 2004 due to the GOR measures to revitalize the sector. By the end of 2003, a 2 percent increase in pork production is anticipated, the same increase being expected for beef production as well.

Domestic support policy

In order to support the livestock sector the GOR has approved a subsidy program, which aims at consolidating commercial farms. Subsidies in 2003 will total \$43.1 million of which \$30.6 million are intended for commercialization and \$12.5 million for reproduction and animal selection.

The subsidies support 25,000 MT of beef and 120,000 MT of swine meat as follows:

- direct payments of about \$122/MT live weight for live bovines weighing more than 380 kilos delivered to authorized slaughterhouses
- direct payments of about \$122/MT live weight for swine animals weighing 90-110 kilos
- delivered to authorized slaughterhouses.

The subsidies destined for reproduction are meant to support commercial production:

- \$2.5 million for heifers
- \$4.5 million for calves kept on feed for at least 6 month
- \$4.5 million for breeding sows delivering at least 8 piglets

Table 1 below, presents a more detailed structure of the main subsidies in the livestock sector:

Table 1: Subsidy program for the livestock sector in 2003

1. Subsidies for meat commercialization	Quantity ('000 MT)	Total budgeted amount (million US\$)
- Beef and veal meat	25	3.1
- Swine meat	120	14.7
2. Subsidies for reproduction of which:	Quantity ('000 heads)	Total budgeted amount (million US\$)
- Pregnant heifers	58.5	2.5
- Calves	294.6	4.5
- Sows	65,2	4.5

Consumption

Beef consumption is quite low in Romania, totaling only 7 kg per capita annually and representing only 16 percent of total meat consumption. This is due to several reasons: the Romanian food consumption structure (pork and poultry meat are preferred by the consumers rather than beef), low acceptance of specialized meat breeds, and higher prices compared to other meat type (pork and poultry). Among the main kinds of meat (beef, pork and poultry), beef has the lowest degree of self-consumption: only one third of total production. In the individual households, the share of self-consumption for pork is higher, reaching almost two thirds of total meat consumption.

In Romania, per capita meat consumption is about half the level of the EU average countries (92 kg). In 2002, pork has the most important share (51.3 percent) in meat consumption, followed by poultry meat (28.7 percent), beef (16 percent) and mutton (4 percent). At present, the protein intake of meat consumption in average daily diet per capita is quite low, i.e. about 18.6%. This reveals the increased consumption of products of vegetable origin (cereals, potatoes) having a lower nutritive quality. The decrease of meat consumption shows the diminution of Romanians' purchasing power and their orientation towards lower priced products. AgBucharest forecasts that the pork meat consumption will slightly increase in the CY 2003/2004.

Trade

Following the deregulation of the market in 1997, trade liberalization has had an important effect on meat marketing. Throughout the calendar year 2002 and the first half of 2003 import tariffs for beef and pork imports were lowered to 20%. The validity of the tariff reduction expired on June 30 2003, but an extension of this level of the taxes was settled through a Government Ordinance. According to the GOR Ordinance 724/2003, these lower tariffs will be maintained until December

31st 2003. The new extension is expected to encourage U.S. export opportunities in Romania, especially for pork shoulder cuts and offal used in processing industry.

At the same time, the GOR ordinance 829 of July 10, 2003 enforced a safe-guard measure of 45% on pork imports originating from Poland to counteract Poland's pork meat export subsidies.

As meat production declined as a result of closing down certain large farms as well as the custom duties reduction, Romania is currently confronted with significant imports from CEFTA member states, favored by the preferential tariffs as well as higher export subsidies and competitiveness level.

In the last years Romania became a net importer for both swine (live animals) and meat. Until the 1997's liberalization process, Romania was a net exporter of pork. After this year an escalation of pork carcass imports took place, reaching 80,759 MT in 2002.

In 2002, Romania imported 80,759 MT of pork meat (HTS Code 0203), the main suppliers being Germany (24,451 MT), The Netherlands (11,717 MT), Poland (5,411 MT), France, and Austria. The US only shipped 545 MT, but is expected to ship much more in 2003. Regarding imports of hogs for slaughter, in 2002 Hungary maintained its lead position, exporting 155,468 head. In the first five months of 2003 Romania imported about 29,958 MT of pork meat, primarily from Poland (10,011 MT), Germany (4267 MT), Hungary (3987 MT), France (1669 MT), and U.S. (1182 MT).

AgBucharest forecasts that imports will slightly decrease in 2004, due to an anticipated recovery of the sector and the consolidation of the commercial producers, and to an extended drought in Europe which will diminish the export potential of exporting countries.

Up to now Romania's live hog and pork exports were insignificant due to sanitary-veterinary requirements from partner countries and vaccinations against classical swine fever (CSF). However, beginning on August 15, 2003, the GOR enforced a new measure banning the vaccination against classical swine fever. The measure was taken in order to harmonize the Romanian sanitary-veterinary legislation to the EU legislation.

For the live bovine animals (HTS code 0102) and bovine meat (HTS code 0201; 0202) imports only a few countries were accepted to export beef meat in Romania. In 2002 CEFTA countries were the main suppliers for beef meat, including Hungary (3019 MT), and Poland (2232 MT), but overall imports registered a downward trend compared to 2001. Regarding the EU, Romania imported only from Germany and Austria due to concerns related to the BSE (Bovine Spongiform Encephaly) disease. The US exported only 24 MT. Romania's bovine meat exports are still very reduced and are mainly directed towards CEFTA countries (304 MT), Middle East and the UE.

The GOR enforced regulations complying with EU requirements for comprehensive monitoring and examination for residues in meat and products of animal origin (non-hormone treated cattle). The Romanian Veterinary Agency (RVA) assessed the U.S. system, including the results of scientific studies on the U.S. residue-testing program. The Romanian Veterinary Agency (RVA) is to impose a new beef health certificate related to the ban of feeding with proteins derived from

mammals. However, the United States has successfully negotiated a derogation of these requirements based on recognition of veterinary equivalence with Romania's veterinary agency. The Romanian Veterinary Agency accepted the equivalency of U.S. beef, observing that it provides the same level of consumer protection as the Romanian beef. While the issue is not currently resolved, the RVA has indicated that imports from the U.S. will be permitted soon.

Prices

During the last few months of this year the pork meat prices have slightly fallen due to concerns related to feed shortage. However, in the short run the domestic pork carcass meat price will increase due to increased import prices and also because of the increase in customs duties for pork meat originating from Poland. The traders maintain that the increase of the pork price is expected, given that the prices have not changed much over the last year while the feed price increased by 50 percent. AgBucharest estimates that this upward tendency will continue in MY 2003/2004 due to higher prices for feed.

Farm gate prices for bovine carcasses have recorded a slightly upward trend for the first seven months of 2003 and in the short run the tendency is to increase due to higher feed prices.

Table 2: Farm gate prices for beef, carcass weight in 2003 (\$/MT)

January	1350
February	1350
March	1409
April	1416
May	1420
June	1406
July	1412

Source: Local producers

Note: Conversions made using the official monthly exchange rates. The prices do not include VAT.

PSD Table

Country

Romania

Commodity

Meat, Beef and Veal

(1000 MT CWE)(1000 HEAD)

Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [D]	DA Official [	Estimate [D]	DA Official [	Estimate [New]	
	01/2002		01/2003		01/2004	MM/YYYY	
Slaughter (Reference)	1290	0	1320	0	0	0	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	188	198	192	202	0	204	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	10	7	15	5	0	3	(1000 MT CWE)
TOTAL Imports	10	7	15	5	0	3	(1000 MT CWE)
TOTAL SUPPLY	198	205	207	207	0	207	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	1	0	1	1	0	0	(1000 MT CWE)
TOTAL Exports	1	0	1	1	0	0	(1000 MT CWE)
Human Dom. Consumptic	195	157	204	159	0	158	(1000 MT CWE)
Other Use, Losses	2	48	2	47	0	49	(1000 MT CWE)
TOTAL Dom. Consumptic	197	205	206	206	0	207	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	198	205	207	207	0	207	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

PSD Table

Country

Romania

Commodity

Animal Numbers, Cattle

(1000 HEAD)

Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [D]	DA Official [	Estimate [D]	DA Official [	Estimate [New]	
	01/2002		01/2003		01/2004	MM/YYYY	
Total Cattle Beg. Stks	2800	2895	2867	2878	2900	2890	(1000 HEAD)
Dairy Cows Beg. Stocks	1722	1737	1756	1738	0	1776	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	1428	1432	1450	1430	0	1434	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	30	5	25	24	0	28	(1000 HEAD)
TOTAL Imports	30	5	25	24	0	28	(1000 HEAD)
TOTAL SUPPLY	4258	4332	4342	4332	2900	4352	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	45	98	50	60	0	62	(1000 HEAD)
TOTAL Exports	45	98	50	60	0	62	(1000 HEAD)
Cow Slaughter	1032	1036	990	0	0	0	(1000 HEAD)
Calf Slaughter	35	37	35	0	0	0	(1000 HEAD)
Other Slaughter	223	225	295	1324	0	1324	(1000 HEAD)
Total Slaughter	1290	1298	1320	1324	0	1324	(1000 HEAD)
Loss	56	58	72	58	0	56	(1000 HEAD)
Ending Inventories	2867	2878	2900	2890	0	2910	(1000 HEAD)
TOTAL DISTRIBUTION	4258	4332	4342	4332	0	4352	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Export Trade Matrix

Country Romania

Commodity Meat, Beef and Veal

Time Period Units:
 Exports for:
 U.S. U.S.
 Others Others

Bulgaria	304	Bulgaria	114
Italy	34	Italy	23
Malta	13.5	Malta	9.5
Turkey	9		

Total for Others 360.5 146.5
 Others not Listed
 Grand Total 393.8 156

Import Trade Matrix

Country Romania

Commodity Meat, Beef and Veal

Time Period Units:
 Imports for:
 U.S. U.S. Jan-May
 Others Others

Hungary	3019	Austria	833
Poland	2232	Hungary	251
Austria	2069	Denmark	61
Australia	68	France	21
Paraguay	28.5	Australia	8.6
Germany	8		

Total for Others 7424.5 1174.6
 Others not Listed
 Grand Total 7448 1177

Import Trade Matrix

Country Romania

Commodity Animal Numbers, Cattle

Time Period Units:

Imports for:

U.S. U.S.

Others Others

Hungary	5.3	France	0.1

Total for Others 5.3 0.1

Others not Listed

Grand Total 5.5 0.2

Export Trade Matrix

Country Romania

Commodity Animal Numbers, Cattle

Time Period Units:

Exports for:

U.S. U.S.

Others Others

Croatia	44	Croatia	19
Greece	32	Greece	15
Italy	9.2	Saudy Arabia	8.7
Siria	8	Italy	4
Germany	1.4		
Spain	1.4		

Total for Others 96 46.7

Others not Listed

Grand Total 98.4 50.9

PSD Table

Country

Romania

Commodity

Meat, Swine

(1000 MT CWE)(1000 HEAD)

Market Year Begin	2002		2003		2004		UOM
	Revised	Estimate	Official	Estimate	Official	Estimate	
	Estimate [New]	Estimate [New]	Estimate [New]	Estimate [New]	Estimate [New]	Estimate [New]	
	01/2002	01/2002	01/2003	01/2003	01/2004	01/2004	MM/YYYY
Slaughter (Reference)	5360	0	5470	0	0	0	(1000 HEAD)
Beginning Stocks	15		15	14	15	12	(1000 MT CWE)
Production	405	429	410	435	0	443	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	55	81	55	50	0	38	(1000 MT CWE)
TOTAL Imports	55	81	55	50	0	38	(1000 MT CWE)
TOTAL SUPPLY	475	510	480	499	15	493	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	0	0	1	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	1	0	0	0	(1000 MT CWE)
Human Dom. Consumptic	410	418	420	423	0	426	(1000 MT CWE)
Other Use, Losses	50	78	44	64	0	59	(1000 MT CWE)
TOTAL Dom. Consumptic	460	496	464	487	0	485	(1000 MT CWE)
Ending Stocks	15	14	15	12	0	8	(1000 MT CWE)
TOTAL DISTRIBUTION	475	510	480	499	0	493	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

PSD Table

Country

Romania

Commodity

Animal Numbers, Swine

(1000 HEAD)

Market Year Begin	2002		2003		2004		UOM
	Revised	Estimate	Estimate	Estimate	Forecast	Estimate	
	USDA Official [	Estimate [DA	USDA Official [	Estimate [DA	USDA Official [	Estimate [New]	
	01/2002	01/2003		01/2003		01/2004	MM/YYYY
TOTAL Beginning Stocks	4477	4477	4650	5058	5000	5196	(1000 HEAD)
Sow Beginning Stocks	328	334	340	359	0	362	(1000 HEAD)
Production (Pig Crop)	5700	5788	6100	6210	0	6320	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	323	231	270	230	0	215	(1000 HEAD)
TOTAL Imports	323	231	270	230	0	215	(1000 HEAD)
TOTAL SUPPLY	10500	10496	11020	11498	5000	11731	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	20	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	20	0	0	0	(1000 HEAD)
Sow Slaughter	330	303	340	369	0	360	(1000 HEAD)
OTHER SLAUGHTER	5030	4725	5130	5386	0	5512	(1000 HEAD)
Total Slaughter	5360	5028	5470	5755	0	5872	(1000 HEAD)
Loss	490	410	530	547	0	538	(1000 HEAD)
Ending Inventories	4650	5058	5000	5196	0	5321	(1000 HEAD)
TOTAL DISTRIBUTION	10500	10496	11020	11498	0	11731	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Export Trade Matrix

Country Romania

Commodity Meat, Swine

Time Period Units:
 Exports for: (Jan-May)
 U.S. U.S.
 Others Others

Malta	207	Malta	70.6
Georgia	93.1	Georgia	36.1
Honduras	29.3	Italy	18.9
Germany	20	Honduras	11
Liberia	16.6	Russia	7.1
Russia	5.7	Panama	6.2
Cyprus	5.6	Ukraine	3
		Liberia	2.7
Total for Others	377.3		155.6
Others not Listed	<input type="text" value="22.7"/>		<input type="text" value="12"/>
Grand Total	400		167.6

Import Trade Matrix

Country Romania

Commodity Meat, Swine

Time Period Units:
 Imports for: (Jan-May)
 U.S. U.S.
 Others Others

Germany	24451	Poland	10011
France	11109	Germany	4267
Austria	10511	Hungary	3987
Poland	5410	France	1669
Hungary	4754	Austria	1647
Belgium	3894	Canada	1588
Italy	2487	Italy	1326
Spain	1939	The Netherland	1264
		Czeck Republic	1054
		Spain	805
Total for Others	64555		27618
Others not Listed	<input type="text" value="16204"/>		<input type="text" value="2340"/>
Grand Total	80759		29958

Import Trade Matrix

Country Romania

Commodity Animal Numbers, Swine

Time Period Units:

Imports for:

U.S. U.S.

Others Others

Hungary	155	Hungary	38
Germany	34	Czeck Republic	16
Czeck Reoublic	31	Austria	1.2
Austria	5		
The Netherland	4		
France	0.7		
Italy	0.5		

Total for Others 230.2 55.2

Others not Listed

Grand Total 231 56.1

Prices Table

Country Romania

Commodity Meat, Swine

Prices in per uom

Year	<input type="text" value="2002"/>	2003	% Change
Jan	<input type="text" value="1903"/>	<input type="text" value="1658"/>	-13%
Feb	<input type="text" value="1756"/>	<input type="text" value="1655"/>	-6%
Mar	<input type="text" value="1679"/>	<input type="text" value="1497"/>	-11%
Apr	<input type="text" value="1779"/>	<input type="text" value="1486"/>	-16%
May	<input type="text" value="1583"/>	<input type="text" value="1526"/>	-4%
Jun	<input type="text" value="1751"/>	<input type="text" value="1514"/>	-14%
Jul	<input type="text" value="1668"/>	<input type="text" value="1646"/>	-1%
Aug	<input type="text" value="1662"/>	<input type="text" value="1822"/>	10%
Sep	<input type="text" value="1586"/>		-100%
Oct	<input type="text" value="1612"/>		-100%
Nov	<input type="text" value="1646"/>		-100%
Dec	<input type="text" value="1706"/>		-100%

Exchange Rate Local Currency/US \$
 Date of Quote MM/DD/YYYY