



Foreign Agricultural Service

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## **Slovakia**

### **Livestock and Products**

#### **Restrictive Trade Practices Limit U.S. Genetics**

#### **Exports to Slovakia**

**2000**

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**Report Highlights:** Unfair market regulations and the dairy sector's uncertain future are hurting sales of U.S. bovine genetics to Slovakia.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Vienna [AU1], LO

**Introduction:**

Slovakia is the third largest importer of U.S. bull semen in central and eastern Europe (after Hungary and the Czech Republic) and about 80,000 doses, worth \$200,000, were exported to Slovakia from the United States in 1999. However, no U.S. firms are active in Slovakia due to strict regulations that discriminate against foreign firms.

The number of cattle in Slovakia has gradually declined from a peak in 1989 when stocks of cattle reached more than 1,600,000 head. Currently there are only 670,000 head of cattle, of which about 270,000 are breeding cows (not including heifers). The cows are distributed in about 1,500 herds with average size of 180 cows per herd. The breed distribution is as follows: 40% Holstein; 42% Simmental, 9% Pinzgau; and 9% other breeds. In the past few years, Holsteins have seen by far the most growth of any breed in Slovakia. Although the overall number of cattle has been decreasing, the number of Holstein cattle has increased. It is expected that Holstein cattle will further strengthen their position on the Slovak dairy market as dairy herds become more commercial in nature and professionally managed. About 40% of all Holstein cattle are registered in the Slovak herd book.

In 1999, the use of bovine semen reached 630,000 doses. While there are no official statistics, it is estimated that about 410,000 doses were produced in Slovakia and about 220,000 doses were imported from abroad. The United States is one of the largest exporters of bovine semen to Slovakia.

**Imports Hurt by Regulation:**

In the early 1990's, there were at least 14 companies importing genetic materials into Slovakia. In 1998, ostensibly due to the low quality of imported genetic material, the Slovak Government amended the 'Act on Breeding and Animal Breed Formation.' The strict conditions set by the Act have gradually cut down the number of importing companies to only two and, since the Act was passed, imports from the United States have fallen by over 50%. Under the Act, companies importing genetic material have to obtain a license to operate an insemination station. The Ministry of Agriculture approves operation of an insemination station only for those who: 1) raise a sufficient quantity animals to form the nucleus of a certified herd; 2) have the facilities to test offspring according to a breeding program; 3) have veterinary care and veterinary control over their herd; 4) can implement prescribed procedures for semen collection and processing. The Ministry is responsible for approving applications.

(Note: portions of the text of 'Act 149/1998 On Breeding and Animal Breed Formation' have been included as Appendix A to this report.)

Currently, there are only two companies certified to import cattle genetics. The largest firm is Slovak Breeding Services (SBS). SBS is a Slovak-owned company that imports semen from several U.S. firms. SBS has almost a 70% market share and annually supplies about 450,000 insemination doses. Roughly half of the doses are imported and half are produced from domestic bulls. Almost half of their imports originate from United States, roughly 80-90,000 doses.

The other genetic firm is Insemas, with about 30% market share. Insemas supplies about 200,000 doses annually and most of their imports originate from Canada. The company is 20% Canadian owned.

Insemas provides:

- a) Semen for Holstein, Simmental, Blonde d'Aquitaine, Charolais, Limousine, and Pinzgau breeds;
- b) Embryos for Holstein and Simmental;
- c) Services, such as AI, mating programs and planning, veterinary workshops, computer statistics on sires;
- d) Associated AI products, such as gloves; pipettes, and nitrogen tanks; and
- e) Sales of live breeding cattle.

Insemas is reportedly looking for a U.S. partner to improve their offering of Canadian genetics (which are believed to have sound body conformation) by including U.S. genetics (which tend to have higher milk yields).

### **Market Prospects:**

Due to the low purchasing power of farmers, general malaise in the farm sector, and barriers to foreign firms, imports of semen may well decrease in the near term. Milk consumption is also relatively low in Slovakia and stands at only about 165 liters annually per capita. However, Slovakia is negotiating for EU membership and, because dairy prices are much higher in the EU than in Slovakia, the future of the dairy industry will rest on the outcome of the negotiations. Many observers believe that dairy production quotas for EU-candidate countries will be based on an Olympic average of production between 1995-1999. Of course, Slovakia will argue for a different base period that results in a larger production quota. If and when Slovakia becomes an EU member, there will likely be a substantial increase in investment in the dairy sector in response to higher prices and foreign investment. As a result, there will be a growth in demand for high quality imported genetics. In the absence of EU membership, projections indicate that milk production will drop from 1,162,000 MT currently to 1,112,000 in 2006.

### **Taxes and Duties:**

There is a value added tax (VAT) of 10% on embryos and semen. Duties on imported semen are 0%.

### **Prices:**

The average price of a semen dose varies between 250 – 300 SKK. The figure may be misleading since high quality bull semen (mainly imported) may be several times more expensive than domestically produced semen. Testing doses are about half of the price and usually sold for about 120 SKK per dose.

Total production of insemination doses	630 000 Doses
Imports of insemination doses	220 000 Doses
Domestic production of insemination doses	410 000 Doses
Average price of an insemination dose	250 - 300 SKK
Price of test doses	120 SKK
Registration fee for proven bulls	20,000 SKK

Exchange rate 44 SKK per USD

### **Veterinary requirements:**

The State Veterinary Service certification requirements are as follows:

- 1) General Information Requirements: country of origin; veterinary authority; date and place of loading; means of transport; name and address of consignor; name and address of consignee; and destination
- 2) Data on the consignment of semen
- 3) Health report on the animal

### **Import statistics:**

#### **Imports of Bovine Semen Into Slovakia**

*In Thousands of \$US*

HS Code 051101	1994	1995	1996	1997	1998	1999	2000 1st Qtr
Canada	\$61	\$19	\$373	\$104	\$256	n/a	n/a
European Union-15	\$74	\$144	\$239	\$205	\$397	n/a	n/a
United States	\$332	\$254	\$302	\$838	\$436	\$194	\$40
Other	<u>\$219</u>	<u>\$157</u>	<u>\$26</u>	<u>\$25</u>	<u>\$88</u>	<u>n/a</u>	<u>n/a</u>
Total Imports	\$686	\$574	\$940	\$1,172	\$1,177	\$634	\$86
U.S. Market Share	48%	44%	32%	72%	37%	31%	47%

## Technical Data

Settle rates for heifers stand at about 32 per 100 attempts. Rates for cows are about 85 per 100 attempts. The ability of cows to conceive declined by about 6 % in recent years and calf mortality rose slightly. The number of reared calves dropped down to 81.8 calves per 100 cows in 1999 compare to 88 calves in 1998. Rates for heifers were lower. While general data show a level of development in animal breeding that is below U.S. or EU levels, there are some large farms that are quite well developed and competitive. There is a wide range of herd management skills and practices in Slovakia.

In 1999, the interval period (from calving to mating) was 77 days and the service period (from calving to pregnancy) was 128 days. Total inseminations in 1999 reached 629,930 with an overall calf rate of 43.3% (for heifers and cows combined).

Data on cattle reproduction in the Slovak Republic in 1999:

<b>1<sup>st</sup> Inseminations</b>	<b>Total Inseminations</b>	<b>Calf Rate</b>	<b>Interval</b>	<b>Service Period</b>	<b>Cows</b>
215,839	460 498	40.3	-	-	Heifers
68,745	106 766	56.5	-	-	Reinseminations
-	62 666	-	-	-	<b>Total</b>
<b>284,584</b>	<b>629,930</b>	<b>43.3</b>	<b>77.4</b>	<b>128.7</b>	

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**Appendix A - Excerpts from Act 149/1998**

According to the Act 149/1998 “On breeding and animal breed formation ” in § 24 “Terms of purchase and sale of breed animals, their semen, eggs, embryos and hatched eggs”,

(3) sire semen can be purchased and sold only by the operator of insemination station according to § 20 section 3, if

- a) semen quantities or their containers are labeled,
- b) it meets the quality criteria applying to the particular farm animal species.

(3) Imports, and sales of semen from abroad can be done only by breeder organizations operating insemination station, if semen

- a) meets conditions stated in section (3),
- b) is accompanied by the document indicating the origin of a sire, from which semen was collected, and the document was issued in the country of export by an organization administering the herd book,
- c) is accompanied by a document indicating the origin of a sire, from which semen was collected (§ 14 section 3 – “Authorized breeder organization will issue a document on the origin verification”),
- d) meets the veterinary conditions for imports including quarantine,
- e) is accompanied by the certificate of suitability for breed formation issued by a certified breeding organization.

(7) Imported eggs and embryos can be purchased and sold by breeders directly or through breeder organizations if

- a) quantity or container are marked,
- b) eggs and embryos comply with veterinary conditions,
- c) eggs are accompanied by the certificate of origin or a document on the origin of genetic mother and in case of embryos also document on father's origin,
- d) imported eggs and embryos passed through quarantine.

§ 20

(2) The Ministry approves establishment and operation of an insemination station only for those who

- a) raise sufficient quantity of sires certified for breed formation,
- b) have conditions to perform testing of young sires in the extent determined by the breeding program,
- c) have veterinary care and veterinary control ensured for their herd,
- d) by means of technical equipment and professionally qualified employees implement prescribed procedures of semen collection and processing.

(2) Establishment and operation of an insemination station, from which semen is distributed, can be allowed only to a breeder organization.

(3) Approval of the establishment and operation of insemination station is issued by the Ministry for the maximum of ten years.

(4) Operator of insemination station keeps prescribed records about sires and those records are forwarded to the central registry of breeding data.