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EMP Increase of Exports of US Livestock Genetics to Eastern Europe

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Report Highlights:
The regional EMP activity "**Increase of Exports of U.S. Livestock Genetics to Eastern Europe"** gathered almost 600 participants representing livestock industries, scientists and government officials from Latvia, Lithuania, Bulgaria and Romania. Apart from technical knowledge, participants of seminars and roundtable meetings learned about the breeding quality of U.S. livestock genetics and modern technologies in evaluation of breeding value of animals. The trip to the U.S. for government officials combined with the round table meetings organized in each of participating countries created a solid basis for discussion on existing barriers and potential development of exports of U.S. livestock genetics to the region of Central and Eastern Europe. Although perception of U.S. livestock genetics in the region of Central and Eastern Europe is very positive, strong competition based mostly on lower prices from West-European suppliers has been hampering direct sales of bovine semen from the United States. The EMP activity clearly indicated a need for follow-up programs which would target producers, the AI industry in the region, and strengthen links between the U.S. suppliers and importers.

In addition to genetics more promotion of modern technologies of animal feeding, dairy and beef herd management technics and animal housing technologies is needed as well.

General Information:
Emerging Markets Program
Increase of Exports of U.S. Livestock Genetics to Eastern Europe
Final Report
Prepared by FAS Offices in Warsaw, Bucharest and Sofia

Introduction

The program was coordinated by FAS offices in Warsaw, Sofia, and Bucharest, with targeted partner U.S. Livestock Genetics Export, Inc. (U.S. LGE). The primary target was Eastern Europe, including Bulgaria, Latvia, Lithuania and Romania.

The activity contained two sub-components:

I. A team of four government officials, one selected from each target country, traveled to the United States for a two weeks program from March 8-22, 2014 to engage U.S. government and industry officials on the U.S. system, to observe it in practice through farm visits, and to attend an event where superior genetics were on demonstration for direct comparisons. The study tour was coordinated by the U.S. LGE in consultation with FAS Warsaw, FAS Sofia and FAS Bucharest. The following government officials participated in the study tour: Ms. Ligija Ozolina, Senior Officer, Livestock Production/Animal Breeding, Ministry of Agriculture of Latvia; Mr. Arunas Jurgaitis, Director of State Animal Breeding Service in Lithuania (Please note that Mr. Jurgaitis was replaced at the position of the Director just after his return from the trip); Dr. Maximilian Dragan, General Director, National Sanitary-Veterinary and Food Safety Authority, Romania; Dr. Georgi Nedyalkov, State Expert, Meat & Milk Department, Ministry of Agriculture & Food, Bulgaria and Dr. Agnieszka Staniszewska, senior Specialist in the Department of Food Safety and Veterinary, Ministry of Agriculture and Rural Development, Poland. (Please note that cost of Polish participant was paid from the Polish Local Currency Fund separate from the EMP funding).

The detailed activity report and list of contacts prepared by Dr. Martin Sieber, a private consultant (AgDevelopment) and representative of Livestock Exporters Association of the USA, who coordinated the study tour in the United States on behalf of the USLGE is attached to the report.

I. From April 7 to April 18, 2014, four one-day seminars focused on dairy and beef genetics and herd management were conducted in Latvia, Lithuania, Bulgaria and Romania. The seminars targeted breeder associations, producers, representatives of government agencies, veterinary services and scientists involved in this area of dairy and beef cattle breeding and management. The seminars focused on latest developments in U.S. livestock sector, from genetics to herd management including information on new breeding techniques and strength of U.S. breeds were presented by the following three U.S. experts hired by USLGE:

- Dr. Martin Sieber, private consultant (AgDevelopment) and representative of Livestock

Exporters Association of the USA.
- Professor Robert M. Kaiser, Professor Emeritus, University of Wisconsin-Extension/ Cooperative Extension Service.
- Professor Scott Jensen, University of Idaho-Cooperative Extension Service.

e day seminar was divided in two sessions:

- Dairy Cattle Genetics and Management, and
- Beef Cattle Genetics and Management.

e agenda for the seminars is attached.

e seminars in each country focusing on U.S. bovine genetics and herd management were followed by a "round table" sessions between U.S. experts and either government, breeders associations, and/or scientists. The round tables allowed the organizers to focus specifically on concerns/constraints to entering markets of the target countries.

Please see below detailed report on the seminars and "round table" meetings in each country.

Latvia, April 6-7, 2014

Seminar was co-organized and hosted by Faculty of Animal Science of the Latvian University of Agriculture in Jelgava near Riga. The University was represented by Professor Petris Rivza, Vice Rector, Professor Aleksandrs Adamovics, Director of Institute of Agro-biotechnology and Professor Elita Aplocina, Faculty of Animal Science. Almost 100 participants attended the seminar. The audience consisted of dairy and beef cattle breeder associations, extension service officers, scientists and students. The Ministry of Agriculture was represented by Ms. Lidia Ozolina from the Department of Agriculture. The US Embassy in Riga was represented by Guntars Vicmanis from the Pol/Econ section. The audience well represented Latvian livestock industry and research. Although the majority of participants represented dairy industry there is a growing interest among Latvian farmers in developing beef cattle breeds driven mostly to payments/subsidies authorized under CAP for pro-ecological production.

The roundtable meeting was held at the Livestock Production and Pedigree Division of the Latvian Ministry of Agriculture. The meeting, chaired by Gita Jansone, Head of the Division, was attended by 12 participants representing the Ministry of agriculture, Holstein Association, National Association of Animal Breeders, Association of Beef Cattle Breeders and Scientists.
Latvia entirely relies on imported life bulls and bovine semen imported from the Netherlands, Germany, Denmark, Canada, and the US. Although use of genomically tested bulls in breeding and commercial herds is allowed, there is a need for more training and information on evaluation and proper use of these bulls, as well as comparison of Latvian bulls to the imported bulls.
Beef production in Latvia is limited due to lack of tradition in consuming high quality beef. There is steady demand for exports of calves originating from commercial crosses of local cattle with beef breeds (mainly Limousine) to Western Europe for finishing. Beef cattle breeders realize that it would be more efficient to finish fattening calves in country and export meat but most farmers have very limited knowledge about the technology for finishing beef cattle. There was also interest expressed in additional training on animal nutrition and in learning more about beef cattle auctions.

Lithuania, April 9-10, 2014

The seminar in Kaunas was held at the Lithuanian University of Health Sciences on April 9, 2014, and was coordinated by Professor Ilona Miceikiene, Head of the Institute of Biology Systems and Genetic Investigation at the Faculty of Animal Husbandry Technology Lithuanian of the Veterinary Academy of Kaunas. Approximately 170 people attended. The seminar was incorporated into the cyclical training program for the veterinary practitioners organized by the Veterinary Continuing Learning and Consultation Center of the University of Health Sciences in Kaunas. Although the veterinary practitioners stated for the majority of the audience the organizers also invited to the seminar representatives of Lithuanian breeders organizations and representatives of the government agencies responsible for livestock breeding policy. The seminar was preceded by a presentation on cattle reproduction presented by the Turkish scientist sponsored by French Animal Drug Company CEVA. It is important to note that in Lithuania the veterinary service plays a primary role in artificial insemination and in many cases veterinarians also serve as advisers to farmers on genetics most suitable for their herds.

The round table meeting was held on April 10, 2014, in Vilnius at the Ministry of Agriculture of the Republic of Lithuania. The meeting was organized by the Department of Agricultural Production and Food Industry and chaired by Rimantas Krasuckis, Director of the Department. Apart from the Ministry of Agriculture officials all breeders associations participated in the meeting and presented strong interest in U.S. genetics and future cooperation. However, it is worth to note that the breeders associations and AI industry are still fragmented and it is difficult to identify one strong farmer's organization which could be a major partner for future joint programs.

Bulgaria, April 14-15, 2014

On April 14 and 15, FAS Sofia teamed with the U.S. Livestock Genetics Exporters Association (USLGE) to promote U.S. dairy/beef cattle genetics supported through USDA's Emerging Markets Program. On April 14, Trakia University provided the venue for technical seminars by three USLGE experts on genetics, animal nutrition and herd management. 170 participants attended after only 100 had pre-registered. Rector Prof. Ivan Stankov (ex-Ag Minister during Caretaker Cabinet in 2013), opened the seminar that attracted a broad swath of professors at the University with interests from animal genetics to feed nutrition. Genomic testing, a new technology gaining rapid adoption globally, was introduced to the audience. In Bulgaria, two of four U.S. genetics companies offer such selection service but the technology is relatively unknown here. Specialized media provided broad coverage of the seminar, such as Agrozona magazine and websites; farmer.bg; fermer.bg and Agro TV – 24 hours specialized Ag channel with national coverage. As of today, the TV interviews with Michael Henney, Ag Attaché, and the three U.S. experts, have been broadcasted six times with 250 entries.

On April 15, the Ministry of Agriculture and local breeder associations engaged the U.S. delegation in a round table discussion on regulatory challenges for U.S. genetics in the market. Ag Minister Grekov unexpectedly replaced DM Gechev to open the round table held at the Ministry. The discussion revealed a stronger than expected interest in the new technology which DM Gechev reinforced in a follow-on working lunch with Michael Henney.
In calendar year 2013 U.S. animal genetics exports to Bulgaria increased by 105 percent (in value), and six percent (in volume) and now ranks first with the largest share on the market. This was the first time in three years the U.S. has held the top supplier position as the main competitor – Germany, has been the leader. According to importers of U.S. genetics, actual trade is even higher with the expectation for

increased trade this year.

The value of US exports of bovine genetics versus total imports by Bulgaria:
2011: U.S. - 45,000 USD, total imports - 396,000 USD
2012: U.S. - 57,000 USD, total imports - 276,000 USD
2013: U.S. - 118,000 USD, total imports - 361,000 USD

For 2014 the U.S. sales projection is at 150 000 USD, while within the next 2-3 years value of exports of U.S. bovine genetics to Bulgaria may reach 300,000 USD. The one possible hitch to this rapid expansion would be if talk of requiring suppliers to work through AI centers and not directly to breeders turns into fact.

Romania, April 16-17, 2014

On April 16, 2014, FAS Bucharest partnered with the USLGE to conduct a seminar focused on the role of high-quality genetics and feed nutrition in cattle to an audience of almost 150 participants. Three US experts captured participant's attention with detailed discussion on recent changes in the genetic evaluation system for U.S. dairy cattle, importance of forage quality in dairy diets, breeding, reproduction and management guidelines for beef calf/cow operations. The Ministry of Agriculture hosted the seminar through its Agency for Livestock Reproduction and Improvement.

The seminar audience included farmers – medium and large, breeders associations, U.S. genetics importers, representatives of bovine research institutes, professors, feed ingredients suppliers, representatives of local Government authorities with responsibilities in livestock improvement, representatives of Ministry of Agriculture and the Romanian Parliament.

All topics were very well received by the participants, judging from the live debates ignited by these themes and the number of questions addressed to the U.S. speakers. On dairy topic, questions from the audience varied from the impact that genomic evaluation has on classical evaluation methods and percentage of genomic bulls used for artificial insemination to alfalfa moisture level before diverting for silage, the harvesting moment for alfalfa or the level of feed concentrates in the feed ratio. On beef, participants were interested in learning more about the feeding practices, restrictions in the number of animals per acre, animal welfare concerns in the U.S., consumer perception on the beef meat originating from different breeds, and price variance by breed.

On April 17, the second day, the Ministry of Agriculture hosted a round-table focused on the role of high-quality genetics in the improvement of the cattle sector. Secretary of State Tamas Nagy, who is charged with Livestock Policies, and FAS Agricultural Counselor, Michael Henney, opened the round-table. In the first part of the round-table, Dr. Martin Sieber, USLGE, briefly described the Genetic Resources Management for dairy and beef in United States, while the Romanian Veterinary and Food Safety Authority representative shared with the audience his impressions from his U.S. training program in March 2014.

The latter presentation set the scene for discussion on the role of high-quality genetics and new technologies in improving the local cattle herd. Although the host had the tendency to want to expand the discussion beyond the cattle genetics and management, U.S. representatives were able to keep the discussion focused to underline the importance of creating a non- restrictive framework for farmers and

breeders by which to ensure normal flow of U.S. genetics for their access. The round-table discussion was crucial given the latest proposal drafted by the Ministry of Agriculture meant to regulate several areas which pertain to the livestock and compound feed industry. The draft itself is intended to be a general framework for how compound feed production, livestock breeding, animal raising, animal feeding, animal reproduction and species conservation should function. In its current form, the draft creates restrictions for the frozen semen suppliers as well as farmers in marketing genetics on the Romanian market, over-empowering the animal breeders associations. The U.S. genetics exporters are highly concerned with the impact that the above law would have on the market. Given the high concerns generated by the draft law, sharing the experience of United States regarding the genetics organizational structure, and farmers' freedom in selecting bull types was very meaningful.

United States ranks second in the hierarchy of frozen semen suppliers on the Romanian market in terms of value. In 2013, the U.S. genetics export value reached 145,000 USD, which represents a double-digit figure increase compared to the previous year. In 2013, U.S. performance was remarkable, given the fierce competition which characterizes the local genetics market (Belgium, Germany, Canada, the Netherlands and Switzerland). In 2013, total bovine semen import value climbed to 971,000 USD, which is 24 percent higher compared to the previous year. Assuming the market remains open and attractive to US genetics suppliers, U.S. exports are likely to grow by 50-75 percent in value in the coming three years.

Final Financial Report

	EMP funding in a form of a grant to the USLGE
I. **Seminars and round table meetings**	
a. Travel for 3 U.S. experts to the region (12 days): • M&IE • Insurance • Lodging • Transport	 $2,902 $ 152 $3,832 $5,341
Subtotal (a)	$12,227
a. Expert fees for travel to the region and 8 days of seminars/expert presentations including preparation	$11,760
a. Local transport	$1,296
a. Venue, translation and facilities for seminars and round table meetings	11,681
a. USLGE administrative fee (including $599 Government Contractor Registration Fee)	$8,719
Subtotal I	**$45,683**
I. **U.S. visit component**	
a. Travel of the team of four policy makers to U.S. for 14 days: • Per Diem • Lodging	 $4,211

• Air fare • Insurance • Other (car rental, tolls, fuel, mileage, meeting room) a. USLGE - Team schedule development/escort	$7,813 $8,477 $206 $2,863 $8,800
Subtotal II	**$32,370**
TOTAL (I+II)	**$78,053**

Executive Summary:

The regional EMP activity "**Increase of Exports of U.S. Livestock Genetics to Eastern Europe"** gathered almost 600 participants representing livestock industries, scientists and government officials from the target countries. Apart from technical knowledge, participants of seminars and roundtable meetings learned about the breeding quality of U.S. livestock genetics and modern technologies in evaluation of breeding value of animals. The trip to the U.S. for government officials combined with the round table meetings organized in each of participating countries created a solid basis for discussion on existing barriers and potential development of exports of U.S. livestock genetics to the region of Central and Eastern Europe. Although perception of U.S. livestock genetics in the region of Central and Eastern Europe is very positive, strong competition based mostly on lower prices from West-European suppliers has been hampering direct sales of bovine semen from the United States. The EMP activity clearly indicated a need for follow-up programs which would target producers, the AI industry in the region, and strengthen links between the U.S. suppliers and importers. In addition to genetics more promotion of modern technologies of animal feeding, dairy and beef herd management technics and animal housing technologies is needed as well.

Difficulties Encountered

Late allocation of the EMP funding within the fiscal year created difficulties in organization of the program and recruiting experts resulted in a need to transfer EMP funding in a form of a grant to the USLGE in order to carry out the program.

Accomplishments/Follow Up:

On the basis of the information gathered during the activities it is possible to project an almost 100 percent increase of the value of U.S. exports of bovine semen to the region within the next three years (see the table below). However, achievement of such an ambitious goal will be possible if follow-up activities in a form of EMP projects and other marketing programs would be implemented in the area in the near future.

Inventories of dairy cows and projection of imports of bovine semen from the U.S. to the target countries.

	Dairy cow inventories (000 head)	Value of Imports (US$)		
		2013	2014 (est.)	2015 (forecast)
Latvia	165	51,000	70,000	90,000
Lithuania	316	242,000	300,000	350,000
Bulgaria	316	118,000	150,000	300,000
Romania	1,192	145,000	190,000	250,000
Total	**1,989**	**556,000**	**710,000**	**990,000**

Cooperation:

USLGE was the primary cooperation partner for the EMP project, however, it received support from the local Universities, Ministries of Agriculture and breeding associations in the participating countries.

Principals:

Please see attached detailed reports from the activities with detailed description of the area of expertise and U.S. and foreign organizations involved in the project.