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THE ROMANIAN EXPORT OF LIVE ANIMALS – A FAR-REACHING ACTIVITY?

MARIANA GRODEA, IULIANA IONEL¹

Abstract: *In the period 2003-2014, Romania became an important source for the export of live animals (bovines and sheep), both for the intra-Community trade and for third countries. Although in the same period the imports consisted mainly of breeding animals, the balance of trade was constantly positive. The method used in the paper was the comparative analysis of trade-specific set of indicators, the main information sources being international information, reports and studies, FAOSTAT and EUROSTAT statistics. From our analysis, it results that that Romania practiced a conjuncture export, as the herds specialized in meat production, both in the case of bovines and sheep, have a significant share in total livestock herds. The reason why Romania is agreed as supplier of live animals is rather represented by the raising of animals under extensive system, where feeding is mainly based on grazing.*

Key words: *import, export, bovines, sheep, balance of trade*

INTRODUCTION

Having in view that exports represent the most relevant criterion to evaluate product competitiveness, from the analysis of the evolution of the Romanian trade with live animals (bovines, sheep and goats) in the period 2003-2014, an increase of imports could be noticed by 4.7 times in bovines and by 6.8 times in sheep, compared to the dynamics of exports, i.e. 1.2 times in bovines and 1.3 times in sheep respectively.

Starting from the current performance of the Romanian exports, as well as from the challenges existing at European and world level, it is considered that the strategic option for Romania should focus on a competitive, diversified and sustainable export, based on high value added and high specialization in the world trade [1].

Our analysis started from **the presentation of the main trends in the Romanian trade with live animals in the period 2003-2014** (including the crisis and post-crisis years), at Community and extra-Community level, highlighting the main characteristics of the intra- and extra- Community trade. In the light of those presented above, our analysis has as main objective the identification of Romania's advantages and disadvantages in the trade with live animals, in the context of the deep structural changes worldwide and at Community level, and on their basis, the presentation of recommendations and proposals for the decision-makers at macro-economic and micro-economic level.

Since the 2000s, more than one-third of beef production, at world level, has been absorbed by only three countries: USA, Japan (about 60% of imports from the Asian area) and Russia, which became the three great world importers on this segment. These are followed by countries like South Korea, EU-27, Egypt and China. The increasing demand mainly comes from the Asian countries (Vietnam, Hong Kong, Malaysia, Philippines), from Latin America and Middle East. In Asia, beef demand grew by 3% per year in the period 2003-2014. The greater demand is explained by the increase of the population's living standard, as well as by the domestic production that in certain cases is insufficient for meeting the demand.

At present, a deficit of mutton can be noticed on the EU market, so that in order to meet the ever-increasing consumption needs, mutton is imported from Australia, Brazil, New Zealand and Argentina. With support to mutton production in Romania, the import needs of the European Union could be covered and domestic production would increase [2].

MATERIAL AND METHOD

As regards the **method and working tools used** for the purpose of this paper, we mention that we made a comparative analysis of the trade with live animals between Romania and the EU-28 member states

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and extra-Community countries. In this approach, we used foreign trade statistical data from the National Institute of Statistics, Eurostat, Faostat, <http://exporthelp.europa.eu/thdapp/comext/ComextServle>.

This investigation was completed by the analysis of the multitude of factors that constrain the development of Romania's trade with countries outside the European Union.

We reviewed the recommendations identified so far and we also focused on possible solutions for the exporters from Romania, so that, on their basis, these could improve their performance and face competition both on the domestic and third markets.

RESULTS AND DISCUSSIONS

Bovines

Although the raising of bovines is a traditional activity for the rural population and mainly for the people in the mountain area, the bovine herds steadily decreased in the period 1990-2013 (by 62%), beef production being concentrated on the small and medium-sized farms. The small prices offered by slaughterhouses made the great majority of small cattle raisers – natural persons – who have 92% of total herds, to produce mainly for self-consumption and to sell part of their production on the free market. Thus, in the year 2013, beef price in euro /100 kg live weight in Romania was 141 euro, compared to France (353 euro) and Poland (231 euro).

The most important challenge of the Romanian agri-food sector before and after the accession to the EU was to conform to the European food safety and quality standards throughout the agri-food chain. This has had a most significant impact in the meat and dairy industry, where the standards were the most severe. By the end of 2013, in Romania there were 306 agri-food units, red meat sector, in conformity with the EU standards, and 168 units processing milk at European standards.

In Romania, the beef demand is lower, due to consumers' traditional preference for pork; hence, the processed beef consumption accounted for 9.4% of total meat consumption, i.e. 5.1 kg/capita in the year 2013 (about 3 times lower than the average consumption in the European Union). At present, the largest quantities of beef on the Romanian market come from imports, which grew by about 80% in the period 1990-2013, while exports are mainly represented by live animals, i.e. steers at about 120-150 kg. The support measures for the beef cattle sector, represented by transitory national aids, have not reached their objectives as regards producers' stimulation; yet the new measures, introduced through PNDR 2014-2020 (coupled support, de minimis aid for the procurement of heifers), will contribute to the increase of herds and of beef production implicitly.

Sheep and goats

In Romania, sheep and goats are most often raised under extensive system, which presupposes low operation costs. In the period 1990-2013, the sheep herds decreased by 35%, this trend continuing after the accession, while the goat sector experienced the greatest increase as regards the goat herds (+31%). Mutton price in Romania was lower in the year 2013 (99 euro/100 kg live weight), compared to other EU countries (France – 675 euro, Poland – 167 euro).

The Romanian consumers' preferences for mutton and goat meat largely differ by regions: a greater consumption of this type of meat is found in the south-eastern regions, bearing Greek and Turk influences and the region Center, with tradition in shepherding. In the year 2013, the mutton and goat meat consumption amounted to 2.4 kg capita (4.4% of the total meat consumption).

There have been a permanent trade surplus in the trade with sheep and goats, mainly live animals for slaughtering being traded.

The new support measures for the sheep and goat sector (transitory national aids and coupled support) under NRDP 2014-2020 will make it possible for the Romanian producers to better organize the fattening of young sheep and to seize the opportunity to earn good incomes by

exporting significant quantities of carcass meat, having in view the penetration on the Far East markets, where Romania's geographical position does not permit the export of live animals.

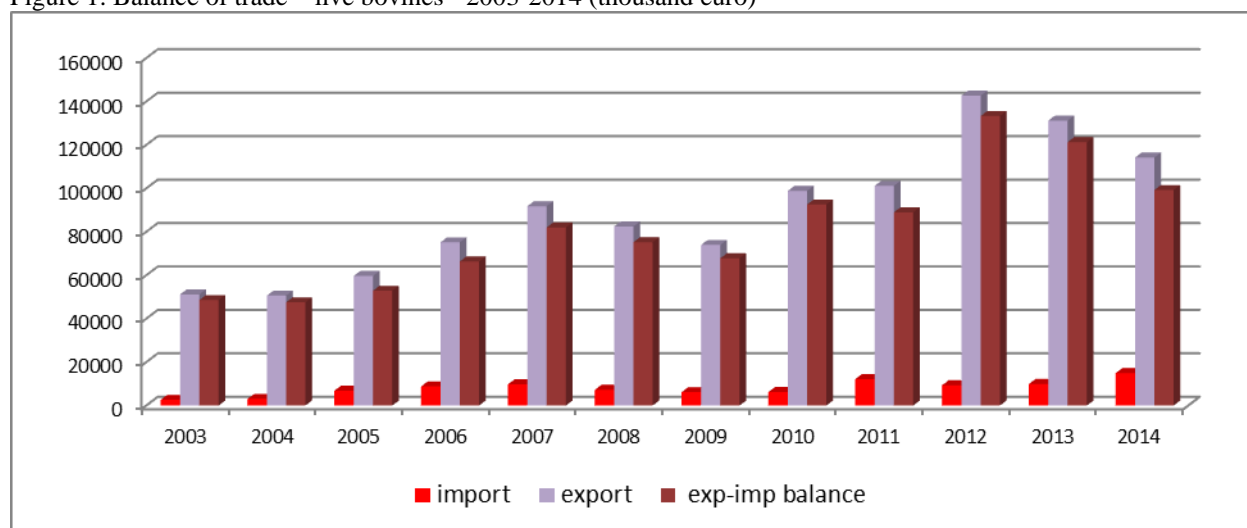
Trade with live animals – Romania's position in the intra- and extra- Community trade

According to the calculations made on the basis of Eurostat statistical data, at intra-Community level, in the year 2014, as regards the *export of live cattle*, in value terms, Romania was on the 7th place (2.73%) in EU-28 and on the 15th place (0.59%) *at the import of live cattle*. At extra-Community level, the main destinations of Romania's exports were Lebanon -31%, Israel-22% and Jordan 20%. At intra-Community level, the Romanian exports went to Italy -33%, Croatia -22% and Spain-20%. The imports of live cattle had the intra-Community partners as main suppliers, the main partner being Germany -24%, followed by Hungary -22% and the Netherlands-15%.

As regards the trade with *live sheep and goats*, Romania is on the first place among the EU-28 countries in *exports* (21%), followed by Hungary (20%) and Spain (18%) and on the 13th position in *imports* (0.61%). In the year 2014, the live sheep and goat exports had as main destination the following extra-Community countries: Libya-63% and Jordan-32%. Romania's exports to intra-Community countries went to Greece -38%, Italy-26%, Bulgaria-23%. Imports mainly came from Hungary (41%) and from the Netherlands-32%.

As it can be noticed in the figure below, in the period 2003-2014, the balance of trade in live bovines was permanently positive (Figure 1)

Figure 1. Balance of trade – live bovines - 2003-2014 (thousand euro)



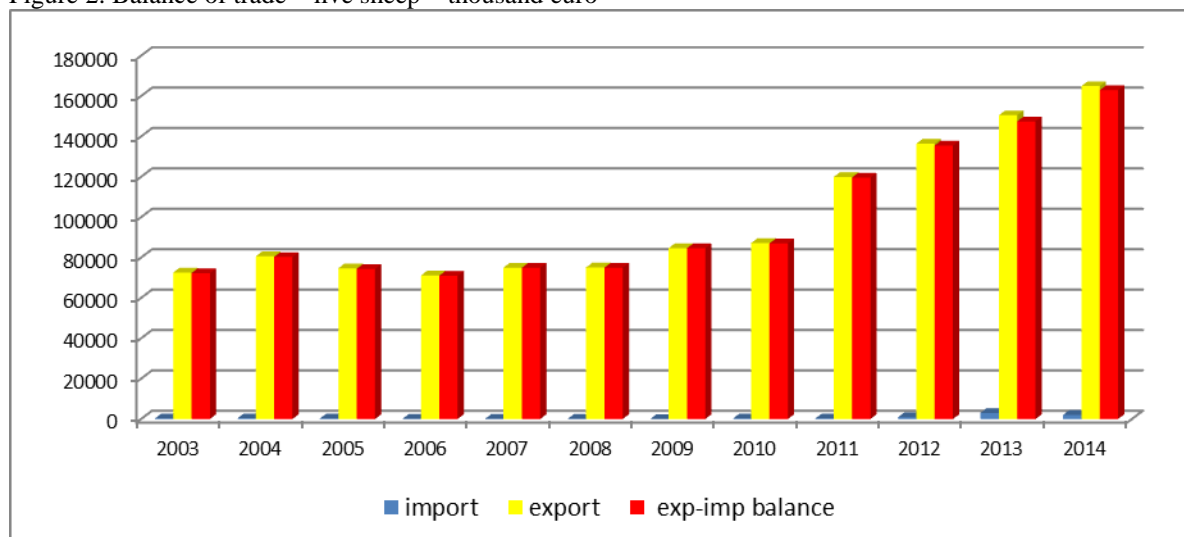
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The biggest trade balance was in the year 2012 (133320 thousand euro), up by 49% compared to previous year, on the basis of the decrease of imports by 23% and export increase by 41%.

In the year 2014, compared to previous year, the value of live bovine exports both in intra- and extra-Community countries decreased 6.5% and 13% respectively. As regards imports, the value of imports from extra-Community countries decreased by 75%, while the value of imports from intra-Community countries increased by 52%.

Following the analysis of the value of imports and exports in the year 2014, we could notice that both in the Community and in the extra-Community area, the value of exports is net higher than the value of imports; in the case of live sheep and goats the balance of trade was positive on the basis of the permanent growth of exports in the period 2003-2014 (Figure 2).

Figure 2. Balance of trade – live sheep – thousand euro

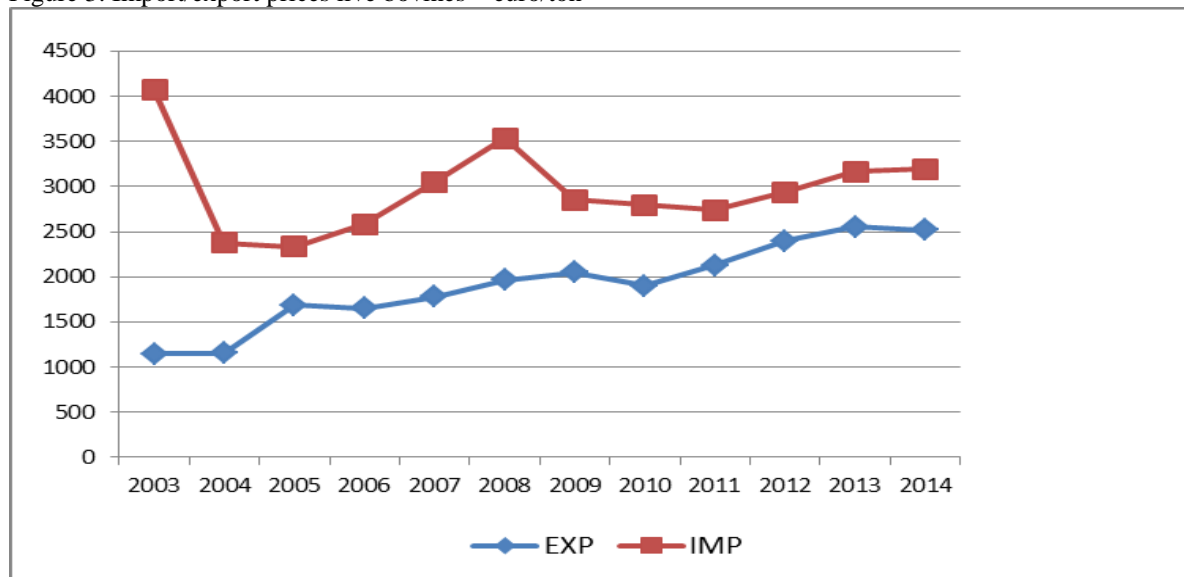


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The greatest revigoration began in the year 2011, with the highest balance of trade in the year 2014 (162880 thousand euro). Beginning with the year 2009, Romania no longer imported live sheep and goats from the extra-Community area. The imports from the intra-Community area significantly increased instead; thus, in the period 2010-2014, imports increased 9.3 times. The sheep export almost entirely depends on the orders that come from North Africa and the Middle East. Thus, in the year 2014, 68% of the Romanian exports were covered by the deliveries to Libya (75.7 mil. euro) and Jordan (38.1 mil. euro).

As it can be seen from the figure below, the import price of live bovines exceeds the export price of live bovines (Figure 3).

Figure 3. Import/export prices live bovines – euro/ton

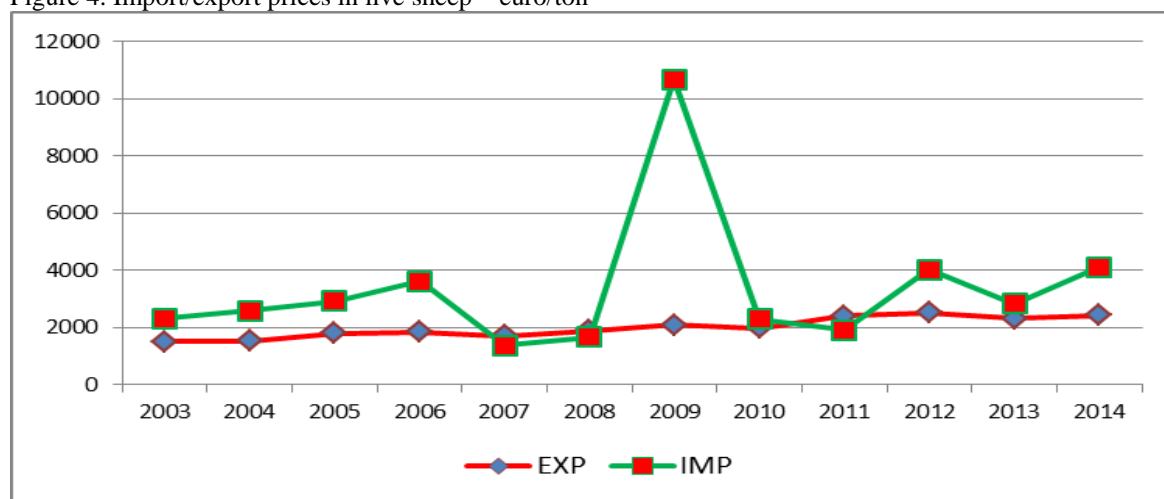


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As regards its evolution, in the period 2003-2014, the import price had a significantly decreasing tendency in the period 2003-2004 and increased in the period 2004-2008; after that, its evolution experienced a slight diminution, to get stabilized at 3197 euro/ton in 2014. As regards the export price, we could notice its increasing tendency throughout the investigated period 2003-2014, to reach 2517 euro/ton in the year 2014.

In live sheep and goats, the two (import and export) prices are relatively close, even though the import price is slightly higher than the export price. An exception is the year 2009, when the import price had the highest value, i.e. 10680 euro/ton (see Figure). This was the result of the severe drought in Australia and Latin America, which led to higher grain prices and consequently to the significant decrease of animal herds and of meat production. On the other hand, the middle class from the strong emergent countries such as China or Brazil, which is under full expansion, is increasingly interested in a diet rich in proteins, putting a pressure on this industry by the increasing demand.

Figure 4. Import/export prices in live sheep – euro/ton



Source: <http://exporthelp.europa.eu/thdapp/comext/ComextServlet?languageId=EN&CFID=3643232&CFTOKEN=42354002&jsessionId=643038c411e8b4454515>

CONCLUSIONS

Due to the much higher subsidy than the subsidy for dairy cows, as well as to the increasingly higher beef demand on the Romanian and export markets, the Romanian farmers got oriented to more profitable animals in the last years, shifting to meat breeds, even before April 2015, when the milk quotas were removed. An important condition for the Romanian bovine raisers to have profit is to have integrated production systems based on agricultural land areas on which the necessary fodder should be obtained.

Another issue to be mentioned is the possible opening of the two great markets, after the blockage determined by the bluetongue disease, which are extremely important for Romania, namely China and Turkey. This could contribute, together with the continuation of exports to Libya and Jordan (extra-Community countries) or to Italy, Croatia, Spain, Greece (intra-Community countries), to the revigoration of the livestock sector in Romania, a sector that would bring value added and also fructify the crop production.

The analysis of data and information proves that among the main determinants of success on the export markets, one could mention a good knowledge of the foreign competitors and a higher quality of products compared to similar products on the foreign markets.

The main foreign trade efficiency growth modalities in live animals and processed products are the following: diminution of production costs, higher processing level of products, increase in the quality of products and services for export, labour productivity increase, identification of export niches and product specialization, increasing the complexity and diversification level of products for export, modernization and adaptation of export product presentation modality at the level of foreign market requirements.

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