

HOW COMPETITIVE ARE THE BUSINESS INVOLVED IN THE PROCESSING AND PRESERVATION OF POULTRY MEAT IN ROMANIA?

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Abstract

This paper aimed to analyse the situation on the market of the main enterprises from Romania involved in the processing and preservation of the poultry meat. The research method is based on a quantitative approach, and it is made at county and national level. We grouped the specialized enterprises in processing and preservation of poultry meat by county and analysed their dimensions, related with their number of employees, the turnover and the profit they made. The results indicated that the number of active businesses in this field is not large enough and their economic results can be in most cases highly improved in the next years.

Key words: poultry meat, processing and preservation, business, Romania

INTRODUCTION

After several years of decline of Romanian poultry livestock [9, 10], some signs of recovering were seen in the recent years when the entire poultry livestock increase up to 7.82 million heads in 2022 from a last decade minim of 7.11 million heads, recorded in 2020 [8]. Around 47% from the all-poultry livestock was dedicated to the meat processing. As any other business, the one involved in the processing and preservation of poultry meat aimed to increase their turnover and profit, based on their high-quality poultry meat products, their integration in the poultry meat chain [5], also on their investments and innovative approaches, targeted on increasing safety and quality of their production operation. The consume of poultry is usual compared with the other meat option for consumption, based on nutritional aspects [3, 9]. While the poultry meat is leading over the meat market in relation with the production period and costs, feed efficiency, and opening on the large urban cities, the world poultry consumption is anticipated to grow, by 15% until 2032 when will account over 2/5 from the all-protein consumption from meat [1]. In Romania, local researches indicated that most

part of the population consume poultry meat and over 2/3 of buyers use to shop this type of meat each week [2]. Despite some changing in buying and cooking behaviour, registered on the important international markets [2] the poultry industry is adapting to the market even if some certain events as avian influenza [12] and Covid 19 [4, 6, 11] affected this sector. In this context, the purpose of this study is to analyze the situation of the main Romanian enterprises involved in the processing and preservation of the poultry meat.

MATERIALS AND METHODS

For this paper we used data provided by the Romanian Ministry of Finance, through its official web site [7]. The data were analysed at the county level. We used the economic indicators as number of employees, the turnover and the profit, in order to evaluate the situation in the sector. We also made an analyse in relation with the recent evolution of the top enterprises that activated on the market.

RESULTS AND DISCUSSIONS

In the fiscal year 2021 in Romania activated 69 enterprises, having the main activity poultry

processing of meat and its preservation. Since around 40% of them didn't have any employees, is not surprising that for the fiscal year 2022 their number decreased at 31 and their overall situation anticipate even a higher reduction in the next years if no other enterprises will replace them on the market. If in 2021 the main enterprises that activated on this market were situated in Alba County, Bacău County and Vaslui County, having a total market share of over 64%, in 2022 the main enterprises were found in Alba County, Vâlcea County and Bacău County, with a share of market of over 59%. Bucharest is the Romanian location for most of the enterprises [6] that have activated in the field of poultry processing of meat and its preservation, followed by Braşov County and Constanţa County with 5 enterprises (Fig.1).

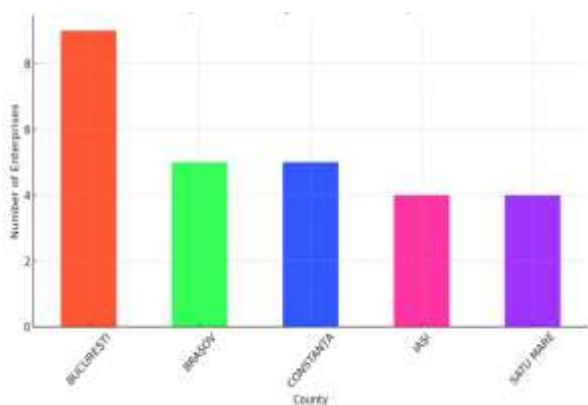


Fig.1. Total counties with the highest number of enterprises in the field of poultry processing of meat and its preservation in 2022
 Source: Ministry of Finance from Romania, Official website [7].

In 2022, Alba County (2,276 employees), Bacău County (1,985 employees), Vâlcea County (855 employees) and Vaslui County (843 employees) were the counties with the biggest number of employees in the enterprises that activated in the processing of meat and its preservation sector (Fig. 2). They account over 45% from the all number of workers in the enterprises specialized in processing of meat and its preservation. Over 22% from the enterprises involved in this sector didn't have in 2022 any employees recorded in the official reports. Comparative, in 2021, Bacău County (1,862 employees), Alba County (1,713 employees) and Braşov County (796

employees) cumulated over 70% from the all number of employees in the enterprises specialized in the poultry processing of meat and its preservation.

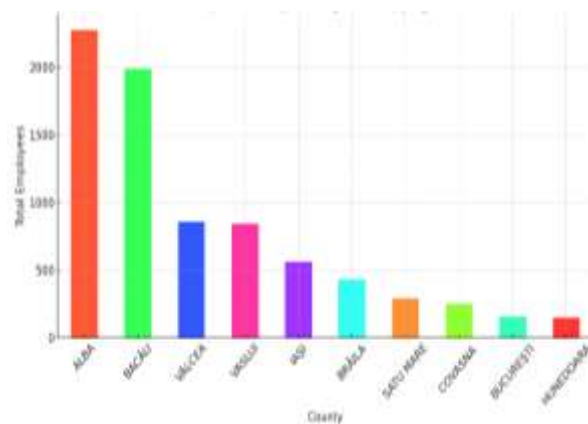


Fig. 2. Top counties with the highest number of employees that are activating in enterprises in the field of poultry processing of meat and its preservation in 2022.
 Source: Ministry of Finance from Romania, Official website [7].

Only one enterprise from the top 3 had a significant increase of the workers between 2019 and 2023 (Fig. 3).

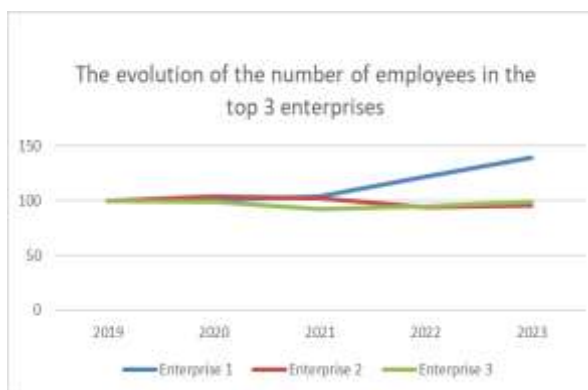


Fig. 3. The evolution of the number of workers between 2019 and 2023 in the top enterprises in the field of poultry processing of meat and its preservation in Romania
 Source: Ministry of Finance from Romania, Official website [7].

The first enterprise from the sector had an increase of the employees with 39.11% in 2023, compared with 2019. The second classified enterprise in the poultry processing of meat and its preservation sector in Romania had a decrease of employees with 6.24% in 2022 comparative with 2019, while in 2023 the number of workers slightly increased, but was

still 4.68% less than in 2019. Compared to 2019, the number of workers in the 3rd business from the sector decreased with 7.46% in 2021, and with 1.34% in 2023 (Table 1).

Table 1. The evolution of the number of workers, between 2019 and 2023 in the top enterprises in the field of poultry processing of meat and its preservation in Romania

Year	Enterprise 1	Enterprise 2	Enterprise 3
2019	100	100	100
2020	100.12	103.57	98.76
2021	104.19	102.34	92.54
2022	122.09	93.76	95.13
2023	139.11	95.32	98.66

Source: Own calculation after the data provided by the Ministry of Finance from Romania, Official website [7].

The group of the three enterprises from Alba County had in 2022 a net turnover of over 231 million euro, followed by Vâlcea County with over 185 million euro, represented by only one enterprise, and Bacău County with over 176 million euro, through three enterprises (Fig. 4).

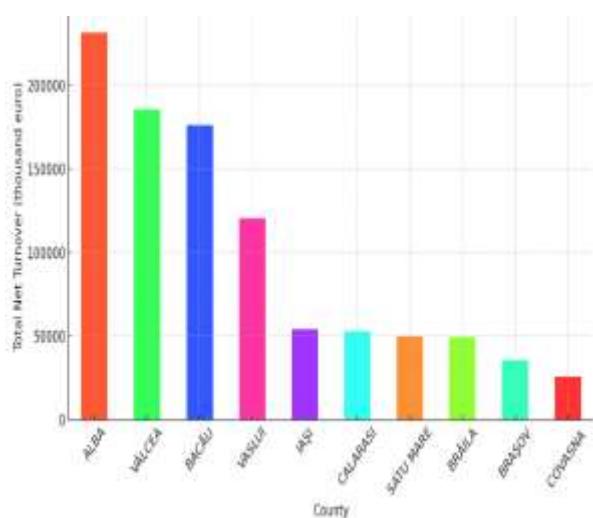


Fig. 4. Top counties with enterprises in the field of poultry processing of meat and its preservation in 2022 that recorded significant net turnover

Source: Ministry of Finance from Romania, Official website [7].

An analyse of the evolution of the net turnover in the top 3 enterprises that activated in the processing and preservation of poultry meat sector indicated that in the last 5 years the increase of the net turnover had a positive trend for all of them (Fig.5).

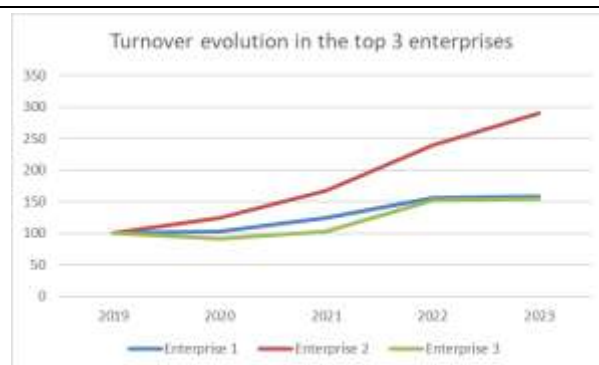


Fig. 5. The evolution of turnover in the top 3 enterprises in the field of poultry processing of meat and its preservation between 2019 and 2023 (2019 – the reference year, %)

Source: Ministry of Finance from Romania, Official website [7].

The first enterprise from the sector had an increase of the turnover with 58.88% in 2023, compared with 2019. The second classified enterprise in the poultry processing of meat and its preservation sector in Romania had an increase of turnover with 139.05% in 2022 comparative with 2019, while in 2023 the turnover increased with 189.86% more than in 2019. Compared to 2019, the turnover in the 3rd enterprise from the sector increased with 52.77% in 2022, and with 54.67% in 2023 (Table 2).

Table 2. The evolution of turnover in the top 3 enterprises in the field of poultry processing of meat and its preservation (2019 – reference year, %)

Year	Enterprise 1	Enterprise 2	Enterprise 3
2019	100	100	100
2020	102.25	124.23	92.02
2021	124.48	167.23	102.54
2022	155.80	239.05	152.77
2023	158.88	289.86	154.67

Source: Own calculation after the data provided by the Ministry of Finance from Romania, Official website [7].

Alba County with over 47 million euro, besides Bacău County with over 14 million euro and Iași County with almost 9 million euro, were the counties with the largest net profit recorded in 2022 in the processing of meat and its preservation sector. The same analyse made for the evolution of the net profit in the top 3 enterprises that activated in the processing and preservation of meat indicated also that after a year 2020 when the enterprises face

difficulties, the profit had a positive trend for all of them (Fig. 6).

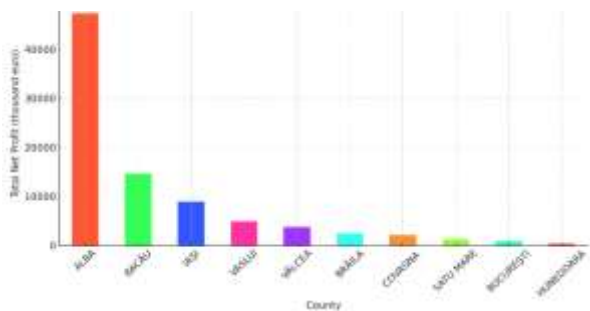


Fig. 6. Top counties with enterprises in the field of processing of meat and its preservation in 2022 that recorded significant net profit
 Source: Ministry of Finance from Romania, Official website [7].

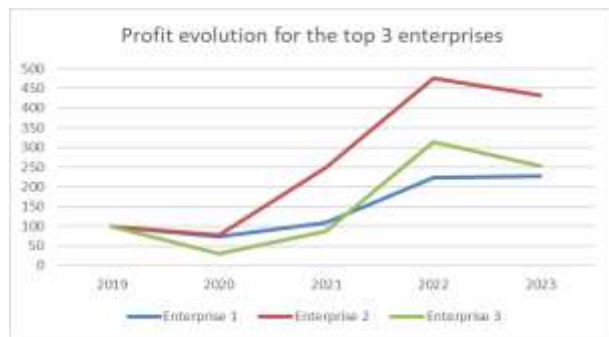


Fig.7. The evolution of profit in the top 3 business in the field of poultry processing of meat and its preservation between 2019 and 2023 (2019 – the reference year, %)
 Source: Ministry of Finance from Romania, Official website [7].

Table 3. The evolution of the net profit in the top 3 enterprises in the field of processing of meat and its preservation (2019 – reference year, %)

Year	Enterprise 1	Enterprise 2	Enterprise 3
2019	100	100	100
2020	73.08	77.70	30.09
2021	110.12	249.09	87.70
2022	223.90	475.74	314.11
2023	227.20	431.40	253.71

Source: Own calculation after the data provided by the Ministry of Finance from Romania, Official website [7].

The first business from the sector had an increase of the net profit with 127.2% in 2023, related with 2019. The second classified enterprise in the poultry processing of meat and its preservation sector in Romania had an increase of profit with 375.74% more in 2022 comparative with 2019, while in 2023 the net profit increased with 331.4% more than in 2019. Compared to 2019, the turnover in the 3rd

enterprise from the sector increased with 214.11% in 2022, and with 153.71% in 2023. In 2020 all the enterprise from the top 3 recorded a profit net under the values from 2019. The 3rd enterprise recorded in 2020 a decrease of almost 70% of its profit, compared with 2019 (Fig. 7, Table 3).

CONCLUSIONS

The poultry processing of meat and its preservation industry has faced major challenges, including avian influenza and the COVID-19 pandemic, but has needs to adapt to market conditions. Since the number of active enterprises in this field decrease in the last years and is not large enough, Romania needs to develop and support enterprises in the poultry processing of meat and its preservation sector to fully exploit market potential and to ensure sustainable economic growth and consumers protection. Because it is expected a higher poultry meat consumption in the next decade, the integrated companies producing broilers will be tempted to diversify the sorts of poultry meat and also to extend the preservation sector.

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