

## OPPORTUNITIES FOR RELAUNCHING THE ROMANIAN BEEF CONSUMPTION IN THE CONTEXT OF THE NEW COMMON AGRICULTURAL POLICY – A COMPARATIVE ANALYSIS IN COUNTRIES WITH SIMILAR CONSUMPTION HABITS

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### Abstract

*The paper aims at identifying new opportunities for relaunching the Romanian beef consumption, from the domestic demand restructuring perspective, having in view the new Common Agricultural Policy (2014-2020). The research study on the evaluation of comparative aspects of beef consumption in Romania and other countries with similar consumption habits was based on the analysis of technical indicators (herds and meat productions, consumption) and economic indicators (incomes, expenditures), on the basis of information and data provided by the National Institute of Statistics – Tempo-online database, FAOSTAT Agriculture and EUROSTAT. The obtained results feature significant differences, with regard to the food intake/person coming from the Romanian beef consumption, both in quantitative and qualitative terms, compared to the other countries under investigation. The conclusion that can be drawn is that meeting the population's consumption needs with beef products from the domestic production and the creation of export availabilities, as well as the qualitative improvement of the Romanian consumption represent a main objective, which can be reached only by sectoral policy measures, these measures being already included in the new NRDP.*

*Key words:* expenditures, meat consumption, production, productivity

### INTRODUCTION

For the food industry in Romania, the meat and meat products market represents an absolute priority. This statement is based on both the natural and human resources involved and on the vital social and economic functions of this sector, such as the ensuring of the necessary raw materials for processing, of an active and profitable export of meat and meat products, of environment protection and maintaining the ecological equilibrium. The role of meat and meat products consumption and the need for its study implicitly is even more highlighted, if we list the multiple functions that it has in the society: utilitarian function, social function, mediation function, communication and integration with the environment in which people are living. By analyzing all these functions of the consumption of meat and meat preparations, the final goal is highlighted, namely the continuous increase of product quality [6].

The beef and baby beef does not really represent a traditional product in Romania and that is why only 15-16% of the total quantity of consumed meat in Romania belongs to this category, as the raising of bovines is rather linked to the production of milk and dairy products. However, having in view that about 35% of the cattle herds in Romania are of Simmental type, suitable for beef production, the future of beef sector seems to have good perspectives, beef having the greatest growth potential in all the other meat assortments, yet with a gradual consumption increase depending on the increase of population's incomes and food education level. [8].

### MATERIALS AND METHODS

The research works on the assessment of comparative aspects concerning beef consumption in Romania and other countries with similar consumption habits were based on the analysis of technical indicators (herds

and meat production, consumption) and economic indicators (incomes, expenditures), based on the information and data supplied by the National Institute of Statistics – Temporal database. For ensuring a high homogeneity of data regarding the comparative analysis of consumption in quantitative and qualitative terms, the site <http://faostat.fao.org/site/339/default.aspx> was used as main source.

## RESULTS AND DISCUSSIONS

In Romania, in the period 2005-2012, *the bovine herds* decreased by 29.8%, compared to the decrease by only 3.6% in EU-27. From this point of view, Romania is on the last place in EU, with the highest diminution rate. At the opposite pole we can find Hungary and Netherlands, where the bovine herds were up by 6.4% in the year 2012 compared to 2005.

With regard to the livestock density in 100 ha land, our country is among the last countries in the European Union, being followed by Hungary and Bulgaria. [1]

Although bovine raising is a traditional activity of the Romanian population in the rural areas and mainly in the mountain area, the number of animals permanently decreased due to the small prices offered by the slaughterhouses and dairy units. Most small farmers raising bovines, as natural persons, who own 91% of the total herds, gave up the stock raising activity, so that in the period 2007-2012, the number of bovine herds was down by 655 thousand heads (23%).

Similarly to the milk sector, this animal raising and fattening sector is also extremely **fragmented**. Thus, from the total number of 237377 farms with fattening steers, 92% own between 1-2 heads, and 71% of the steer number is raised on these farms.

As regards *beef production* (carcass weight), in the period 2005-2012, Romania experienced a decline of 86.1%, being on the 27th place among the EU member states. From this perspective, in the year 2012, Romania was on the 19th place, with a beef production of 28.8 thousand tons, while countries like France, Germany, Italy and Great Britain exceeded this level by +30.6

times (Great Britain) and 51.3 times (France). [2]

The bovine slaughterings (carcass weight) in the slaughtering units decreased by 39% in the period 2007-2012. Both the total number of slaughtered bovines and the slaughtering of bovines on the specialized industrial units were down by 34% in the year 2012 compared to 2007.

As regards the structure of slaughterings by bovine categories, we can mention that a high percentage of about 30% is represented by the category “culling cows”, which reveals the poor quality of beef on the selling market.

The drastic diminution of herds in the mentioned period also entailed a diminution of live weight meat (by 29%), yet attenuated by the increase of the average slaughtering weight (by 18.5%), which is a most frequent situation in the case of the bovines raised on the household farms, under the conditions in which this indicator experienced only slight modifications for the bovines raised on industrial units. This decrease was also accompanied by price pressure induced by the beef imports from Western Europe (Austria, Germany, Italy, Hungary and France) or from South America.

Romania is one of the two countries from the Western Europe that has optimum natural premises for an adequate feeding of its population. Hungary is also in a similar situation in the EU (Popovici, Veraart, van de Kerk, 2008). [5].

With all this, the food consumption pattern of the population in our country is characterized by:

- the relative high share of food expenditures in total consumption expenditures (35-40%), twice higher than the EU average, with a deficient consumption structure (the consumption of inferior and cheaper vegetable products prevails, to the detriment of products of animal origin);

- the relative high share of food self-consumption in total consumption, with the highest value in EU-27 (more than three times higher compared to the EU-15 countries);

Referring to **beef consumption**, we can mention that in Romania that the demand is lower, due to the traditional preference for

pork, so that beef consumption represents about 10% of total meat consumption of 60 kg/capita, compared to 16.2 kg/capita the average beef consumption in EU-27 (2011).

Consumption had an ascending trend in the period 2000-2005 (+42%), while afterwards, under the background of purchasing power diminution and of the increase of domestic prices, consumption was down by 47% in the year 2011 compared to the year 2005.

The comparisons between the investigated countries with regard to beef consumption reveal significant differences (Figure 1). Thus, in Italy, with 25.4 kg/capita/year, which is on the first place, being one of the main European countries with the largest number of bovine farms and with the greatest beef export in the region, consumption is about 10 times higher than in Poland (2.4 kg/capita/year) and about 4 times higher than in Romania's (6.5 kg/capita/year).

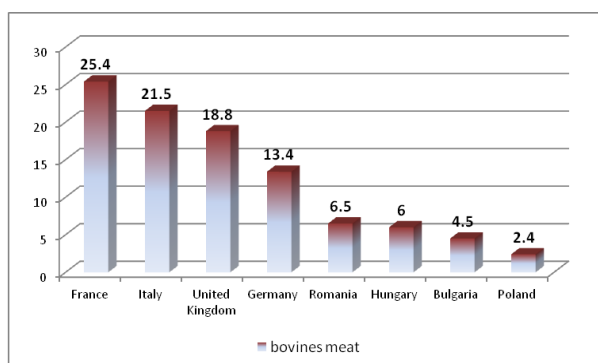


Fig. 1. Beef consumption, in countries with similar consumption habits – kg/capita/year – 2011

Source: <http://faostat.fao.org/site/610/DesktopDefault.aspx?PageID=610> [3].

According to FAO norms, calorie intake at the minimum normality limit, per capita, in a temperate climate and for average conditions of physical and intellectual effort is 2700 calories (2500 calories, under warm climate conditions).

Compared to the minimum FAO value, the average daily calorie intake, at national level, in the year 2012, was 3283, out of which 25.6% calories of animal origin, which reveals a deteriorated nutrition in qualitative terms [3] (Figure 2).

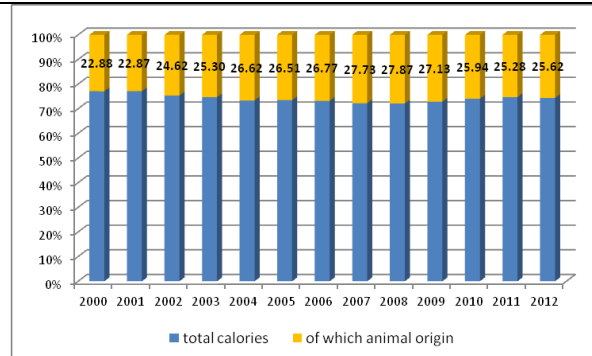


Fig. 2. Share of calories of animal origin in total calories; Source: National Institute of Statistics – Tempo-online [4].

While we cannot speak about bridging up the gaps in the food energy contents, expressed as average per capita, with regard to the structural-qualitative improvement, we must specify that Romania has a high share of food expenditures in the household budgets as compared to the majority of the developed states in the EU. [6] Thus, with regard to the expenditures for buying beef in total agri-food products, it can be noticed that although, in nominal terms, the expenditures for beef purchase increased by 30% in the period 2006-2013, as share in total agri-food products a permanent decrease, from 2.76% in 2006 to 1.98% in 2013 can be noticed, due to the higher growth rate, of 81%, allocated to the purchases of agri-food products (Figure 3).

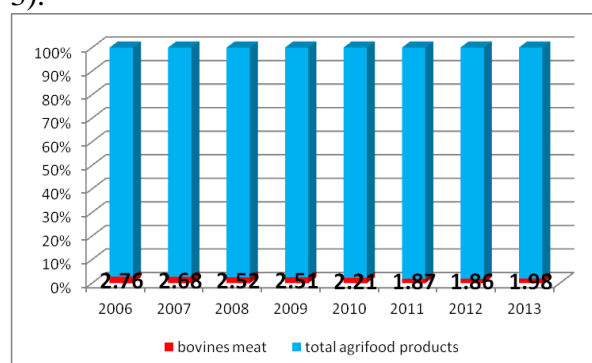


Fig. 3. The share of beef expenditures in total agri-food products - % -

Source: National Institute of Statistics – Tempo-online [4].

As regards the share of beef expenditures in total fresh meat, a diminution from 17.4% in 2006 to 12.3% in 2013 can be noticed, due to the higher growth rate (84%) than the growth

rate allocated to the purchase of beef, of 30% (Figure 4).

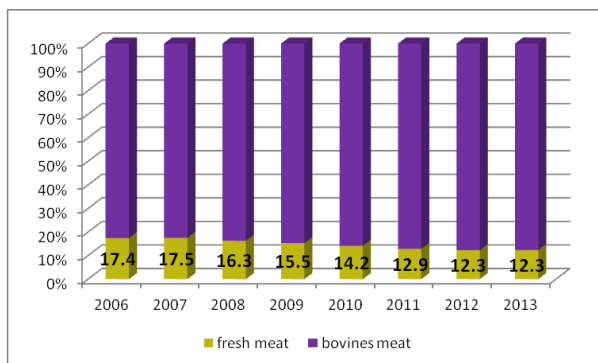


Fig. 4. Share of beef purchases in total fresh meat – % – Source: The National Institute of Statistics – Tempo-online [4].

The calorie intake from beef in countries with similar consumption habits (2011) reflects significant differences. Thus, on the first place we can see Italy, with 117 calories/capita /day (30.71% of total meat), which can be explained by the gastronomic traditions of this country, while Poland is on the last place, with 9 calories/capita/day. Romania’s consumption totals 28 calories from beef, (12.36% of total meat), due to the traditional pork and poultry meat consumption, to the detriment of beef consumption (Figure 5).

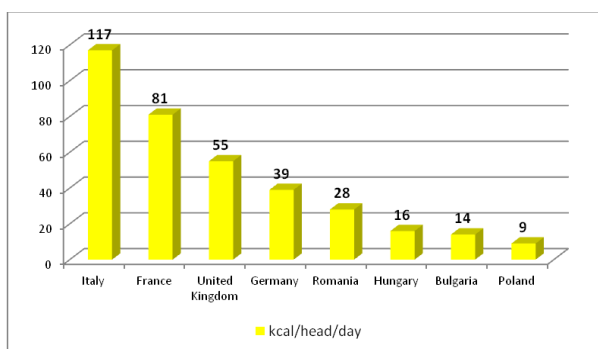


Fig. 5. The calorie intake from beef in countries with similar consumption habits – number – 2011 Source: <http://faostat.fao.org/site/610/DesktopDefault.aspx?PageID=610> [3].

The optimum level of the protein intake of animal origin envisaged by the experts in nutrition is 55-70 grams/capita/day [7]. A protein intake within these limits is an element of qualitative nature in itself. Taking this as reference, we can estimate that in Romania, the protein intake of animal origin of 53.4 grams/capita/day in 2011 and 52.2

grams/capita/day in 2012 is not satisfactory from the point of view of the real normal physiological needs of the human body.

The second element of qualitative nature, which can be held in view at this indicator, refers to the protein intake structure, i.e. the share of animal origin proteins in total daily protein intake. The specialists in nutrition consider that the optimum share of animal origin proteins in the daily total protein intake should be higher than 60%. In Romania’s case, in 2012, the proteins of animal origin represented 48.9% in the total protein intake, which confirms once again the general opinion regarding the inadequacy of the Romanians’ food consumption to the normal physiological needs of the human body (Figure 6).

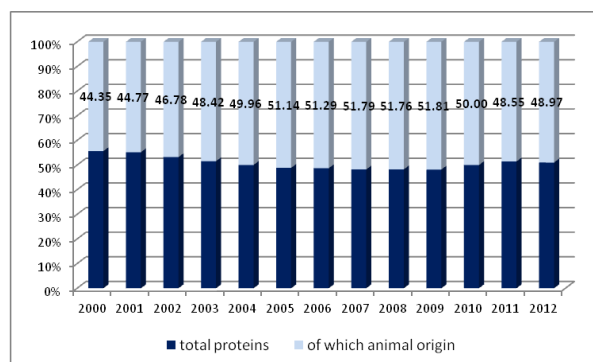


Fig. 6. The share of animal origin proteins in total proteins Source: National Institute of Statistics – Tempo-online [4].

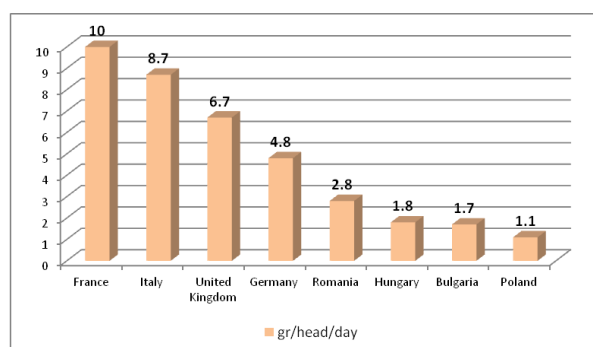


Fig. 7. The consumption of proteins from beef in countries with similar consumption habits – grams/capita/day – 2011 Source: <http://faostat.fao.org/site/610/DesktopDefault.aspx?PageID=610> [3].

As regards the protein intake from beef (2011), we can notice that the highest intake is in France (10 grams/capita/day) and Italy

(8.7 grams /capita/day). The intake of proteins from beef in total meat, in these countries, is 33% in France and 29.3% in Italy.

On the last place we find Poland, both as regards the protein intake (1.1 grams/capita/day), and the share in total meat (4%). In Romania, the protein intake from beef is 2.8 grams/capita/day and the share of beef proteins in total meat is 15.8% (Figure 7).

## CONCLUSIONS

As regards the results of the quantitative and qualitative analysis of the Romanian beef consumption and comparisons to the other countries with similar consumption habits, the conclusions that can be drawn highlight the need for its the structural – qualitative improvement of beef consumption. This because beef consumption in Romania represents about 10% of the total meat consumption of 60 kg/capita, as against 16.2 kg/capita the average beef consumption in EU-27. At the same time, the share of proteins of animal origin is only 48.9% in the total protein intake, compared to minimum 60%, as recommended by the nutrition specialists.

Another important conclusion that can be drawn from the analysis of the situation in the meat production sector is that the consolidation of the producers' bargaining power with the processors can be possible only through organization and association into structures that can provide economic equilibrium to the whole production chain, from farm segment to the final sale segment.

The relaunching of beef consumption in Romania and the creation of export availabilities, as well as the qualitative improvement of the Romanian consumption, represent a major goal, which could be reached only by sectoral policy measures that must have in view the following:

- the establishment of competitive farms and the technological reshaping of the existing farms through the attraction of investments and use of structural funds in livestock raising;
- the improvement of beef production quality

both by the procurement of animals from improved breeds, adaptable to the conditions in our country and livestock breeding through the most recent selection and reproduction methods;

- the improvement of production performance, as well as of the raising and operation conditions, having in view to increase the relative share of animal production in the value of agricultural production;

- the nutrition and feeding improvement by ensuring nutrients with an optimum protein and calorie value for the bovines species.

In perspective, together with the removal of the milk quotas beginning with the year 2015 and the restructuring of the dairy cow herds, there will be 700,000-800,000 beef cows. These can be inseminated with seminal material from beef breeds, to cover the domestic market needs and for export to foreign markets. As an argument, it can be specified that the activity of beef cattle raising is much easier than the raising of dairy cattle, implying very low costs with the cattle sheds, while the animal feed costs are resumed to pastures in summer time and to hay in winter, and milk equipment costs are eliminated.

The policy measures addressed to the sector of beef cattle raising, in the present and in the future, must take into account providing solutions to the present fragmentation of the sector and to the low productivity compared to that in the Western European countries.

Thus, the following support schemes will be provided to the beneficiaries of the new NRDP 2014-2020, as agricultural producers, natural persons or legal entities, who own, raise and operate production animals, identified and registered in the national system:

### ***Domestic policy measures:***

- Stimulating the increase of animal herds and production*** – *de minimum support for the purchase of heifers from specialized breeds* (measure launched in 2014).

- Premia*** - *The national transitory aids (NTA)* in the livestock sector for the bovine species are granted from the state budget, through the MARD budget, to the farmers benefiting from complementary national direct payments in the previous year; the conditions for receiving this form of support are identical to those

authorized for receiving the payments in the previous year.

***Support measures from European Funds (EAGF):***

*-Scheme decoupled from production in the milk sector* –the coupled support for dairy cows (250 euro/head in 2015 - 325 euro/head in 2020) will be granted for minimum 10 and maximum 250 cow heads per beneficiary, for females of maximum 8 years old, from specialized and mixed breeds established by the National Agency for Breeding and Reproduction in the Livestock Sector (ANARZ), which calved at least once until the deadline for submitting the applications and have at least one product in the national farm register, registered in the Genealogical Breed Register with minimum 4500 litres of milk per lactation. The beneficiaries of payments must have a milk delivery contract for minimum 6 months.

*-Scheme decoupled from production in the meat sector* – the coupled support for beef cattle (300 euro/head in 2015-375 euro/head in 2020) is to be granted for minimum 10 and maximum 250 heads, 12-year old at maximum in cows, and maximum 6-year old in bulls for reproduction, at the deadline for submitting the applications and registered in the Genealogical Register.

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