

Analysis on Production and Foreign Trade Indicators of Romania with Milk and Dairy Product

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Abstract

Nowadays, with globalization of markets has become an obvious fact, when the supply of basic needs is done all over the world and traditional relationship based on trust between producers and consumers has become increasingly blurred, implementation and compliance with European regulations on quality and food safety have become imperative. The paper is based on analysis of indicators on production, processing and import-export activities related to milk Romanian industry.

Keywords: companies, consumption, foreign trade, milk, processing

1. Introduction

The food industry is one of the most dynamic sectors of the industry and one of the most important in the European Union. This has important agricultural and fishery resources, differentiated and relatively uniform distributed across the Union. The sector is highly fragmented, however, 99% of businesses of this sector are small and medium enterprises (SMEs), only 1% being represented by multinationals [1]. Due to economic mechanisms insufficiently regulated within the European Union, this major industrial sector however faces some problems: lengthy bureaucracy, lack of financing, difficulties in obtaining raw materials. Strengths of food industry community are essential but here entered the workplace safety and food security [2].

2. Materials and methods

In the context described above, the paper makes an analysis of macroeconomic direction, analysing statistical data relating to: sector of livestock, milk

production and Romanian dairy industry, foreign trade with dairy products.

Based on the synthesis, processing and interpretation of all these data, the paper includes a picture of the Romanian milk and dairy products sector at macro level.

The paper is structured as:

- analysis of milk and dairy products sector at national level;
- analysis of the Romanian foreign trade with milk and dairy products;

3. Results and discussion

1. Analysis of milk and dairy products sector at national level

In the analysis of milk and milk products sector in Romania has started by analyzing the dairy livestock. The range taken into consideration is 2007 (the year of our country's EU integration) - 2011.

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Table 1. Milk livestock -thousand heads

	2007		2009		2011	
	Total	Of which under private majority ownership	Total	Of which under private majority ownership	Total	Of which under private majority ownership
Cattle	2834	2821	2512	2505	1989	1984
From which cows, buffaloes and heifers	1732	1728	1569	1566	1266	1263
Sheep	8469	8460	9141	9132	8533	8526
From which sheep and ewes	7207	7200	7818	7811	7411	7435
Goats	865	865	917	916	1236	1236
From which goats	713	713	755	754	1012	1012

Source: INS Statistical Yearbook rhomaios 2012 - Chapter Agriculture and Forestry

Statistical analysis revealed the following: during the analyzed period decreased and increased the number of cattle, sheep and goats, which could lead to a weight change of cow's milk in the total

amount of milk collected; most of the animals are kept in private system, but compared to the years '90, animals are raised on holdings not individual households.

Table 2. Animals per 100 ha. ground-heads

	2007		2009		2011	
	Total	Of which under private majority ownership	Total	Of which under private majority ownership	Total	Of which under private majority ownership
Cattle	21,4	24,7	19,1	21,7	14,7	16,3
From which cows, buffaloes and heifers	13,2	15,2	11,9	13,6	9,3	10,4
Sheeps and goats	70,9	82,0	76,4	87,2	72,2	80,1
From which sheeps and goats	60,1	69,6	65,1	74,3	62,4	69,3

Source: INS Statistical Yearbook rhomaios 2012 - Chapter Agriculture and Forestry

It decreased the number of animals per 100 ha land for cattle and increased that of sheep and goats. These changes are mainly due to the fact that sheep and goats is easier, requires lower cost and has become prevalent in the private sector, especially peasant household.

If we analyze the amount of material collected for processing in the second half of 2012 and first of 2013 we can see the following:

- There are variations in the amount of collected milk but this is mainly due season, the overall amount collected increased, the same situation is recorded in cream;
- It decreased the amount of imported raw milk by about 2000 tons, mainly due to the contraction of operators in the sector.

The quantities of milk obtained at the end of 2012 compared to June 2013 is as follows: drinking milk production fell by 2100 tons, 506 tons cream; it increased production of yoghurt, drinking milk with 2800 tons and that of cream powder and milk powder by 25 tons.

Number of multinational companies on the Romanian market of dairy products is not high compared to other industries, however, the market share that they hold is significant. The top five multinational Romanian on the dairy market are:

1. Friesland (Friesland Coberco Dairy Foods subsidiary in the Netherlands in partnership with Napolact);
2. Danone-production and food distribution;
3. La Dorna (which includes and Dorna SA and Dorna Dairies, which in 2008 changed its portfolio by entering owner Lactalis, Europe's largest producer of dairy and second segment worldwide);
4. Hochland Romania SA;
5. SC Covalact SA (which in 2008 acquired sole control over SC Primulact and thereby the SC Lactate Harghita) and has as the majority shareholder private investment fund Sigma Bleyzer South East Europe Fund IV.

Table 3. Production of dairy and dairy products in Romania

2012				
	U.M.	June	September	December
Goods collected for processing industrial units				
Collected cow milk	Tons	90713	68605	62014
Medium fat content	%	3,70	3,75	3,87
The average content of protein	%	3,21	3,24	3,29
Raw cream	Tons	283	108	145
Imported raw milk	Tons	2774	4428	7820
Products obtained				
Drinking milk	tons	15713	16880	18062
Consumption Cream	tons	3420	3917	4578
Acidified milk - yoghurt, drinking yoghurt, other	tons	11969	12884	10567
Cream powder, milk powder and partly skimmed	tons	164	c	80
Skimmed milk powder	tons	267	c	58
Butter	tons	748	723	1006
Total cheese	tons	6482	5179	5280
In which only from cow's milk	tons	5469	4503	4917
2013				
	U.M.	January	April	June
Goods collected for processing by industrial units				
Collected cow milk	tons	65026	72087	85751
Medium fat content	%	3,87	3,78	3,70
The average content of protein	%	3,29	3,27	3,23
Raw cream	tons	132	109	105
Imported raw milk	tons	8455	8451	5811
Products obtained				
Drinking milk	tons	18807	18548	15952
Consumption Cream	tons	4523	4256	4072
Acidified milk - yoghurt, drinking yoghurt, other	tons	15382	13722	13393
Cream powder, milk powder and partly skimmed	tons	c	c	105
Skimmed milk powder	tons	c	158	246
Butter	tons	885	826	769
Total cheese	tons	4609	6097	6969
In which only from cow's milk	tons	4235	5650	5951

Note - c confidential data. **Source:** INS Monthly Statistical Bulletin of Industry No. 6/2013

2. Analysis of the Romanian foreign trade with milk and dairy products

Romania's foreign trade has come a staged process of decentralization, liberalization

respectively. Romania is currently the net exporters of agricultural products, net food importing.

Table 4. World exports of the milk market and dairy-position of Romania

Product	Romania's position	2009	2010	2011	Average increase		Top 5 markets
		thousands USD			annual%		
					2007-	2010-	
					2011	2011	
Milk and cream - not concentrated, unsweetened	56	1453	2045	4936	44	141,4	Bulgaria, Greece, Italy, Hungary, Czech Repblic
Milk and cream - concentrate, sweetened	40	16586	21456	30742	13	38,6	Bulgaria, Greece, Netherlands, Lithuania, Hungary
Butter	48	331	1407	1734	97	23,2	Hungary, Bulgaria, Spain, Czech Republic, Poland
Cheese and curd	6	9643	17067	16223	51	-4,9	Italy, Hungary, Spain, Greece

Source: Romanian Center for Trade and Investment Products Collection -2012 Romanian foreign markets

Foreign trade has undergone major changes in the range 2000-2011, so that the proportion of about 70% is exported unprocessed or processed products still primary (livestock, grain, oilseeds, tobacco, vegetable fats and oils) and imported meat, milk and cheese, prepared various vegetable protein (soya) and animal feed, alcohol, coffee, cocoa, sugar, fruit and vegetables, which causes significant loss of potential for livestock and food industry sectors that could produce high added value products for which there is market demand. In total exports, raw materials and intermediate products (low-processing) have a share of 68%, it remains close

to the same value (meaning 70%) and in relation with EU partners and finished products represent only 32% of Romania's agricultural exports. [2]. Romania has registered a constant trade balance of trade deficit with milk and dairy products. The trade deficit was between 112 869 euros in 2007 and 157 552 euros in 2012 (data processing INS-2010, 2012).

In the total value of imported agricultural goods by Romania, 54% finished (and of those originating in the EU, 60% are in this category). Romania's position on the market of milk and milk products imported is in the following table.

Table 5. World Imports on the milk and dairy products market-position of Romania

Total world imports	2009	2010	2011	Average annual growth%		Top 5 foreign suppliers and Romanian place on the market in 2011
	Thousands USD			2007-2011	2010-2011	
Milk and cream - not concentrated, unsweetened	5.955382	6925327	8230635	5	18,8	Germany, France, Belgium, Netherlands, UK, Romania held 56 place
Milk and cream - concentrate, sweetened	12388895	15780280	18704429	57	18,7	New Zealand, Netherlands, Germany, USA, France, Romania held 40 place
Butter	3275553	4545200	5206163	6	14,5	New Zealand, Ireland, the Netherlands, Germany, Belgium, Romania held 48 place
Cheese and curd	22399573	24357265	27441836	4	12,7	Germany, France, Holland, Italy, Denmark, Romania held 46 place

Source: Romanian Centre for promoting Trade and Foreign Investment Romanian Products Collection Romania on foreign markets -2012

Conclusions

- in the period 2007-2011 has increased the number of sheep and goats, but decreased that of cattle are bred private server;
- amount of cow's milk collected varies depending on the season, as well as production and marketing of dairy products;
- Romanian dairy market there are five multinational companies that control the market;
- milk and Romanian dairy industry is influenced by the decrease of cattle processed products in total exports decrease and increase in total imports, reducing consumption because some sections of the population are affected by the economic crisis etc.

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