

MILK AND DAIRY PRODUCTS IN ROMANIA, AN OVERVIEW FOR THE PERIOD 2022-2023

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Abstract. The paper presents the market of milk and dairy products in the period 2022-2023 in Romania, highlighting aspects regarding developments, milk production, price, consumption, import, export, but also market characteristics. Dairy products are considered strategic products with a high benefit for health. In Romania, breeding dairy cows is a basic occupation in rural and mountain areas, ensuring stability of the labor force, as well as incomes for breeders. According to data provided by Eurostat, Romania ranks last in the European Union in milk production per cow, with approximately three thousand liters annually. Milk is the most appreciated by the consumer and has the most affordable price, this being the main reason why the authors of this research have chosen to study this segment.

Keywords: milk, consumption, import, export, price

INTRODUCTION

Milk is the first food that man meets from the first day of life. It is an indispensable food for life, valuable from a nutritional point of view. Milk and the products obtained from it contain most of the nutrients necessary for the body, in a balanced proportion, and are well assimilated by the body [8]. The milk industry occupies a special place in the food industry of the agro-industrial sector. This condition is conditioned by the fact that the raw material in the dairy industry is milk, which is, of course, a very precious biological food product [2]. Milk, as a raw material, is a "voluminous and heavy" product, which is obtained daily, but is stored for a short time and at high costs. The quality of this raw material is conditioned by several factors and first by the conditions of production and primary treatment in the supplying households [10]. Milk is an excellent food product and a very varied assortment of food products is prepared from it, but to have raw material in sufficient quantities, the milk-raw material producer must be permanently supported both by the state and by the units of industrialization of milk.

If until a few years ago, the milk consumed by the townspeople came, for the most part, from the farmers who sold it in the markets, nowadays, the inhabitants of the urban environment prefer the processed version, i.e. pasteurized and UHT (Ultra High Temperature) milk [1]. This trend appeared with the diversification of the portfolios of the big producers and of the packaging and pasteurization methods. The consumer milk market in Romania offers three large types of products: ultra-pasteurized milk (UHT), pasteurized milk, which together with UHT milk totals approximately 10% of the amount of consumer milk sold in Romania, and industrially unprocessed milk, which is quite risky for health but traditionally preferred and still having a huge weight [6].

In addition to being used for personal consumption, more than 1000 dairy products are obtained from milk (yoghurt, cheese, curd, etc.), of which approximately half are different types of cheeses, but they are also predominantly used in the cosmetics industry.

Like the entire Romanian economy, the enterprises on the milk market had to go through a complex process of transformation in the sense of changing the form of ownership, mainly, and what derives from them, new market conditions, etc. [3]. The change was not an easy one at all because to be able to operate in a competitive market economy and not yet a typical, correct one, but one specific to a country and an economy

in total change [4]. For this reason, the change was a cumbersome one, full of difficulties, presenting a kind of special, non-specific cyclicity, kept as much as possible under control by the fact that the food sector and implicitly the milk sector represents a sector of national importance by ensuring the food security of the population but also by ensuring a sustainable and viable economic growth of the Romanian economy [11]. The problems in the development of this sector in our country were and are of several categories, so we can mention, in addition to the problems related to the change in the ownership structure, the abolition of the former large production and processing units of milk products and milk [5]. Thus, in their place or even based on former such enterprises, new units appeared that took over the functions and the market of the old ones that managed to adapt to the new economic conditions of the country [9].

By changing the ownership regime and the retrocession of lands, these new units, especially the producing ones, faced the problem of lack of land for fodder production, being forced to buy from the new owners or to lease from them because the lands were together with this problem facing the unit whose analysis is the object of this work [7]. Another problem is not the fact that there were no specialists in the field, but the fact that they were much more focused on technology and growth and less managers in the true sense of the word. One is to act on a centralized market with resources and the assured market where it is not the market that dictates what and how much to produce, and another is to act on a free market, be it transitional, where performance is the one that coordinates everything.

MATERIALS AND METHODS

The key research methods employed were analysis and synthesis, analogy, and graphics to resemble the results. The data provided by the National Institute of Statistics and European Commission were analyzed.

RESEARCH RESULTS

Inflation has constantly eroded the purchasing power of Romanian consumers, evidence that they have either bought smaller quantities or even completely given up certain categories of products, or have turned to the retailers' own, cheaper brands, which have enjoyed of growth in the last year. And under the impact of these changes in consumption, especially niche products fall. The quantities of dairy products obtained in Romania in 2022 are represented in Figure 1.

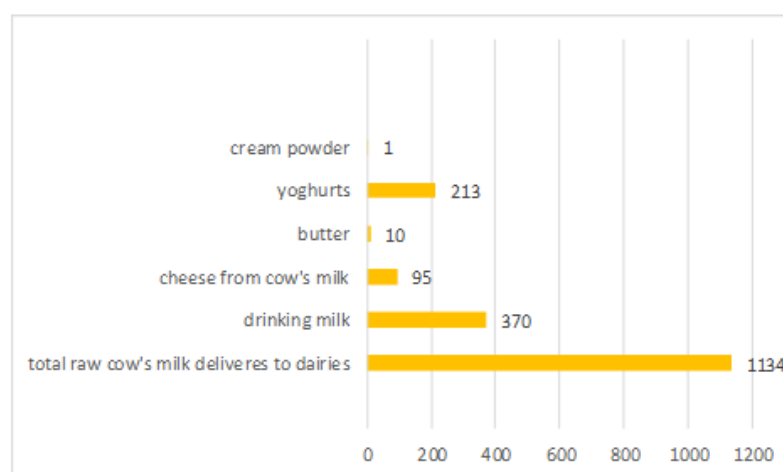


Figure 1. The quantities of dairy products obtained in 2022 in Romania (thousand tons)

The quantities of dairy products obtained in Romania in 2023 are represented in Figure 2.

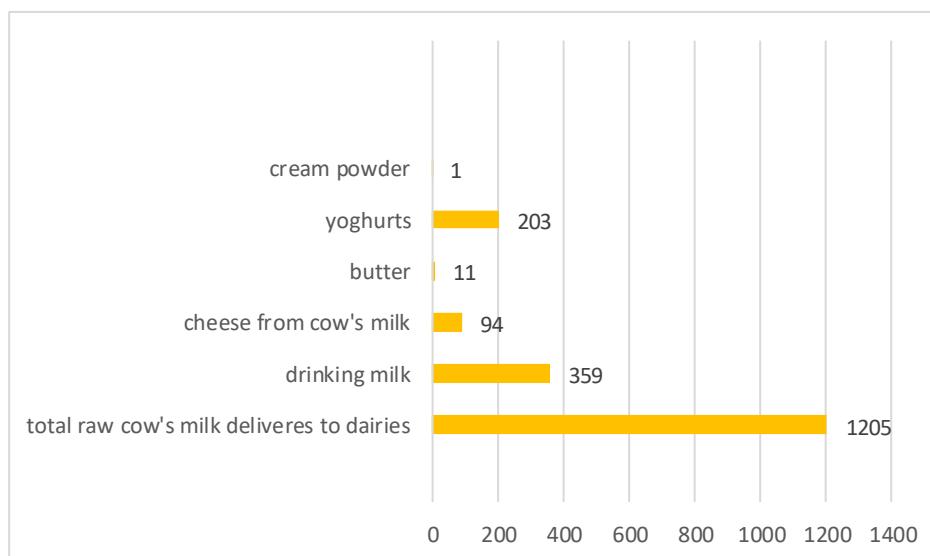


Figure 2. The quantities of dairy products obtained in 2023 in Romania (thousand tons)

On the shelf, the price of milk varies between 5 lei and 15 lei. The cheapest are own brand products from supermarkets. At the farm gate, milk is sold at prices starting from 1.30 Ron. Added to this are expenses for factory transportation, processing, distribution, electricity, packaging and employee costs. Romania bought milk from almost all of Europe last year. By far the largest amount came from Hungary, we bought milk from them worth over 65 million euros, from Poland worth almost 12 million euros, followed by the Czech Republic, Germany, Greece. Regarding the milk price, 2023 came with a first in the dairy industry, with the milk category being the main beneficiary. In May, the voluntary agreement between producers and retailers regarding the reduction of the price of milk was initialed, followed by the Government's decision to reduce, through an Emergency Ordinance, the capping of commercial additions for 14 food groups, including milk. Even under these conditions, the volumes sold were lower. By almost 5% decreased the volumes of milk sold in the period August 2022 - July 2023, compared to August 2021 - July 2022. The main reason was the price of this basic product, one with excessive volatility in 2023. The impact of rising costs was felt strongly towards the end of last year and the beginning of this year. As a result of the voluntary agreement and capping of basic food prices, currently, despite inflation and high costs, the average price of milk in August 2023 is approximately at the same level as in August 2022. Fluctuations in consumption and sales volumes have been felt over the past year under the impact of inflation, resulting in a slight decrease in volumes compared to last year. Currently, we are seeing a recovery in consumption, especially in the milk category, where we are seeing an increase in sales. The outlook is improving month by month as the availability of raw milk is increasing and everything possible has been done to adjust prices in a joint government-private partnership effort for the benefit of consumers. Regarding the year 2023, it was a year in which the price of milk had excessive volatility. The sudden increases in costs – influenced by the major events we all know – post-pandemic, war-induced economic turbulence, energy crisis – combined with the insufficient quantities of milk available at certain times of the year, meant that our planning let this year be a difficult one.

The evolution of the average price of milk in 2023 is represented in Figure 3.

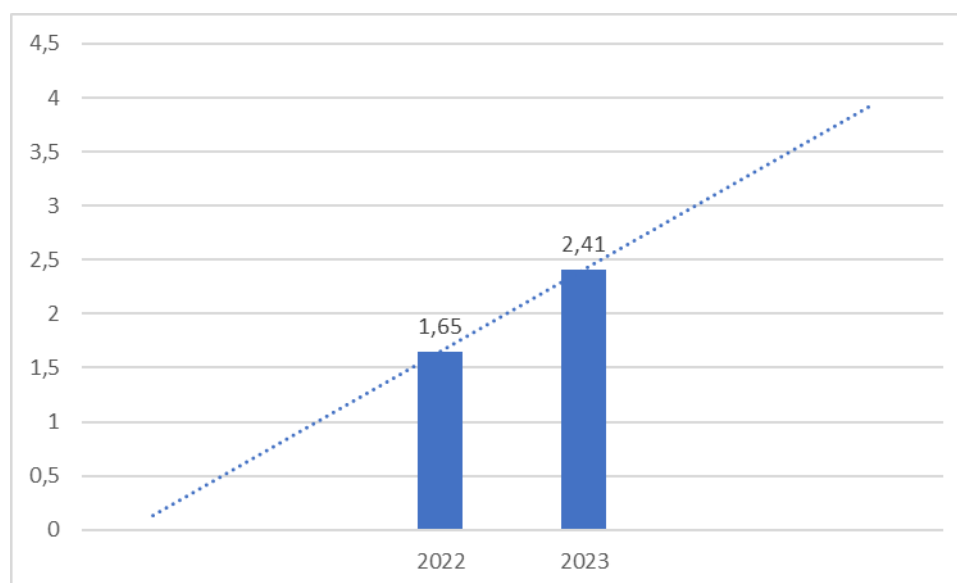


Figure 3. Average price/liter of farm- gate milk in 2023 (Ron)

According to official statistics, between January and December 2023, the production of butter registered the highest increase (+4.6%), and the production of sour milk (yogurt, drinking yogurt, whipped milk, and other similar dairy products) had the biggest decrease (-4.6%). Also, the amount of raw milk imported by the processing units decreased by 21.4%, in the analyzed period. At the level of December 2023, compared to December 2022, the amount of cow's milk that the processing units collected increased by 7.8%. In this context, the biggest increase in production was recorded for butter (+26.8%). At the opposite pole was the production of acidified milk (yogurt, drinking yogurt, whipped milk and other similar dairy products), with a decrease of 1.2%. The amount of raw milk imported by processing units increased, in December 2023, by 7.8% compared to the corresponding month of the previous year. Month-on-month (December 2023 vs November 2023), processing units collected 7.2% more cow's milk. Against this background, the most important increase in production was recorded in butter (+33.5%), while the largest decrease was recorded in the production of sour milk (yogurt, drinking yogurt, whipped milk and other similar dairy products), respectively by 10.5%.

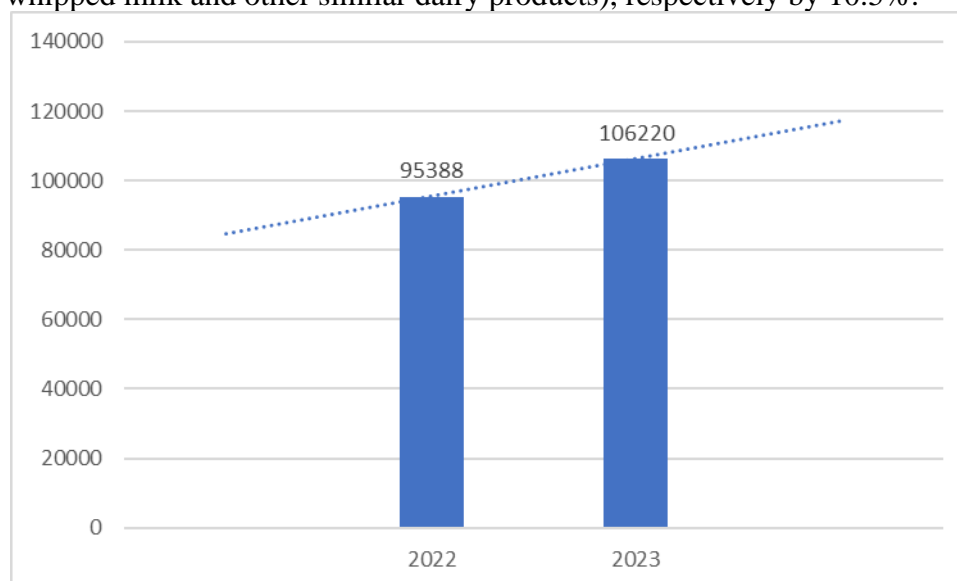


Figure 4. Import of milk and sour cream (tousand Euros)

According to the statistical data of the National Institute of Statistics, the value of milk imports and milk cream increased in 2023 compared to 2022. This increase due to the drastic decrease in cow herds which caused milk production to decrease resulting in an increase in imports.

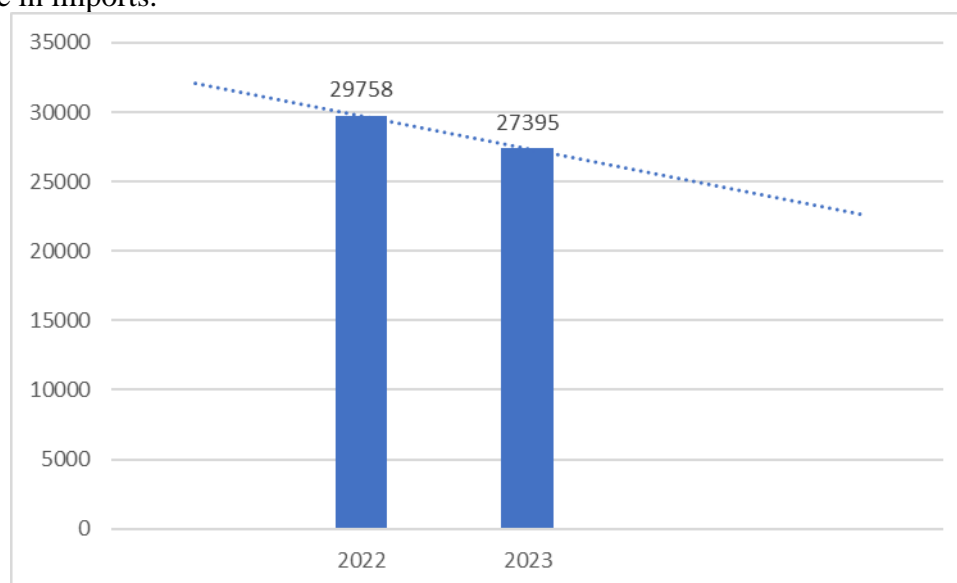


Figure 5. Export of milk and sour cream (thousand Euros)

Figure 5 shows the export value over a period of 2 years. At the end of 2023 the export value decreased by 9.72% reaching 27395 thousand Euros.

CONCLUSIONS

Starting from the quite diverse spectrum of expected influence on development, in the following a the milk production sector in Romania and for the realization of the foreseen actions, the following objectives are highlighted: providing the population with quality and competitive milk and dairy products in the assortment, according to physiological norms and FAO norms; efficient use of all production factors, ensuring a high level of efficiency regarding the production, acquisition, processing and marketing of milk and dairy products. The protection of the environment and the promotion of the rural lifestyle, specific to the rural environment. In order to achieve the proposed objectives, it is necessary to carry out the following measures: drafting and harmonizing legislative and normative acts related to promotion to the EU requirements of the state policy in the fields of production, purchase and processing of milk - raw material, by fiscal policy, to attract investments in the development of the milk production and processing sector; improving the legislative and normative framework in order to develop and promote favorable fiscal and credit policy for attracting investments, production, collection and processing milk - raw material; attracting local and foreign investors to the creation of new cattle farms, located in the outskirts localities, the reconstruction and modernization of existing farms and the procurement of animals, including from import, with a high productivity potential; the creation of integrated dairy farms with processing enterprises, in which the role of processors there will be both that of a direct investor in the organization of farms, as well as that of a guarantee purchase prices and the market for milk - raw material; modernization of milk processing enterprises with the use of energy-saving technologies energy and expanding the range of dairy products; the association of milk production farms with processing enterprises and enterprises fodder-producing farms,

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