PD-ABW-287
114268

PRIVATE AGRIBUSINESS ACCELERATION PROGRAM FOR ROMANIA

Grant Number 186-0024-G-SS-9104-00

Final Report

February 3, 1999 – January 31, 2002

January 2002

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ROMANIA PRIVATE AGRIBUSINESS ACCELERATION PROGRAM (RPA)

USAID Grant 186-G-00-99-00104-00
February 3, 1999 - January 31, 2002

Final Report
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I. FORWARD

Project title:	**Romania Private Agribusiness Acceleration Program (RPA)**
Project number:	**186-G-00-99-00104-00** (previously 186-0024-G-SS-9104-00)
Project duration:	**3 Years -- February 3, 1999, - January 31, 2002**
Location:	**Romania**
Federal funding:	**$1,918,627**
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The Land O'Lakes Romanian Private Agribusiness Acceleration Project (RPA) was conceived and developed in accordance with the United States Embassy's Agricultural Strategy (1998-2000). The objective of this strategy was to accelerate the development of Romanian agricultural potential through competitive private enterprise, and to maximize long-term American participation in Romanian agriculture through trade and investment.

The RPA Project was implemented in conformity with USAID-Bucharest's goals to support the growth of a competitive, market-oriented, private sector; and to increase the number of credit-worthy private enterprises in selected industry sectors judged to possess unique economic opportunities and challenges. These goals are represented in USAID's Strategic Objective 1.3 "Development and Growth of Private Enterprises" and Intermediate Results (IRs) 1.3.2 (Increased Capital Investment in Private Enterprises) and 1.3.3 (Strengthening Business Support Service Organizations).

The overall goal of the RPA Project was to promote rapid and sustainable growth in several Romanian agribusiness sectors at the firm, association, and business support/service organization levels, leading to an increase in public-private sector dialogue and an improvement in the general business climate for private agricultural enterprises.

II. STATUS OF USAID/LAND O'LAKES PROJECT TARGETS

A. At least three sub-sector associations will be established, or strengthened, in measurable ways. These associations will be democratically controlled and highly functional, with well-trained leadership to give direction and concentrate efforts to establish a viable market-driven industry.

100% Deliverable Achieved

B. At least 30 agribusiness SMEs in the poultry, feed, dairy, and/or other agribusiness subsectors will have received TA leading to measurable improvements in their operations.

100% Deliverable Achieved

C. Deliver a 10% increase in profitability for RPA clients.

All clients registered increases of 0.5- 12%
Select companies have 10% increases

D. Record at least $480,000 in match for the USAID funding.

~200% of Deliverable Achieved (Refer to Appendix A)

Status Land O'Lakes/RPA Internal Project Targets

The RPA Project successfully bucked the negative economic trends of 1999 and 2000, and built upon the recovery of 2001 by attacking the problems facing the dairy, poultry, and animal feed sectors.

Life of Project Target	Status
Increased percentage of pasteurized milk	200% increase of 1999 UHT milk sales 110% of 1999 totals (milk) delivered to processing units in 2000
Increased domestic capacity to replace imported product	Poultry: production up 49%; sales up 81%; Imports down 48%; consumption up 18% Feed: 24% increase in feed production Dairy: production up 2%; imports down 62%
$3 million increase in foreign investment and/or financing	$5.85 million of foreign investment in three clients; $18.5 million in fixed cap. Investments for 24 dairy clients $1.8 million for four integrated clients
Increased US investment in core clients	$ 285,000 invested in two dairy clients.
Increased business transactions	$7,100,000 in new business transactions from Simpoavi '99. $3,200,000 in new business transactions from Simpoavi '00. $225,500 in new business transactions and $156,945 in other misc. transactions from Simpolact '99. $102,882 in new UHT milk sales from Simpolact'99.
15% increase in sales	All clients registered sales increases varying from 3-58%
30 investment ready firms	30
Increased foreign investment	• One client received a foreign investment of $5.5 million via acquisition of 99.97% of the company's shares. • One client received an equity investment from a private U.S. investor totaling $250,000.
Total production cost savings	$617,718 in other documented savings to date.
Three sustainable subsector associations	APEL: 25 members. Graduation in Year III UCPR: 109 members. Graduation in Year III UNIPAA: 12 members. Graduation in Year III
Reduced production costs	$93,300 cost savings with one client via a 38% increase in energy efficiency and increased productivity.
Increased exports	Dairy: 45% increase in cheese; 130% in butter Poultry: 144% increase in live birds; 231% increase in eggs
10% increase in harvesting techniques	See CRI impacts
15% increase in milk production (forage pilot)	See CRI impacts
Increased market demand for forage seeds	Romania recorded its first import of American alfalfa (1,100 kg) shortly after the start of the forage pilot; there are pending orders of 16,000 kg).

III. BACKGROUND

A. Romania's Macroeconomic Environment

During the entirety of the RPA project, Romania has suffered the highest inflation rates in Central and Eastern Europe (CEE; 54% in 1999, 42% in 2000, and 32% in 2001). Interest rates also remain very high, which has made funding the budget deficit more costly. Briefly, indicators that describe present-day macroeconomics in Romania are:

1. **Unemployment.** Romania's unemployment rate, only 8-9% as of year-end 2001, demonstrates that the country is doing "too well" compared to other Central and Eastern European countries (and even compared with the EU average). It is still realistically too low. Though neither the RPA project nor Land O'Lakes, Inc. advocates higher unemployment in Romania, the continuing mess of state-owned and state-managed companies (including state-owned farms) and other non-operating companies which maintain bloated payrolls are placing too great a burden on the state budget. It is also a strong indication that reforms have not gone far enough. In short, there is a lot of inefficiency that must still be dealt with in the post-RPA years. Unemployment figures are probably one of the best measures of how little of the privatization effort has been accomplished to date.

2. **US Dollar and Euro.** Strengthening of the US Dollar (USD) against the Euro and the Euro against the Romanian Lei (ROL) has translated into a continuing depreciation of the ROL and a further drop in purchasing power for average Romanian consumers.

3. **Budget deficit.** Romania's 2000 budget did not get any smaller, and final results for 2001 seem to indicate a strong increase of at least 50% from 2000 figures (about 3%).

4. **Balance of payments.** Romania must pay back some $1.4 billion USD to creditors between 2001-2002. While the country has the cash to service these debts and had successfully paid off some of the debt in late 2001, it has left Romania fiscally weaker.

5. **Foreign investment**. Romania lost precious ground in 2001 against other countries in the region, particularly Bulgaria and Yugoslavia.

B. RPA Project

The start-up of the RPA project in the first half of 1999 coincided with a continuation of the Government of Romania's (GOR) efforts to create a free market-based, private agriculture and food sector. The GOR's structural reforms have reduced subsidies to the sector and allowed land to be transferred into the hands of private owners. However, the much-anticipated bountiful harvest for Romanian farmers and processors initially expected to coincide with the RPA project in 1999 never came to pass. To understand why, we must look back to the lead-up to RPA and understand the trends that were already beginning to take place.

RPA was initially designed in 1998, and redesigned in 1999, to assist the development of the animal feed, poultry and dairy sectors. Land O'Lakes set out to successfully implement the RPA project goals via three primary outputs, which were to be achieved during the life of the project (LOP):

1. **At least three subsector associations were to be established or strengthened,**
2. **At least 30 agribusiness SMEs in poultry, feed, and dairy were to have received TA leading to measurable improvements in their operations, and**
3. **At least $480,000 in direct "match" investments were to be made by the LOP.**

The RPA also developed an ambitious series of internal performance targets which were to be achieved during the LOP:

1. **A 15% increase in sales for client SMEs,**
2. ***Strengthening 30 "investment-ready" SMEs, and***
3. **At least $3 million USD in investments or financing for the RPA client companies.**

Before discussing in detail of project targets for RPA, it is important to better understand the environment in which the project operated. Once again, it is important to note that Romania's macroeconomic situation – in particular high inflation, decreasing purchasing power, decreasing [real] salaries for Romanian consumers, and increasing prices for foodstuffs – had an important impact on the environment for the RPA project since its inception in February 1999.

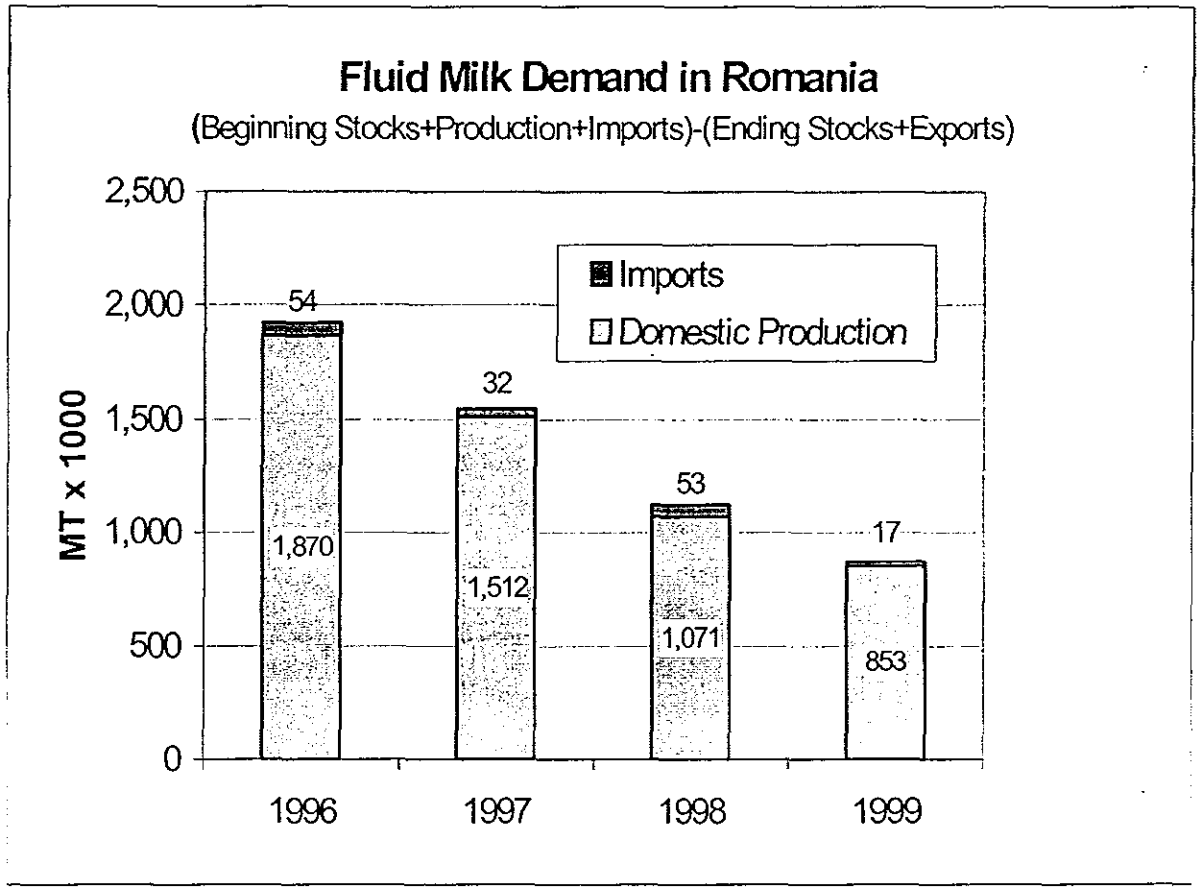
Some clients did not make it through the RPA project, but many did. To better understand final results, a further in-depth review of our specific sectors of activity is warranted.

C. Dairy

The dairy sector had suffered from falling demand over the three years leading up to the beginning of the RPA project. Much of this falling demand was brought on by a decrease in consumer incomes, and competition from non-dairy substitute products such as soft drinks, juices, and margarine. Additional factors that contributed to the trend of decreasing milk production and consumption included the break-up of the large state dairy farms and milk processing plants. Often, when farms were privatized, the herds were sold off (or given) to the farm workers. Currently in Romania the vast majority of farms with dairy cattle, 98% or more of the farms, have less than three animals.

Many rural families have slaughtered their dairy cows in order to raise cash and provide food for their families, resulting in a dramatic reduction in the national herd size. These factors have combined to create an environment where milk consumption is decreasing and raw product supply is dispersed and difficult to obtain. From a business, as well as from a project implementation, standpoint this is a very difficult operating environment.

Even in this extraordinarily difficult environment, some dairy production/processing firms have remained in business...and have even been even profitable. Most of these companies are connected to the RPA project in one way or another. Some of these firms, and almost exclusively SMEs, have been able to expand their markets in spite of the problems that beset the dairy sector.



In order to increase demand for milk, RPA has organized most of the leading players in the Romanian dairy industry into the APEL alliance (see section IV B). APEL, the Alliance for Promoting Milk Education, seeks to educate consumers regarding the benefits of milk and dairy products, and to increase milk consumption.

In an effort to increase the quantity and quality of raw milk, and in response to USAID's keen interest in establishing a component for dairy cow feed within our project, RPA developed a forage management pilot project with Cooperative Resources International (CRI). The objective of this effort was to increase the forage feed to grain ratio in cow feed consumption (see section VI and Appendix E).

In Romania, grain is introduced into the dairy cow's ration to replace nutrient deficiencies in the locally produced forages. By improving forage quality, both through improved varieties and better management, demand for grain supplements is reduced, which translates simultaneously into increased incomes and production for farmers, and increased milk for processors. More grain will flow into the consumer market, and permanent pastures will enjoy greater utilization. The forage management pilot will be described in greater detail later this report.

1. Raw Material Supply Issue Assessment

Issue	Causes	RPA Proposed Solutions
• Severe shortage in the quantity and quality of fluid milk in Romania	• Most milk in Romania is produced in subsistence farms of 1.4 cows + 2 ha. per farm) • Poor genetics used for animal breeding / reproduction plus poor forage used in animal feed (little or no vitamin concentrates used). • Lack of management systems. • Lack of compulsory payment system by processors for milk delivered by farmers. • Little or no incentives in place to stimulate improved quality and quantity of milk.	Immediate: • Payment incentives for producers for both quantity and quality (e.g., the Danone model). Medium term (temporary): • Vertical integration (poultry sector model): processors should invest in old state farms. • Purchasing (build) farms and heifers on behalf of producers with payments made in raw milk over a period of time. • Selectively assisting farmers to develop (NAPOLACT and BELCAR model). At macro level: • Compulsory payments for milk to producers • Strict milk policies (no water, antibiotics, etc.) • Severe penalties for non-compliance.

These issues were addressed via APEL and the CRI Forage Management Pilot project.

2. Production and Technology Issues

Issue	Causes	RPA Proposed Solutions
• Little/poor use of milk testing equipment. • Processing milk is usually poor quality. • Little to no sanitation standards. • Poor supply of market information. • Underutilization of processing capacities.	• Poor management systems in place.	• Management consulting directed at generating short-term profits and medium term survival (SWOTs, feasibility studies, new products, etc.)

These issues were addressed via APEL, management consulting, and market information.

3. Credit and Finance Issues with Commercial Institutions and International Donors

Issue	Causes	RPA Proposed Solutions
• Access to credit / financing is difficult and/or too expensive to risk.	• Unrealistic expectations by lenders and borrowers; lack of flexibility. • Lack of communication skills by both lenders and borrowers.	• Creation of agribusiness departments within banks. • Increased training for evaluators (project evaluation skills).

These issues were addressed via APEL, management consulting, and market information.

4. Marketing and Distribution Issues

Issues	Causes	RPA Proposed Solutions
• Fluctuations in seasonal raw milk volumes. • Significant fluctuations in seasonal demand for dairy products. • Fragmented distribution networks.	• Historical market cycles. • Traditional breeding cycles still in place. • Lack of proper planning. • Old style production habits.	• Production management consulting • Partnerships with US genetics firms for ongoing reproductive material supplies and training. • Research into consumer habits • Technical assistance in non-ice cream summer dairy marketing.

These issues were addressed via market information available through RPA Alert Reports, Quarterly Market Studies, Sector Analyses, Consumer Preference Studies and Simpolact.

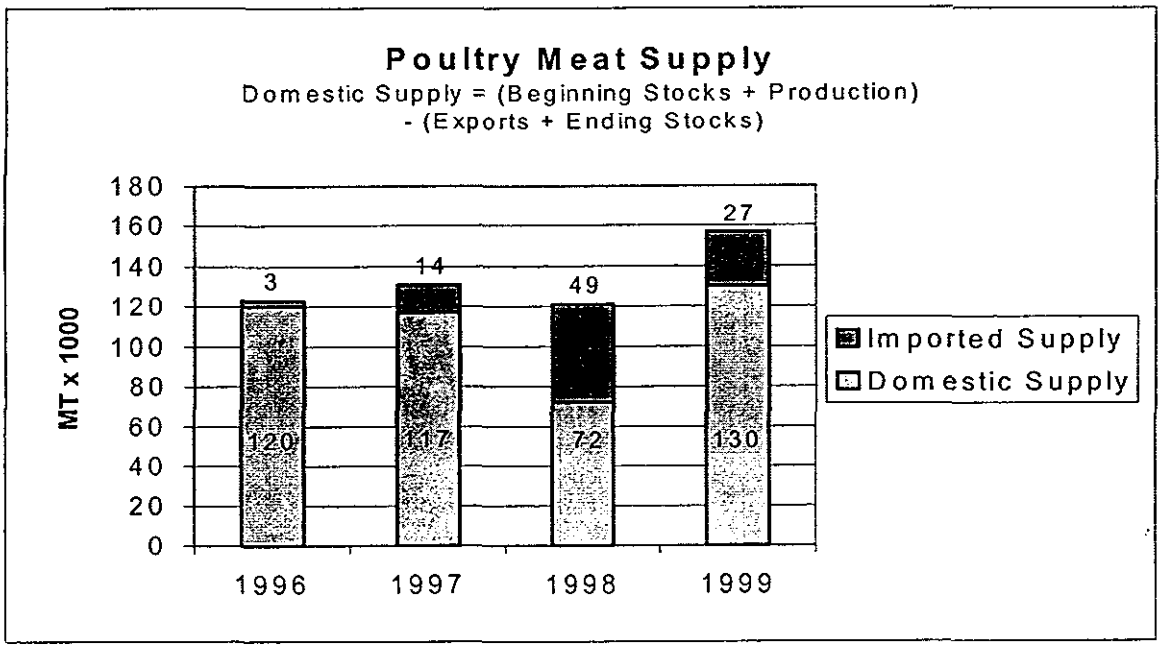
5. Additional dairy issues identified during the course of the RPA project that should be addressed by future projects are:

a. Farm-gate prices for cow milk in USD dropped by nearly half during the LOP of RPA.

b. Wholesale cow milk prices at farmer's markets continue to be higher than the price it is sold to processors. As a result, 28% of all milk produced in Romania continues to be sold directly to farmer's markets.

D. Poultry

The domestic poultry sector saw turbulent times in the years leading up to the RPA project. Similar to the dairy sector, the Romanian poultry sector was a dying industry, rapidly losing its market due to falling domestic consumption, drying up of overseas exports, and a lack of overall industrial organization and coordination at the professional level.



RPA worked very closely during the LOP with UCPR, the Romanian Union of Chicken Breeders. In early 1999, UCPR was a collection of state-owned, private start-up, and newly privatized poultry operations led by Romania's leading poultry scholars. Since then, UCPR has grown into a mix of 108 poultry breeders and processors, all privately owned, representing over 80% of the Romanian poultry industry. During RPA, UCPR has been transformed into the most powerful, respected, and mobilized professional agribusiness association in Romania.

Today, UCPR supports its members by lobbying directly with the Government of Romania, disseminating detailed statistical data on the industry. The UCPR also provides its members with quarterly publications offering feed information on nutrients and global developments, and technical assistance/trouble shooting to identify and solve production related problems. As part of RPA, the UCPR published a series of detailed consumer preference data to assist members to orient their production to consumer trends in product assortment, packaging, etc.

In addition to activities with the UCPR, the RPA project worked directly with three vertically integrated poultry/feed companies (see section IV). Each of these companies began life as feed manufacturers, and moved into poultry production to ensure a market for their product, and to add value. For some of the firms, this strategy has worked out well, but for other core clients, problems exist in their poultry production efficiency. These lower efficiencies increase their unit costs and decrease their profit margins. In general, firms that began in poultry production have fared better (from a profitability standpoint) than companies that started out as feed manufacturers and then moved into poultry production.

The RPA project focused its activities on assisting our integrated poultry/feed clients to reduce their cost of production by reducing the cost of feed, while optimizing their feed formulas. The relevance of this collaboration can be summed up in one phrase: over 50% (by some estimates 70%) of the cost of poultry production in Romania is made up of feed expenditures, resulting in high (and increasing) prices for cash-strapped consumers.

By providing feed formulation software and training to our clients, RPA assisted these companies to achieve savings of between $10 - $15 USD per ton of poultry feed (or 6-10% of the total cost). As these costs savings come directly from the highest component of production expenditures (feed), cost savings have increased via a multiplier effect by the time the product reaches the consumer. In short, savings in the cost of production have allowed RPA project clients to increase their profit margins, and expand their businesses and product lines while offering higher quality, lower cost goods to the average Romanian consumer.

1. Raw Material Supply Issue Assessment

a. Reliance on imports of protein feed (soybean meal, fishmeal and, as of 2000, corn). This issue was addressed via lobbying efforts from UCPR and UNIPAA.

2. Production and Technology Issues

Issues	Causes	RPA Proposed Solutions
• Poor supply of market information. • Under-utilization of processing capacities	• Poor management systems in place • Reduction in livestock numbers • Low meat prices due to low purchasing power of average consumer + unfair subsidized import competition.	• Management consulting directed at making short term profits/medium term survival (SWOTs, feasibility studies, new product development / human resource training, etc)

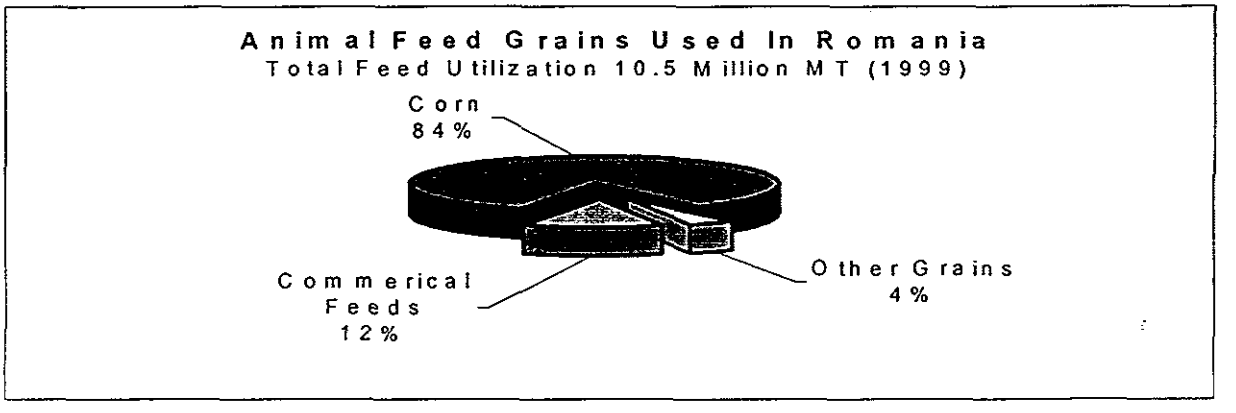
This was approached via UCPR, management consulting, and RPA market information.

3. Marketing and Distribution Issues

Issues	Causes	RPA Proposed Solutions
• Fluctuations in seasonal demand for eggs (low in spring and summer; high in winter). • [Untaxed] competition from small farmers selling meat / eggs directly to farmer markets • Fragmented distribution networks	• Historical market cycles. • Lack of planning; old production habits. • Lack of enforcement of existing laws	• Production management consulting • High fines for contraband poultry sales. • Increased research into consumer habits; TA in marketing poultry products during the "off" season. • Incentives for poultry / feed producers • Reduced or no VAT for inputs not produced in Romania (e.g. fishmeal).

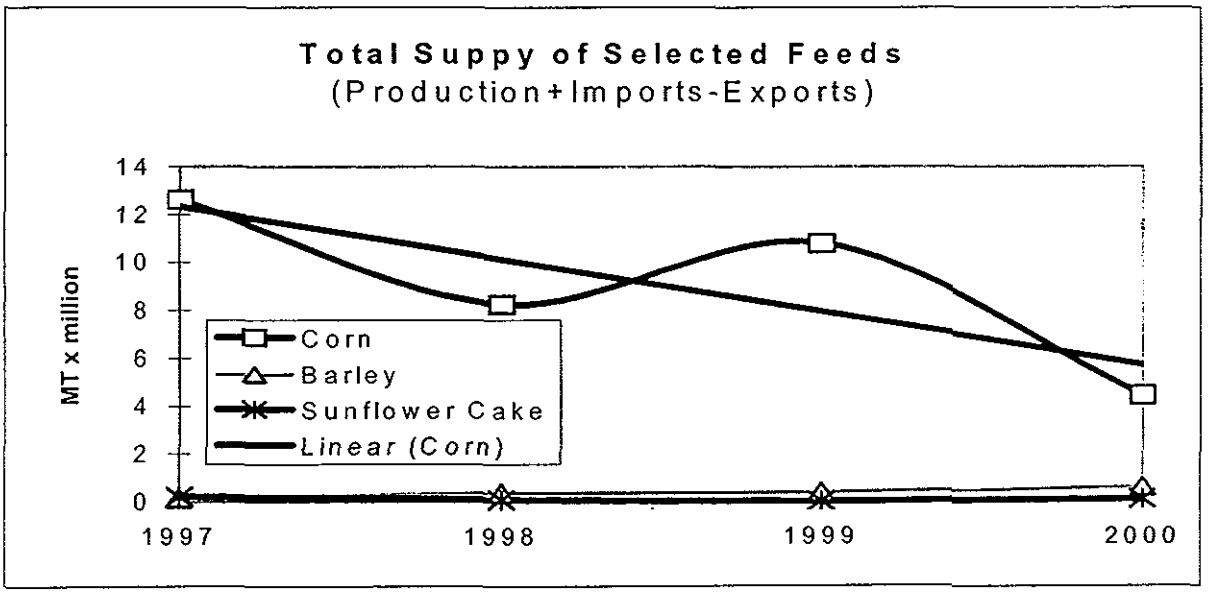
E. Feed

Since the mid-1800s, Romania has historically been one of the leading corn producing countries of Europe, as the country benefits from good soils and a long-enough growing season to realize high corn yields. Given this comparative advantage in corn production, the domestic feed industry always relied heavily on local corn for its raw material. Today, nearly 84% of the feed used in Romania is corn (excluding pasture and forage; in actual terms the number is probably higher). Also, nearly 12% of the feed used in Romania is sold as pre-mix commercial formulations, of which a large percentage is corn-based. Other feed grains such as barley and wheat make up about 4% of the nation's total feed supply.



RPA's work in the feed sector was dominated by the drought of 2000. The effects were far-reaching and affected production and prices for corn. For example, whereas 1997 saw production of over 12 million tons of corn, this fell to about 4.5 million tons in 2000. In other words, the 2000 crop was only 37% of the 1997 crop. With much of Romania's irrigation infrastructure in ruins since 1989, farmers rely almost entirely on rainfall for their corn crop.

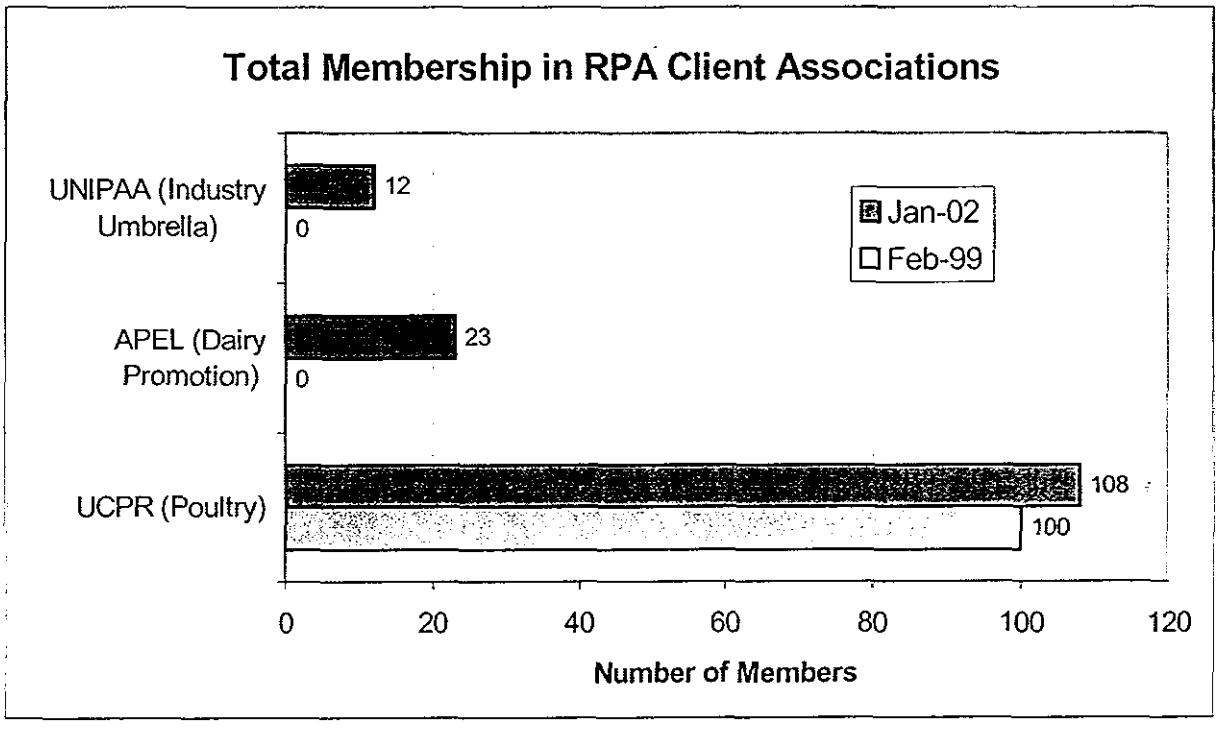
Though corn remains dominant in the feed sector, both barley and sunflower cake production saw increases during the LOP of RPA.



In summary, the economic background in which the RPA project operated was already very difficult before mother nature's drought intervention. Falling purchasing power, drought, and the repercussions of an economy transitioning from three years of recession all combined to create a unique and difficult environment for RPA clients' project sectors.

IV. ASSOCIATION BUILDING

RPA formed three professional agribusiness associations to address important industry issues and sector gaps. The rationale behind this was that independent producers and processors quickly grasp the importance of organizing into private groups for technical exchanges, market information and prices, advocacy for policy reforms, product and service promotion, and other necessary issues for their sector. RPA wanted these associations to be "vehicles" for change that, with time, could widely disseminate technical assistance, services, and share lessons learned in business. To this endeavor, RPA concentrated its efforts in developing UNIPAA, APEL, and UCPR.



A. UNIPAA

In 1999, Land O'Lakes recognized and acted upon USAID Bucharest's keen interest in establishing a means to combat the legislative and regulatory vestiges from the old communist system as applied to the agriculture sector, as well as the bureaucracy, the contradictory and frequently changing legislation, and the judicial interference from post-1989 power groups which has only complicated the situation. Under the aegis of RPA, Land O'Lakes organized most of the major agricultural associations in Romania into Romania's first private, inter-professional agricultural alliance called UNIPAA. RPA successfully provided this coalition organizational development assistance and facilitation of activities, and RPA encouraged the association to perform critical tasks related to maintaining its sustainability. The rapport that UNIPAA has established with key ministries, the World Bank, and the European Union, the successful lobbying that eliminated the 2-4% pension fund tax for agriculture, and other success stories did not happen overnight.

1. The Poiana Brasov Movement (1999)

In late March 1999, RPA organized an historic round table meeting in Poiana Brasov (central Romania) to identify common issues and problems between Romania's professional trade associations (with association presidents and leaders of the dairy, poultry, and feed sectors present). In April 1999, Land O'Lakes organized a follow-up meeting of the three presidents of the associations mentioned above to improve upon a draft document created in Poiana Brasov and prepare for an official document to be presented to the Minister of Agriculture.

RPA, with the assistance of Tom Slater, President of the State Public Policy Group, organized a roundtable of associations from the agriculture and food sectors during December 2-4, 1999. It marked the first time leaders of the various professional agricultural associations in Romania had assembled together to begin discussions on how to influence Romanian agricultural and food policies at the national level.

The professional agricultural associations represented at the meeting were:

- The Romanian Union of Chicken Breeders
- The National Association of Milk Processors
- The NUTRICOMB association of Animal Feed Producers
- The Patronat of Romanian Pig Breeders
- The Union of Producers from Agriculture and Livestock- UNIPAZ
- The Foundation for Rural Associations
- The Romanian Meat Association
- The Union of Horticulture Marketing Associations
- The Association of the Romanian Cattle Breeders

This same group reconvened less than one week later at a poultry plant in Crevedia (40 km from Bucharest) to build upon what had been established only a few days earlier. A summary of proceedings from Poiana Brasov was distributed and accepted as ground rules and base agreements for the future. The group accomplished the following actions:

- Associating into a new union/association called "UNIPAA" (The National Interprofessional Union of Agriculture and Food Processing Industries)
- Five committees were formed, as were draft work plans;
- January 2000 media events were planned;
- An interim Executive Director was hired;
- Membership criteria and categories of members were discussed;
- A deadline of January 20, 2000 was set to draft a budget.

On December 20, 1999, a press conference was held to announce the formation of UNIPAA. A letter was then delivered to the Government of Romania (GOR) to officially inform all relevant ministries about the creation of UNIPAA and expressing its desire to be considered as a partner in discussing government policy on agriculture and food sectors.

Three days later UNIPAA was invited to attend a Ministry of Food and Agriculture (MFA) meeting to discuss tax exemptions for importing agricultural and food products in 2000.

2. Jan - June 2000: An Auspicious Start

In early 2000, both the MFA and the Ministry of Industry and Trade formally recognized UNIPAA. Shortly thereafter, UNIPAA formally requested to become an active participant in Romania's ascension negotiations for EU membership via the MFA's Council and the Central Commission for Validation of SAPARD projects. UNIPAA and RPA continued to promote the new association's ambitious program to diverse audiences with common interests.

a. One such presentation was a luncheon sponsored by RPA in early January 2000 to introduce UNIPAA representatives to potential members of the association and international implementers. Attendees included representatives of USAID, contractors, the German and Dutch Embassies, World Bank, as well as the:

- Sugar Patronat
- Beer Producers Association
- Wine Producers Association
- Romanian Farmers Association
- Confectionery Producers Association
- Canned Goods Producers Association
- Mineral Water Producers Association

Each implementor publicly confirmed its support for UNIPAA and the need to not let Romanian agriculture die (as it represents 30-40% of GDP). Even those associations who were initially skeptical of UNIPAA for political or other reasons recognized the need for a coordinated, unified effort to positively influence agricultural policy in Romania to benefit producers, processors, and consumers of agricultural products.

b. Though UNIPAA had already been registering impacts for one month, a General Assembly was convened on January 28, 2000, to formally register UNIPAA as a legal Romanian entity and Romania's first-ever agribusiness "association of associations." Over 50 organizations, associations, companies, and governmental agencies attended the assembly including representatives of PHARE, MFA, various investment funds, Romanian and international banks, Romanian television and other mass media outlets, as well as private companies interested in joining UNIPAA as members. At the General Assembly, the following member associations formally founded UNIPAA:

- The Union of Romanian Poultry Breeders (UCPR)
- The Foundation for Rural Associations

- The Romanian Animal Feed Association (NUTRICOMB)
- The Romanian Pig Breeders Patronat
- The National Association of Milk Processors (pending Board ratification)
- The Romanian Meat Association (ARC)
- The Horticultural Marketing Association Union (Pending legal Union registration)
- The Romanian Association of Potatoes Farmers

A sample of initial formal decisions agreed to at the General Assembly were:

- The primary objective of UNIPAA will be to influence policies that benefit members and to become the leading agri-policy organization in the country.
- Members of UNIPAA will be associations and companies in the agri-production and agri-processing sectors; companies will be accepted as members if there is no association representing them in UNIPAA. UNIPAA will accept as honorary members any organization, individual or company with no direct activity in agriculture, willing and able to support the organization.
- All member associations will donate their association's databases to UNIPAA.
- All member associations will pay a monthly membership fee of 2,000,000 ROL.

c. In the first half of 2000, UNIPAA was busy setting an agenda for itself. Specific events were:

1) UNIPAA approached the Ministries of Agriculture, Finance, Commerce & Industry with proposals regarding value-added tax (VAT), *profit tax, import & fiscal policies.* UNIPAA proposed a reduction of VAT for basic food products (e.g., milk & bread) to 5% (from 19%), as well as a differentiated quota for profit tax that will hover around 10% and be adjusted seasonally (according to traditional production cycles).

2) UNIPAA requested that the National Bank of Romania become a neutral fiscal agent to promote neutral monetary policies which will ensure reduced interest rates for credits, re-investment of profits, stimulation of banks to grant agricultural credits.

3) UNIPAA noted that trade policies and relations with CEFTA and the EU must be modified to ensure a level playing field for Romanian agri-based companies. If the GOR cannot ensure this, it must protect the Romanian agricultural sector against external competition from countries with unfair trade practices in order to allow Romanian companies to develop, become competitive, and eventually prepare for the cancellation of custom taxes with CEFTA or EU members.

4) UNIPAA sent an official letter to the Prime Minister of Romania, Mugur Isarescu, and to the Minister of Food & Agriculture, Ioan Muresan, to relay and outline the disastrous situation livestock producers are facing as domestic supplies for fodder grain do not meet demand. As a temporary solution to this crisis, UNIPAA requested immediate approval for importing 800,000 tons of fodder grain exempt from custom taxes and import licenses granted directly to the animal breeders.

5) UNIPAA laid the groundwork for an all out anti agri-corruption war called "COP", the Romanian acronym for "Accurate, Honest, and Professional." At the core of COP is

a fund that disperses cash awards to custom officials, sanitary-veterinary inspectors, financial inspectors, civil servants in the MFA, and journalists who disclose infractions and other cases of fraud in the agri-industrial sector. The theory behind it was that an aggressive, anti-corruption campaign against domestic production of counterfeit products, illegal imports, and imports of products lacking Romanian phytosanitary requirements will benefit not only the members of UNIPAA, but Romanian consumers who will have renewed confidence in the food they consume and, ideally, better quality and reasonably priced products.

6) UNIPAA publicly disputed the GOR's Medium-Term Economic Development Strategy presented to the EU Commission in Brussels as a non-realistic strategy.

7) UNIPAA successfully lobbied for and achieved one of its main objectives: the removal of the 2-4% mandatory tax paid throughout the agricultural chain, from planting to packaging, which previously benefited the retired farmers' [of former collective farms] pension fund. The tax became null and void effective July 1, 2000.

8) RPA worked with UNIPAA to create a newsletter to be distributed to members and the Romanian mass media once a month that includes information about recent UNIPAA activities, up-to-the-minute market information, as well as local agriculture and food statistics, legislation, press reviews.

9) UNIPAA met to discuss extending Government Decision (GD) #479 from June 1999 for an additional year. This "decision" invoked a WTO safeguard for domestic livestock producers by setting customs taxes for meat and meat products imported from Hungary at 45% (as opposed to the "maximum" 25% agreed to in the CEFTA agreement). The initial resolution, successfully implemented by the lobbying efforts of UCPR one-year earlier, expired at the end of Q2 2000. Members agreed that regardless of the actual specifics of the safeguards, future tariffs must be harmonized with CETFA rates in the medium to long terms, but that temporary (one to two years) protection is still needed for the short-term. As a result, members voted to invite representatives from the Ministries of Industry & Trade, Finance, and Agriculture to meet in the first week of June for discussions on the subject.

   a) This issue sharply divided the meat producer and meat processor members of UNIPAA and the debate became very heated, often bitter at times, and posed one of the greatest threats to UNIPAA's existence during the LOP.

   b) The primary antagonist in UNIPAA against an extension of GD #479 was the Romanian Meat Processors Association (ARC). As a sign of protest, ARC has temporarily withdrawn from UNIPAA and mounted a separate lobby to request a return to the initial 25% custom tax citing a drastic decline in the domestic pork market as culprit. ARC maintained that 45% customs taxes would lead meat processors to bankruptcy. Though UNIPAA ultimately won this debate and ARC eventually rejoined UNIPAA, the rift has never been fully bridged to this day.

10) Between June 9-11, 2000, a historic meeting took place in Romania's Black Sea resort town of Mamaia between UNIPAA and the Ministry of Industry and Trade's Commercial Department and the Ministry of Finance's Budgetary Planning Department. The MFA was invited to attend, but elected not to come (no explanation was given). This meeting was so important that even ARC felt it necessary to attend although their membership was still temporarily suspended.

    a) What made this gathering unique was that it was a first-of-its-kind meeting among members of the food industry, organized in an inter-professional union

applying provisions as stated in Government Decision no.55/2000 regarding inter-professional organizations and officials from government ministries.

b) For each link of the product chain, UNIPAA presented proposed solutions to overcome existing and future challenges in various agriculture sectors. UNIPAA presented the Ministries with a list of the main threats to the Romanian agriculture sector which included, in order:

- the removal of meat safeguards,
- tax/customs evasion by meat/meat product importers, and
- VAT for food products.

Representatives of the ministries were genuinely open to cooperate with UNIPAA on rebuilding the Romanian agriculture sector. All agreed that this type of forum is necessary, if for nothing else than to exchange information, views, and solutions.

3. July - December 2000: Streamlining UNIPAA

By mid 2000, UNIPAA was coming into its own. Though there were still issues to be worked out between some individual members, most adhered to UNIPAA mission and goals and several government ministries and institutions clearly preferred to discuss issues with an umbrella association that represented the interests of several agri-associations. Highlights of UNIPAA activities were the following:

a. Developing the COP (Correct, Honest, Professional) fund

UNIPAA organized a round table meeting in July 2000 between companies directly involved in the milk/meat production and processing industries and representatives from the Romanian Fiscal Guard, Romanian Customs, the National Sanitary-Veterinary Agency, Agency for Consumer Protection, and other national sanitary inspection departments. This first of its kind meeting in Romania was called to highlight ways to reduce fiscal evasion reduction and increase consumer protection.

b. Continued Success in Lobbying

UNIPAA organized a press conference in early September 2000 to celebrate the GOR's decision to extend the WTO safeguard clauses for pork and poultry imports from Hungary for an indefinite period of time and place an import tax exemption for 500,000 1-day-old chickens (for reproduction) as a result of its (and UCPR's) lobbying efforts.

c. UNIPAA Receives Assistance from British Volunteer Service Organization (VSO)

UNIPAA received a VSO volunteer to work with UNIPAA and train members in EU agricultural lobbying and association development for 6 months.

d. UNIPAA Worked with the MFA

In light of the drought of the summer of 2000 (see section III.E) and fear of a corn shortage in Romania, UNIPAA presented the GOR with a series of succinct, well thought out arguments on behalf of most of its members who use corn as the main feed ingredient for livestock. UNIPAA began working directly with the MFA on acceptable customs tariffs for agricultural products and inputs for 2001.

1) In light of UNIPAA's lobbying efforts, the GOR approved 500,000 MTs of duty free corn for fodder imports into Romania.

e. **UNIPAA and the EU**

UNIPAA worked with a PHARE project dealing with adhesion to the EU, agricultural policy reform, and how the EU's Common Agricultural Plan will impact Romania.

f. **Germany, UNIPAA, and Strengthening Professional Romanian Associations**

In November 2000, the German Foundation for International Development and the German Center for Food and Agriculture invited UNIPAA to participate in Romania's delegation for a seminar in Germany titled "Supporting Organizations and Associations for Better Representing Agricultural Interests and Develop Commercial Relationships."

4. **July - December 2001: UNIPAA After One Year--Stronger Than Ever**

a. **The White Paper on VAT**

UNIPAA authored a white paper on decreasing VAT for food staples (milk, dairy, meat, and bread). Unfortunately, before it was formally submitted to the GOR, Prime Minister Adrian Nastase announced that the GOR would not be making any changes to VAT legislation in 2001.

b. **Proposal on Tax Free Cereal Imports Meets with Success**

In light of the drought of 2000 and the poor state of feed in Romania, UNIPAA drafted a proposal to the MFA requesting temporary, tax-free cereal imports between January 1–July 31, 2001. As a result of UNIPAA's aggressive lobbying efforts (and those of UCPR) at the end of 2000 and the beginning of 2001, the GOR approved UNIPAA's request for duty-free imports (not to exceed 400,000 MT) for animal feed until July 31, 2001.

c. **Exposing the "Defavorized Zones"**

In an attempt to reduce increased duty-free pork imports into Romania via the GOR's "defavorized zones," UNIPAA presented a study to the MFA, the Romanian Competition Council, and the Ministry of Development documenting the negative impact it was having on Romanian business. According to Government Decision 24/1998, pork meat imported into these "zones" is duty free and it circumvents the 45% tariff required for meat imports.

d. **Working to Redevelop Romania's Livestock Industry**

UNIPAA led a meeting via the Alliance for Romanian Economic Development (an NGO of which UNIPAA is member) with a MFA Secretary of State. Some UNIPAA proposals for the livestock sector are expected to be studied in detail by the MFA. In particular:

1) cataloging and preparing closed or bankrupt pig farms for sale by companies activate in the sector, and without debts to the state budget.
2) Importing $150 million worth of live animals and genetic material from the US via a GSM loan (backed by a GOR sovereign guarantee).
3) Canceling safeguards for pork imports from Hungary, but maintaining them for poultry.
4) Granting poultry producers an export bonus beginning in 2002.
5) Stimulating cattle breeding by granting breeding bonuses.

In a related issue, UNIPAA will be collaborating with the Ministry of Foreign Affairs to review custom tariffs and work out a timetable to establish lower taxes for raw materials versus those for final products and possibly seasonal custom taxes for certain items.

e. **Another Lobbying Success**

As a result of UNIPAA's (and UCPR's) lobbying efforts, a compromise on the safeguard measures for meat imports from Hungary was worked out: pork safeguard tariffs were eliminated, but poultry tariffs remained. Custom taxes for pork from Hungary were returned to the CEEFTA limit of 25% (down from the 45% applied since 1999).

f. **Another study**

UNIPAA conducted a comparison study on agricultural, commercial and fiscal policies applied in Romania and Hungary. The study was submitted to the Romanian Ministries of Agriculture, Finance, and Trade & Commerce to assist them in evaluating future commercial policies related to trade relations with Hungary.

5. **July-December 2001: UNIPAA On Its Own and "Graduated"**

a. UNIPAA organized meetings with representatives of the Romanian Ministries of Agriculture and External Affairs to lobby for a continuation of safeguards for local producers to compete against lower cost poultry and pork imports from Hungary.

b. UNIPAA was a featured guest at a seminar organized by the Ministries of Food and Agriculture of Romania and Spain. UNIPAA led debates on current issues regarding agricultural policies on Romania's integration into EU structures.

c. UNIPAA's executive director worked with Agricultural Attaches and Economic Counselors from all the CEFTA countries (Bulgaria, Czech Republic, Hungary, Slovakia and Poland) to compile and analyze information on the agricultural, commercial and financial policies of these countries individually, and compared to Romania. The final report was presented to UNIPAA members and to the Romanian Ministries of Agriculture and Finance.

d. UNIPAA collaborated with Romanian Customs and the Ministries of Finance and Development & Forecast to evaluate the impact of pork and poultry imports.

e. UNIPAA addressed a letter to the Ministry of European Integration on behalf of its members requesting change in some of the conditions for various economic entities to become eligible for receiving SAPARD funds.

f. UNIPAA leadership was invited by the Deutsche Foundation for International Development to participate in their two-week seminar in Germany on "Agricultural association support for better representing the farmers and developing commercial relations." Participation in this seminar was very important for UNIPAA as it would potentially open new EU doors for the organization, and provide a deeper analysis of UNIPAA to help identify its strengths and weaknesses, and also identify measures to be taken for improving the activity based on the factors that are influencing it.

g. Following the lobbying UNIPAA has conducted for the elimination of fiscal evasion via the "defavorized zones," the Romanian Parliament issued a Government Decision applying modifications to the initial law aimed at employment and imported raw materials. A joint decision by the Ministries of Food and Agriculture, Finance and Development regarding unfair competition in these areas is expected in early 2002.

B. APEL and Dairy Promotion

1. APPL-ANPL-APRIL Background

The RPA project inherited a relationship with the Private Dairy Processors Association (APPL) from an earlier Land O'Lakes project in Romania. RPA attempted to work with and foster association development and sustainability initiatives with APPL, which renamed itself ANPL (National Association of Dairy Processors) in early 1999, for the first half-year of the project, but to little avail.

Mid-way through 1999, political infighting within ANPL had become commonplace among the board members, with each putting personal issues ahead of the dairy industry. Complicating matters was a desire by the President of ANPL to sideline these issues and concentrate on unifying his association with a smaller, rival dairy association, the Patronat of Dairy Processors.

In the meantime, these two organizations which, combined, represented approximately 10% of all Romanian milk processing at the time, continued to ignore common problems faced by all in the dairy sector - including poor quality milk, low quantities of milk, decreasing consumption, declining market share compared to juices and sodas, rising imports, and a high value added tax on dairy products,

As a result of these issues, and with the blessing of the RPA project's USAID CTO, RPA suspended formal relations and curtailed its collaboration with ANPL until the association reorganized its board, goals, and means of doing business.

ANPL was eventually able to unify with the Patronat, but the new entity, known as APRIL, was never able to get off the ground and represent the dairy industry. Today, it exists as an association in name only.

2. Planting the Seeds

On December 10, 1999, RPA organized an unprecedented meeting in Bucharest with all the major players in the Romanian dairy industry that brought together people from processing, packaging, equipment, ingredient manufacturing, and the NGO sectors. Tom Slater, from the State Public Policy Group facilitated the meeting. The goal of this roundtable was to address the needs of the industry by organizing and mobilizing an educational campaign for the dairy industry as a means to increase consumption of pasteurized milk and dairy products in Romania.

Land O'Lakes enlisted the assistance of a local advertising company to develop a visual concept and slogan to complement these themes. Applications to join this dairy initiative were signed by 48 companies (30 of whom were able to brave the weather and a national railway strike to attend the meeting).

The common need for milk promotion was identified, and a working group was established to develop an action plan to promote milk consumption for the financial benefit of the dairy industry and the health of the Romanian population. Two co-presidents were nominated to head this working group: one representing a local

Romanian company and one representing a multinational packaging company. A meeting was scheduled for late January 2000 to finalize ideas and strategies.

3. APEL Is Born

RPA organized a meeting on January 21, 2000 for the working group born from December's roundtable to create a national milk promotion campaign. This ten-person working group, representing dairy producers, processors, and packaging companies, was empowered by the December 1999 group (over 30 different Romanian SMEs) to organize a legal framework, marketing campaign, and budget for 2000. At this first meeting of the group, the following decisions were proposed and voted on:

a. The name of the new organization to carry out this campaign will be "APEL" (Alliance for Promoting Milk Education).
b. APEL will legally come into being on February 18, 2000 when a General Assembly will be organized and a Notary Public will notarize the statutes.
c. APEL's initial membership fee will be 10m ROL (~$540 USD at the time), plus quarterly fees of 10m ROL.
d. RPA will match each contribution to APEL dollar for dollar in year one (up to a maximum of $30,000).
e. RPA will "hand off" the SIMPOLACT name and event to APEL.
f. APEL's main objective in 2000-2001 will be to increase the consumption of processed milk in Romania.
g. Members of APEL will benefit from free market information, advertising, and the right to use APEL's trademark on their packaged dairy products.

In February 2000, RPA hosted two additional meetings of the working group (on February 4 and February 16) and worked closely with the working group's ten members to hammer out goals, baselines, gather input from companies in, or related to, the sector, and select an advertising company to promote APEL. In particular:

a. Benchmarks were established to monitor the results of the 2000 campaign.
b. Organizational statutes for the upcoming General Assembly were drafted and a board of directors was nominated.
c. A total of 124 companies related to the Romanian dairy sector were contacted for comments and suggestions on APEL's proposed statutes.
d. Five Romanian advertising companies made presentations on strategies, budgets, and their visions for APEL in 2000. The working group selected "IN Advertising" as the official advertising agency for APEL in 2000. Among other things, "IN" was selected based on its overall presentation and its proposals contained therein which touched upon the goals, desires, and realities of APEL and its members in 2000, namely:

    1) Overall objective:
        - to educate Romanians on the importance of fluid milk and dairy consumption
        - to increase the percentage of Romanian milk processed in dairy plants (pasteurized milk) from 17-19% to 30-35% by the end of the year.
    2) Ambitious target population:
        - urban Romania (children, teenagers, adults, senior citizens from all income groups and diverse educational backgrounds)

3) Conservative budget
   - $85,300-90,000 USD (for year one of the campaign)
4) Diverse channels of communication:
   - Conventional advertising: TV, radio, newspapers, billboards
   - Unconventional: product samplings/testing, educational programs in schools, milk "caravans," official "milk day" in various clubs, etc.
5) The APEL campaign officially "launched" on April 12, 2000 in the rotunda of the Romanian Parliament building.

4. **APEL: An Auspicious Start**

On March 22, 2000 APEL organized a press conference in Romania's National Institute of Health in which the APEL campaign was publicly displayed for the first time. This small event acted as a warm up session for the official APEL campaign, which was officially launched on April 12, 2000, in a huge celebration in the Parliament of Romania. The kick-off took place under the stewardship of APEL, after a press conference, which gathered nearly 100% of Romania's domestic and foreign media.

Representatives of the APEL Board of Directors made brief presentations on behalf of the campaign and its goals, and participated in a question-and-answer session with both the Romanian mass media and the public. Several well-known personalities who could not attend the event offered their support via video, including American Ambassador to Romania James Rosapepe, Romania's Minister of Foreign Affairs, Petre Roman, tennis great Ilie Nastase, as well as two well-known local actors.

In all, over 250 people attended the event, comprising a diverse group of Romanian and foreign personalities, business people, sports figures, and representatives of local government who all raised a glass of milk and toasted for the campaign.

a. The first wave of the APEL outdoor media campaign commenced in Romania's ten largest cities with billboards depicting a family of four drinking milk above the APEL slogan: "Milk...Health above everything else".

b. APEL teamed up with Fox Kids Romania, a children's television station, and Nestle Romania, one of the top three food and beverage companies in the world, to begin a joint educational program in schools to promote children's health.

c. RPA supported APEL with educational & nutritional dairy information as benefits for alliance members. The alliance also edited a newsletter that was sent to 200 potential APEL member companies. A brochure was developed for release titled The Benefits of Milk Consumption in Combating Osteoporosis.

d. Mkco.ro, a Romanian-American joint venture in the IT sector (financed in part by the Romanian American Enterprise Fund) donated resources to develop an Internet homepage and space on their server for an APEL web page. The page can be found at http://www.usbiz.ro/apel/

e. SIMPOLACT 2000 went off without a hitch (see "Simpolact" section)

f. APEL, with RPA support conducted a Consumer Preference Study for milk and dairy products. The main objective of the study was to provide insights on Romanians' usage habits, attitudes and preferences toward milk and dairy products. A comparison between the 1999 and 2000 data was made to reveal any changes that might have occurred in consumers' habits. The study was distributed free of charge

to the paying members of APEL, and a summary of the study was prepared for sale to other companies interested in purchasing the data.

5. **APEL Sets the Public Relations Standard for Agribusiness Associations in 2001**

   a. APEL started off 2001 by organizing a press conference for the media to formally present the results of the APEL dairy consumer preference study. Over 30 representatives from newspapers, radio, and television attended the press conference.

   b. In CAPITAL, Romania's most widely read business weekly; an in-kind three-week series was published on milk and dairy products in collaboration with APEL. The three primary themes of the series were facts, figures, and consumer preference data on yogurt, cheese, and other fresh dairy products (e.g., buttermilk and kefir). In return for APEL's contribution of data and material collection, the alliance received free promotional space in the newspapers to promote the brands of its members.

   c. From May to June, APEL flyers, bags, and posters were distributed to consumers in 16 outdoor markets, all the major supermarket chains, hospitals, and at the TIBCO National Trade Show for Consumer Goods.

   d. APEL entered into a partnership agreement with House of Guides magazine, an industry specific monthly dealing with a different theme for each issue. To coincide with SIMPOLACT 2001, the House of Guides issued a special edition on the cheese market containing information on the dairy processing industry, dairy distributors, and other companies with activities related to APEL and it's members (equipment, packaging, ingredients, etc.). APEL also benefited from 22 pages in-kind space for promotional ads and APEL member presentations.

   e. A leading Romanian daily, Evenimentul Zilei, collaborated with APEL to publish articles on the local dairy market with an emphasis on consumption, milk and dairy product quality, and the grave risks of consuming unprocessed dairy products. Later in the year, the newspaper also published four articles in collaboration with APEL on fluid milk, ice cream, fresh products, and "cascaval" hard yellow cheese.

   f. APEL continued its partnership with TOP GHID ALIMENTAR, one of Romania's best known semi-annual catalogues for the food industry, offering information on production, processing, equipment, packages and ingredient suppliers. In TOP GHID's Summer 2001 catalogue, two full color pages were donated to APEL (one for a general APEL presentation and one for SIMPOLACT 2001).

   g. MEDIAFAX, one of the largest Romanian news providers, began including Simpolact 2001 update and information in their e-daily news brochure on agribusiness.

   h. APEL formally signed a one-year partnership agreement with PRAIS Corporate Communications after issuing an open tender to companies interested in handling public relations and promotion for the APEL campaign. PRAIS, the official PR arm of companies such as Kraft Romania, Danone, and other large multinational companies in Romania, was interested in not just doing PR work for APEL, but to become a fully integrated member of APEL. As such, the financial details of all work done on behalf of APEL were "at cost" only. PRAIS also coordinated all media and promotion activities at Simpolact 2001.

      APEL and PRAIS began developing a public relations campaign, to coincide with Simpolact 2001, that was aimed at changing the average Romanian's attitude and

behavior toward dairy product consumption via an informational and educational campaign. Implementation is taking place nationally through the end of 2004.

6. **SIMPOLACT 2001**

APEL coordinated and sponsored SIMPOLACT 2001 (October 5-7), effectively graduating the event and the association from traditional development funding. As in past Simpolacts, the event took place in Poiana Brasov. Land O'Lakes provided limited organizational support, but all of the financial support came from APEL members, The Royal Embassy of the Netherlands, and ten companies active in the dairy sector.

Over 250 people representing 120 companies active in the dairy processing, distribution, packaging, equipment, and ingredients industries attended Simpolact. Many of these representatives were from foreign counties, including Austria, Bulgaria, France, Germany, Greece, Hungary, Italy, Moldova, the Netherlands, and Spain. Also in attendance were representatives of regional banks, Embassies, Investment Funds, the Ministries of Agriculture and Finance, and the Romanian press.

a. At the Simpolact 2001 Symposium: discussions focused on the APEL campaign and strategy, the new APEL-PRAIS partnership, introduction of educational programs in schools, agribusiness financing, quality control and the regulatory environment, product distribution, logistics, and new legislative initiatives on agricultural policy.
b. On the exhibition side, approximately 36 companies displayed foods, equipment, packaging and/or ingredients across ~200m² of floor space. A dairy contest also took place and this included nearly 30 different categories of dairy products, ranging from fresh dairy products to cheese.
c. Simpolact 2001 earned APEL a $4,000 profit, all of which will be reinvested in the nationwide campaign.
d. APEL formally signed up its first non-Romania-based member, "Doehler, the well known German ingredients supplier. It also signed up as a new local member, "Calita" (Romania's Information Center for Agriculture), which is a joint venture between the EU, the Ministry of Agriculture, and Newsys S.A.
e. Other top items to note from Simpolact 2001 were:
   1) Doehler signed a one-year supply contract with Freisland (Nutricia) for ingredients and flavors to be used in flavored milk and fruit yogurt.
   2) Henkel Ecolab, the Austrian supplier for industrial detergents renewed one-year contracts with the seven dairy plants spread out among Freisland (three plants), Parametru (Brenac; three plants) and Prolabac (one plant) for the year 2002.
   3) Linco Food & Drinks (a Romanian dairy processor) signed an open supply contract for labels and packaging for Linco's fresh mozzarella with "Sintomat," an ethnic Hungarian manufacturer of packaging products from central Romania.
   4) Ecolean Balkans Ltd., a Bulgarian packaging manufacturer, attended Simpolact for the first time and departed with contracts to supply Freisland with one-liter and half-liter fluid milk packages. The company also began a feasibility study to open an office in Romania.
   5) The Dutch Royal Embassy in Romania, via its agriculture program, agreed to sponsor part of APEL's 2002 campaign for educational programs up to $80,000.
   6) World Bank, via its Project in Support of Agriculture, agreed to grant APEL a portion of its $100,000 USD set aside for educational initiatives in 2002.
   7) Delgado Group, a Spanish distribution company, attended Simpolact for the first time and opened negotiations with Parametru and Freisland regarding exclusive distribution rights to several of their products within the EU

C. Union of Chicken Breeders (UCPR)

When RPA began its collaboration with UCPR in early 1999, the poultry industry was suffocating under the pressure of foreign imports and administrative disillusionment. After less than a year UCPR had developed into one of the strongest and most respected professional agribusiness associations in Romania. The events that helped UCPR turn the tide were:

- Romanian feed mills vertically integrated into the poultry sector. This allowed for non-traditional poultry companies to make up for the difference in UCPR membership of traditional poultry companies that went out of business during this time. Part of this synergy is reflected in Nutricomb Feed Association's president sitting on the editorial board of Avicultorul, UCPR's quarterly newsmagazine.
- UCPR was the lead architect in Romania's domestic support structure for customs duties applied to poultry products that took effect in June 1999.
- The very close collaboration existing between UCPR and UNIPAA. A leading member of UCPR continues to be president of UNIPAA.

1. RPA - UCPR Collaboration: Year One

RPA began its collaboration with UCPR by coordinating poultry sector information that was desperately needed and, at that time, unavailable in Romania. Through our combined efforts we acquired the data and statistics on the poultry sector such as:

- total poultry bird inventory for Q1 1999
- statistical data for all poultry categories (chickens, turkeys, eggs, etc.)
- Q1 1999 prices for chickens and eggs
- Poultry deliveries per day
- Consumer market for poultry meat
- Poultry and egg stocks for Q1 1999
- Price evolutions for poultry and eggs: 1996-1999.
- Environmental market analysis for the feed and poultry sectors: 1996-1999
- Consumer preference for poultry products

a) The data revealed that the state of the Romanian poultry sector was worse off than anyone imagined, and was in serious danger of imploding. With the data RPA and UCPR packaged and released a series of "Alert" reports, bulletins, and press releases on the subjects and figures uncovered. It also enabled UCPR to lobby the Ministries of Agriculture and Finance to enact some form of safeguard measures to support the domestic livestock sector that was indeed on its last leg.

b) UCPR (and RPA) successfully recorded its first major impact with "Government Decision #479 of June 1999." This "decision" invoked a one-year WTO safeguard for domestic livestock producers by setting customs taxes for meat and meat products imported from Hungary at 45% (vs the "maximum" 25% contained in the CEFTA agreement). Though UCPR argued that future tariffs must be harmonized with CETFA, and eventually EU rates in the medium to long term, but that temporary (one to three years) protection is needed for the survival of the industry.

c) RPA sponsored an international symposium with UCPR called "New Technologies in World Poultry" in November 1999. A high ranking official from the Hungarian Ministry of Agriculture was present to discuss the implications of the above mentioned decision, as were over 150 participants representing 52 multinational and Romanian companies working directly or indirectly with the Romanian poultry sector.

The two–day event, held in conjunction with the Indagra Trade Show, also had some impressive, quantifiable impacts:

Genetics supplied by "Avicola Tartasesti" and "Avicola Bucuresti"	Five poultry farms purchased $1,250 USD worth of genetic material from these two Avocolas
Equipment suppliers: "Big Dutchman" "Azoma Arad" "Bioelectronoc"	• Water, feed, & ventilation systems for six farms (owned by Avicolas Alba, Alexandria and Bacau) valued at $1,486,000 USD • Watering & feeding system, two micro feeding plants valued at $100,000 USD • Spare parts for equipment valued at $50,000 • Equipment for Avicola Alba values at $100,000
Feeding additives supplied by: "Rhone Poulenc" and "Guyomarc'h"	Five farms bought a total of 25,000 tons of additives valued at $389,000 USD
Veterinary medicine supplied by: "Noack", "Romvac", and Novartis"	Value of Year 2000 supplies purchased from symposium-made contracts: $5,000,000 USD

The total value of the transactions which took place as a result of this two-day event was over $7,100,000 USD.

2. RPA - UCPR Collaboration: Year Two

In 2000, RPA continued its collaboration with UCPR. Nearly all work on behalf of UCPR was in the form of market research support, direct firm level assistance for UCPR members, and, in particular, through UNIPAA. We also received some unexpected data resulting from the RPA-UCPR collaboration. UCPR was instrumental in working on behalf of its members to organize a coalition of poultry and feed companies to lobby the Government of Romania on poultry policy, and to promote the industry domestically. The after effects resulting from "Government Decision #479 of June 1999" went beyond everyone's expectations:

- A 48% reduction in poultry imports: 23.4 thousand tons in 1999 vs. 48.62 thousand tons in 1998.
- A 49% increase in poultry production for URCB members: the first such increase since 1995 (from 70,000 tons in 1998 to 104,000 tons in 1999).
- An 11% increase in live bird numbers in the private sector: 1.5% increase in overall number of live birds, of which the private sector controls 91%.
- An increase in feed production was registered for the first time since 1989. Nearly 1.29 million tons of feed were mixed in Romania in 1999, a 24% increase over 1998 totals.

One event unique to UCPR was the SIMPOAVI poultry symposium organized by RPA and UCPR that attracted over 200 participants from the USA, Canada, France, Germany, Hungary, Netherlands, and Moldova.

Most attendees participated to learn the latest information and news about new trends in poultry nutrition, genetics, and equipment leasing. SIMPOAVI also played host to a

select trade show which benefited from participation by a number of renowned international nutrition, genetics, and equipment manufacturers including Hy-Line International from Iowa (the leader in the layer breeding industry who has expanded the frontiers of genetics by producing the world's most superior poultry stock).

The event received coverage in all the major Romanian dailies and on two prominent television network news programs. A highlight of Simpoavi's financial impacts were:

BIOELECTRONIC SRL sold the following for a value of DM 333,600	• Ventilation systems for AVICOLA BUZAU and S.C.SATIR • One full pre-mix line for AVICOLA BUZAU • Spare parts for modernizing four incubators AVICOLA CALARASI • Four units for modernizing feed operations to MIXALIM, AVICOLA BRASOV, AVICOLA BUFTEA, AVICOLA SUCEAVA
AGROTECH BUZAU sold the following for a value of DM 172,800:	• Generators for air filtration system to AVICOLA SATIR, AVICOLA CALARASI, AVICOLA BUZAU, and AVICOLA BRAILA
PETERSIME-AGROBEL N.V (BELGIUM) sold the following for a value of DM 900,000	• Three hatching units to AVICOLA BRASOV and AVE IMPEX • Incubators to AVICOLA TRANSAVIA, AVICOLA AGRISOL, and AVE IMPEX • One heating exchange system to AGRISOL
BIG DUTCHMAN sold the following for a value of DM 5,310,000	• Breeding units for five companies: AVICOLA TRANSAVIA, AGRISOL PLOIESTI, AVICOLA BRASOV, AVE IMPEX, and AVICOLA CALARASI • Reproduction units for AVICOLA TRANSAVIA, AGRISOL, AVICOLA BRASOV, AVE IMPEX, and AVICOLA CALARASI

The total value of transactions was DM 6,716,400 (~$3,198,286 USD)

3. RPA - UCPR Collaboration: Year Three

UCPR continued to fully integrate itself within the UNIPAA structure, but began to reaffirm itself as a separate agribusiness association as well. Within the first three months of 2001, UCPR had to deal with a situation in which large quantities of poultry meat and eggs by were being imported illegally into Romania. In addition to the uncollected taxes on these products and undercutting Romanian produced products by going direct to market, UCPR studied and analyzed samples and found that many pathogenic embryos entered the country and contaminated local poultry farms. Other association specific items included:

a. An improvement in dues collection over the LOP of RPA:

- 1999 – 30.0% of the total annual fee was collected
- 2000 – 48.8% of the total annual fee was collected
- 2001 – 80.0% of the total annual fee was collected (the first quarter)

b. UCPR supported the creation of ARCSEN, the Romanian Association of Ostrich, Emu and Nandu Breeders. Over 300 breeders registered to form this association

which became a legal entity in late 2001. In support of this new association, UCPR published a technological guide to ostrich breeding for all new members.

c. RPA and UCPR worked to create the third installment of the Poultry Consumer Preference Study. Results were distributed to all UCPR members and a press conference was organized to disseminate the results of the study concerning Romanian attitudes toward poultry products.

d. UCPR continued to publish its monthly "Information Bulletin" for the third consecutive year for its members (a copy is attached in Appendix C).

e. The stature of UCPR continued to increase as its President, Dr. Ilie Van, was formally nominated to become a member of the Romanian College of the Ministry of Food and Agriculture. The nomination is an important step in furthering UCPR's unmatched lobbying capabilities.

f. UCPR met with Prime Minister Adrian Nastase, representatives of the Ministry of Finance, the Competition Council, and the Ministry of Foreign Affairs to inform them of the fraudulent egg imports being conducted on a daily basis from Turkey and present solutions on how to rectify the matter.

g. UCPR continued to work with the Ministry of Foreign Affairs and provide the Foreign Trade Department with Romanian poultry meat production figures, import statistics, and economic data from the field. UCPR used much of this data to lobby (in association with UNIPAA) for a continuation of the safeguard clauses for poultry imports from Hungary for a third year, which was ultimately approved.

h. A meeting between Prime Minister Nastase, the Romanian media, and representatives of Romanian agribusiness was organized to discuss the problems confronting the Romanian food sector. The meeting was timely, as 2001 was looking like it would be a bounce-back year in terms of agriculture. One of the immediate results of the meeting was that UCPR's request for a stay of one-day-old chicken imports (to encourage the Romanian producers to develop their own market) was approved. Results of the above mentioned initiatives were seen almost immediately in a relaxation of farm gate poultry meat prices by 5-25%. Measures taken by the GOR were enough to encourage producers to increase the number of live chickens on poultry farms.

i. "The Romanian Chicken Wins the Battle Against the Mad Cow" was the title of a UCPR article published on the 13% increase in poultry meat consumption in 2000.

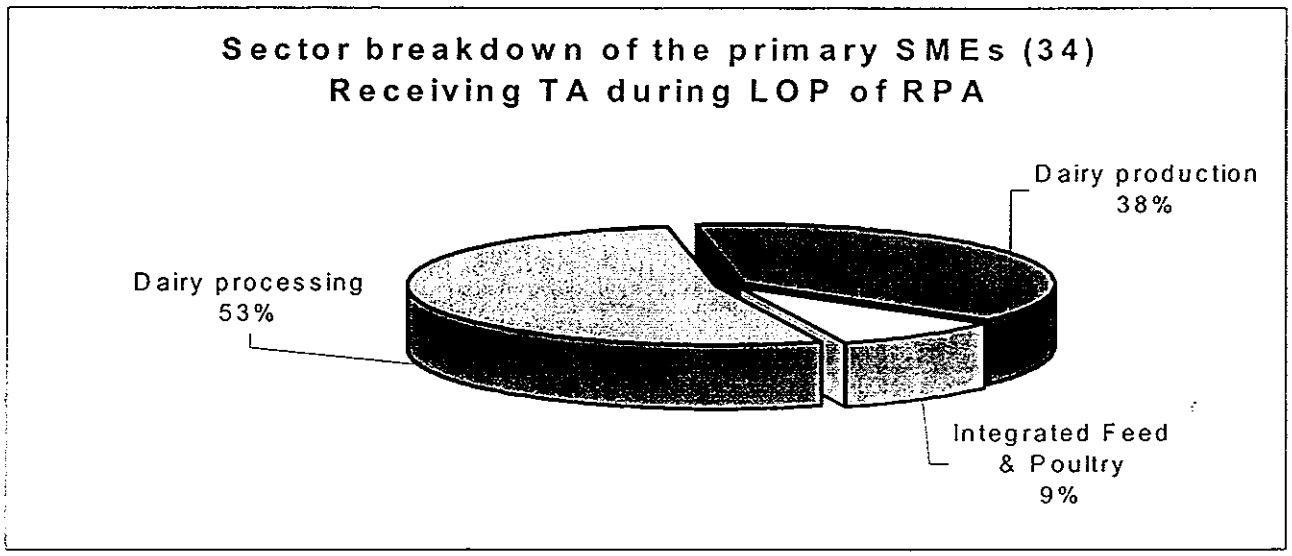
j. UCPR solidified its position as the premier professional agribusiness association in Romania by successfully lobbying for a reduction of custom taxes for the following:

- Exemptions from paying custom taxes for vitamin and other micro-components imports;
- Repeal of the 4% tax on income, destined to farmer pensions and social insurance;
- Exemptions for paying custom taxes on 500,000 one-day-old chickens for reproduction (economic advantage of about 7 billion lei = ~$250,000 USD at passage)

k. RPA facilitated a partnership between UCPR and the American Soybean Association (ASA) and attained financing for one year via the USAID/Romania RASP Program. ASA, is one of the world's leading agribusiness associations and

the collective voice of over 28,500 American soybean producers. ASA saw an opportunity to partner with UCPR to mentor its members on how to develop efficient low-cost, high-quality feed formulations. On UCPR's part, association members (who represent 80% of Romania's poultry industry) had an opportunity to achieve production efficiencies, lower production costs, higher margins and profits. ASA provided training and feed formulation software (courtesy of the Brill corporation), and trained UCPR members on soybean meal as a base ingredient in domestic feed formulations. The desired end result for ASA members was that they would be able to send US exports of soybeans and/or soybean meal to Romania; the end result for UCPR members was to be an improvement in the quality of Romanian poultry meat, a more affordable product for Romanian consumers, and higher sales. The success of the ASA-UCPR partnership would benefit three distinct communities: ASA member farmers (28,500 members), UCPR's members (108 members, 6,000 employees), and ordinary Romanian consumers (the approximately 12.3 million Romanians who purchase industrially processed poultry meat). Refer to Appendix F for more on this project.

V. DIRECT FIRM LEVEL ASSISTANCE



A. Poultry and Feed Companies

Background:

The Romanian domestic poultry sector has seen difficult times over the past several years; much of the instability in the sector has been brought about by large quantities of imports from Hungary (~50% of internal consumption). The RPA project closely collaborated with three vertically integrated feed/poultry companies. Two of these companies began as feed manufacturers and moved into poultry production to ensure a market for their product, and to add value. The other one first started as a poultry operation and fared better (from a profitability standpoint) than the others.

Among the most important reasons for the low performances in the poultry-breeding firms are poor quality feed, and poor operations management. The software used for feed formulation is often old (or non-existent), and usually the companies supplying raw feed materials formulate their own, non-optimized recipes. In an attempt to combat these trends among the three Land O'Lakes' core integrated clients, the project begun a formal collaboration with Brill Corporation (of Norcross, GA; and which is a subsidiary of Easy Systems, Welcome, MN), America's leader in feed formulation software and optimization programs.

Land O'Lakes and Brill assisted integrated clients with TA in feed formulation via a complex software package, custom designed for each client, that reduced costs and made the production units run more efficiently. The Land O'Lakes clients that benefited from this project were:

- Transavia (Jud. Alba)
- Nutricod Codlea (Jud. Brasov)
- Nutrientul Palota (Jud. Bihor)

The software developed by Brill Corporation for feed formulation takes into account, and optimizes, variables such as:

- Total raw materials available for feed production;
- Raw materials costs;
- Bird age and feed necessities.

With this information the Brill specialist was able to indicate the proper feed recipes to be formulated, and demonstrated exactly where the feed costs were coming from, the day's inventories, what raw materials and in what percentage they were to be used in order to optimize production. In addition to implementing the program and training the staff, the consultants also compared the data obtained in the feed operations with data in the field taken directly from the farms. This comparison was used for an overall view of how production and costs could be optimized.

Each individual intervention with Land O'Lakes/ Brill was followed by a series of recommendations for improving operational efficiency. As the life of the project was for only six months, consultants focused on activities that would demonstrate results over the short term. The program included working meetings with the management of the companies starting in March 2001:

- Transavia: -meetings with Mr. Ioan Popa, General Manager and Mr. Ovidiu Oprita, Technical Manager
- Nutricod: - meetings with Mr. Valeriu Maier, General Manager and Mrs. Moisica Pop, Production Manager
- Nutrientul: -meetings with Mr. Iosif Pazuric, General Manager, Mrs. Vailica Popa, Production Manager and Mrs. Mirela Nuta, Nutrition Manager

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TRANSAVIA S.A. (jud. Alba)

Address: Alba Iulia- Cluj Napoca road, Km. 11, No. 31, Oiejdea, Alba County (located in the center of Romania, approximately 340 km from Bucharest).

Transavia is an integrated company with 100% private ownership with the following production capacities:

- two feed mill operations with a total capacity of 30-35 tons of feed per hour;
- broiler farm operations with a total capacity of 1,000 tons liveweight meat;
- parent stock operations 10 million hatching eggs/year;
- hatchery operations 8 million day old chickens/year;
- layer farms with a total capacity of 10 million eggs;
- slaughtering houses 12,000/ hour (two shifts/day).

Summary:

Though it is nowhere near the biggest player on the market, Transavia owns one of the most modern poultry operations in the country. In Q2 2001 a new feed mixing plant and silos were purchased by the company, and Brill has been contracted to modernize the operations with new equipment and Brill software. The investment is expected to lower feed production costs and the ex-works price for poultry meat.

Transavia's problems, as identified by the Land O'Lakes/Brill team, are related to specific feed recipe formulations including the choice of raw materials used (in particular the percentages of calcium, phosphorous, calcium carbonate). Also, the Land O'Lakes/Brill team recommended to Transavia's management the use of higher quality soy bean meal (e.g., 48% protein), which in spite of the higher price is more economical and efficient and could substitute part of the protein sources currently used. This also opens up the possibility of Transavia purchasing US Hi-Pro Soybean meal.

Land O'Lakes/Brill continue to send out materials outlining the latest information in the feed market to the Transavia management team to keep them informed on the latest technology and help them better learn about the movements in the feed and poultry market.

Strong points identified by consultant:

- due to the fact that 100% of the company is privately owned, the decision process is very rapid and efficient;
- the integrated production system allows the company to strictly control the whole production chain;
- the company owns the latest generation of production equipment and technology, extremely important elements for obtaining good performance and technical results;
- the formulation and counterbalancing of the feed recipes is being performed accurately, taking into consideration the necessities of the hybrids.

Weak points identified by consultant:

- raw materials used are not always of the proper quality, and this is certainly a bad influence on the technical results;
- the company is confronted with nutritional problems, such as the appearance in chickens of symptoms that are indicating an unbalanced Calcium/ Potassium ratio; this problem is constantly having a negative impact on production performance;
- the laboratory analyses for raw materials, and the constant updating of the database (new quality parameters and prices for raw materials) are not adequate because the company does not own an adequately equipped laboratory for analyses. On the other hand, in the whole area there is no private or state owned laboratory which can meet the requirements of chicken breeding.
- the results obtained in one of their chicken-for-meat farms are constantly lower than those in the other farms of the company.

Solutions provided by the consultant and the impacts:

- consultant gave solutions for sources of quality raw materials: suppliers for 48% US soy meal, with high protein content, which despite the high price is economical and more efficient if it is substituted for some of the protein sources currently used by the company;
- the Calcium/Potassium (Ca/P) ratio in the formulas used for chicken feed by Transavia. The consultant recommended lab analyses for raw materials of mineral origin (calcium carbonate and mono-calcic phosphate). After analyzing the results obtained the conclusion was that the bi-calcic phosphate and the calcium carbonate used in the recipes were the main cause for the nutritional problems identified. After following the consultant's recommendations for using the mono-calcic phosphate from another source, problems stopped appearing, as well as a reduction in chicken mortality and increases in weight gains. On the other hand, by substituting the bi-calcic phosphate with the mono-calcic one, the company realized a $5 US dollars saving per ton of feed produced.
- For the farm with poor results, the consultant recommended a water analysis. The results demonstrated that the low quality of the water being supplied to the chickens was influencing the farm's performance;
- The Brill version V28 of the program has been updated with the V30 version, and the technical manager has been trained on opportunity price finding, sensitivity analysis and new options of the V30.

NUTRICOD (jud. Brasov)

Address: 15 Halchiului St., Codlea, Brasov County (located 180 km North of Bucharest in a mountainous region of Transylvania).

Nutricod is an integrated company with 100% private ownership with the following production capacities:

- mixed fodder operation with a total capacity of 140th tons/year;
- broiler farms operations with a total capacity of 5,000 tons of live weight meat;
- layer farms operation with a total capacity of 50 million eggs;
- slaughtering house 12000/hour (2 shifts/day).

Summary:

Nutricod owns a massive, aging feed operation with a total capacity of 140,000 tons of feed per year. Since 1990, Nutricod has been nowhere near operating at full capacity. In fact, the company ended 2000 with total annual production of only 14,000 tons of feed. The costs involved in running such a large feed operation are very high and, operations are far from efficient.

In an effort to increase its sales and market share, modern pelletizing equipment was recently purchased. Unfortunately, the quality obtained from the use of this new equipment was less than desired due in part to the pellet sizes that could be produced, the high cellulose content of the feed, and a high percentage of linoleic acid.

With regard to the pellets, the integrity of each pellet was not maintained during transportation from the plant to the farm. The resulting loses were higher than expected, birds did not grow uniformly, and final outcomes were far from ideal. To further compound the issue, farm equipment has not been modernized since 1990, and a large percentage of feed was lost on its way to chicken coops. As a result, high consumption and low conversion ratios have been registered for the company's chickens.

Nutricod's management followed suggestions made by the Land O'Lakes/Brill team to resolve some of these issues and measurable improvements have been recorded from one visit to another. Land O'Lakes/Brill continue to send out materials outlining the latest information in the feed market to the Nutricod management team to keep them informed on the latest technology, and help them learn about developments in the feed and poultry market.

Strong points identified by consultant:

- Lab analyses for the raw materials and database update (new parameters, new prices for raw materials) are performed adequately;
- Feed recipes formulation and counterbalancing are made according to the requests of the hybrids fed with those recipes;
- Special attention is granted by NUTRICOD to using high quality raw materials;
- The company decision to produce only well-balanced feed formulas is a correct and very effective one (see the usage of synthesized amino-acid in recipes); this is the only way to obtain efficient production;
- The company's ability to granulate the feed and include fats by spraying is a huge advantage for obtaining a quality feed, and implicitly, superior technical performance in the chicken-for-meat farm;
- The mortality rate in the broiler farm (~5.0%) shows that the genetics (day-old chickens) are of high quality, and the sanitary-veterinary management on the farm is suitable.

Weak points identified by consultant:

- The confined supply, lack of raw materials and high acquisition prices (a situation currently valid for the whole country), are pushing the nutritionists to disregard the recommendations / demands for the hybrids fed with those formulas. NUTRICOD is also affected by market restraints, and two major problems were identified:
- A **high level of raw cellulose** (over 3.5%) in the 21-1S formulas, that can have negative influences on the chicken-for-meat performances. This is mainly determined by the utilization of a soy meal with high raw cellulose content (the only one currently available on the Romanian market), that has a high share in the recipes (more than 30%).
- The **high level of linoleic acid** in the formulas is another identified factor that is negatively influencing the performance of the chickens consuming this type of feed (with reference to the carcass quality as well as to the pellet quality - see the pellet integrity maintenance). This high level (over 12.5%) is generated by the inclusion in the recipes of raw materials with a high level of linoleic acid (corn and vegetable oil), with the aim of obtaining a high level of metabolized energy.

- By the time the feed gets to the farm, the pellets are broken and this contributes to a high level of feed waste. On the other hand, the feeding equipment is old and also contributes to the waste of feed. This might justify the **high rate of consumption** (2.15 kg of feed).

Solutions provided by the consultant and the impacts:

- Following the training provided by Brill, counterbalancing of the formulas has been realized. Unfortunately, because of the outdated computers at the company, the program did not operate at its full capacity at Nutricod.

- The technical questions regarding nutritional issues that the manager had for the consultant found answers in the specialty books provided to the company by Brill consultant and Land O'Lakes.

- The chicken breeding farms were visited and specific recommendations were made:

- Usage of 10-15% wheat in the chicken-for-meat formulas, which led to an increase in the quality of the pellets produced;
- Reduction of the raw cellulose content in the 21-S1 formulas (to a maximum of 3.5%) which resulted in a better feed conversion and improved performance;
- Including a pre-starter formula in the feed regime of the chicken-for-meat's first days of life had a positive effect on performance.

NUTRIENTUL (jud. Bihor)

Address: 1 Campului St., Palota, Bihor County (located 590 Km from Bucharest and 15 Km from the Hungarian border in Northwest Transylvania).

Nutrientul is an integrated company with 100% private ownership with the following production capacities:

- mixed fodder operation with total capacity of 140,000 tons/year;
- broiler farms operations with a total capacity of 1,000 tons of live weight meat;
- hatchery unit with a total capacity of 10 million day-old chicken per year;
- slaughtering house 12000/hour (2 shifts/day);
- pig breeding farm.

Summary:

Nutrientul, like Nutricod, also inherited an old dinosaur of a feed operation left over from the communist era. After the drought of 2000, and months of producing feed at higher than average costs, Nutrientul's management decided to halt feed production temporarily and instead rely on cheaper, higher quality imports from Hungary.

As feed came into the business from Hungary, Nutrientul was busy modernizing its feed operation to include new pelletizing equipment. The new operation will formally kick off in the fourth quarter of 2001.

At the suggestion of the Land O'Lakes/Brill team, Nutrientul's management invested in full fat soybean meal equipment that should significantly increase poultry feed conversion ratios. Furthermore, in an attempt to increase Nutrientul's efficiency, management purchased an incubation unit with a capacity of 60,000 eggs per series, and has contracted out consulting work on the operation to Brill.

Our clients have all expressed gratitude and satisfaction for the Land O'Lakes/Brill collaboration. Measurable results were seen even after the first field visit. Land O'Lakes/Brill has tried to keep suggestions limited to feed formula inputs, microclimate on the farms, water supply, and equipment for employees at the farms level, [re]organizing equipment, etc.. In short, these are small things that have huge impacts on productivity.

The results of the intervention to date have resulted in a more efficient administration of feed ingredients, lower feed formula costs, lower feed consumption ratios, a shortened slaughtering period, and lower mortality rates.

Strong points identified by consultant:

- the company owns excellent production capacities (mixed fodder operation, poultry and pig breeding units, slaughtering house);
- lab analyses for the raw materials and database update (new parameters, new prices for raw materials) are performed adequately;
- special attention is paid by NUTRIENTUL to using high quality raw materials;
- the people working in the mixed fodder unit are very well trained and have field experience.

Weak points identified by consultant:

- the company did not own a program for formulating feed. Because of this the company relied on other companies to counterbalance the recipes, which were not always aware of the real situation at the operation (raw materials data or genetics used);
- problems were identified regarding the introduction of fats into the processed feed;
- the equipment used at the chicken-for-meat farms is old and has a negative impact on the performance obtained;
- the people working on the farms have low professional knowledge;
- the management is not completely using the existing production capacities (e.g., incubation unit or chicken-for-meat farms);
- the company is facing harsh competition from Hungarian feed suppliers, limited stocks of feed, lack of raw materials, and high acquisition prices that are threatening the economic situation of the company.

Solutions provided by the consultant and the impacts:

- the Brill program has been installed and the team has been trained on using it, with a great impact regarding the quality of feed obtained;
- at the request of the specialists there, the Brill consultant had weekly interventions regarding the formulas and other technical matters;
- based on visits to the farms, the performance problems were identified (the management of the chicken breeding and the sanitary-veterinary management in the farms); solutions have been provided for suitably disinfecting the whole population that led to a decrease in the mortality rate of birds up to one week old; recommendations were made regarding the improvement of the sanitary-veterinary management procedures followed by the employees: special attention was paid to the cleanliness in the filters and the outside court of the farm, the tools used by the workers in the farm and the traffic in the area;
- the consultant made a study regarding the efficiency of producing and using full fat soy as a raw material. Because the results obtained were positive, the company purchased extrusion equipment for producing full fat soy. Including the full fat in the mixed fodder produced would realize savings of $3 US dollars per ton of fodder produced.
- technical recommendations were made for renovating the incubation unit and the reproduction operation; currently the hatchery unit is ready to begin production cycle.

B. Dairy Processing Companies

The assisted dairy processing companies and actual activities are presented in the tables in Appendix D.

The assistance paid back. Our dairy processing customers now have:

- Additional products such as mozzarella (either block, shredded or in batons), cheddar, and Gouda in their product mix.
- Improved products (sour cream, cascaval, yogurt, white cheese, processed cheese) and processes.

The sale of the new or improved products meant sales and profit increases for the dairies. It also meant paychecks for their milk farmers and their families. The improved products and processes contributed to cost reductions and profit increases.

Success stories are presented in Section VIII. Dairy processing companies were assisted through the APEL organization, which was previously discussed in Section IV B.

VI. DAIRY PRODUCTION / FORAGE MANAGEMENT PILOT

As a disproportionate number of Romanian dairy farmers do not utilize high-quality forage in their dairy operations, and because many lack access to know-how and technology as well as the capital necessary to improve forage production, Land O'Lakes initiated a joint pilot project with Cooperative Resources International (CRI), one of America's top forage management specialists, cattle breeding companies, and the largest exporter of artificial insemination services in the world. The program begun in mid-2000, and lasting 15 months, was a qualified success.

With the primary objective of introducing new alfalfa varieties to increase raw milk production and improve producer profitability, the project overcame substantial obstacles to demonstrate significant improvements in dairy production efficiency. Working with a core group of thirteen agribusinesses throughout Romania, this project posted the following achievements:

- Provided over 50 days of individual consultant work for key participants in production management, alfalfa production, harvest and management, and milk quality management;
- Conducted over 50 days of farmer training through an extensive public seminar series in alfalfa production and forage management, milk quality management, and dairy herd health and reproduction management reaching nearly 200 area farmers, extension workers, and Ministry of Agriculture county field technicians;
- Developed test plot demonstration site of improved alfalfa varieties with these results:
    - 32% increase in forage yield;
    - 200% increase in pounds of protein harvested per hectare;
    - 44% reduction in fiber levels;
- The 32% increase in forage yield and 200% increase in pounds of protein harvested per hectare were realized with no increase in production inputs;
- Increased protein levels in the forage fed to cows, reducing protein supplement feed costs by $1.17 per cow per day:
    - With nearly 1,000 cows enrolled in the project, feed cost reductions totaled $1,170 per day or $427,050 per year in project herds alone;
- Created *effective demand* for new alfalfa varieties and harvest equipment, by enabling participating farmers to earn the income to finance improvement investments;
- Participating producers sustained daily milk production rates while facing a severe drought, avoiding anticipated production shortfalls of 30 to 40 percent.

Our immediate objective was to revitalize the purchasing power of rural Romania, to stimulate capital formation to drive consumption, and to squeeze capital out of the land for the proprietor. Agriculture is 23% of GDP in Romania, while 36.5% of Romania's population is engaged in agriculture, further magnifying the scope of this impact. Romania's per capita GDP is $3,900. For every 20 cows realizing an increased profitability of $200, one more worker out of Romania's 9% unemployed can be employed, or this doubles the income of workers already in the market, all through increased investment by dairy producers. Traditionally tax adverse, dairy producers are motivated by tax schemes perpetuating expenditures. The pilot project empowered Romania's single largest sector to consume capital goods; to invest and modernize.

Begun in January 2000, the pilot project set out to design and implement activities that would demonstrate:

1) The value of high-quality forage in the dairy cow's diet,
2) Proper harvesting and storage techniques, and

3) Cultural practices that would enhance the feed value for farmers around two milk cooperatives participating in the Land O' Lakes Romania project.

The results of these activities were:

- New improved varieties of alfalfa combined with improved harvesting techniques resulting in a minimum of 10% yield increase;
- Improved raw milk output and quality by 15%;
- Reduction in somatic cell counts by a minimum of 15%;
- Protein in forage increased by 15%;
- Fiber levels (non-digestible component) decreased by 20%;
- Higher demands for improved forage harvesting equipment;
- Increased market demand for high quality forage seeds.

The RPA project's positive impacts in dairy processing, packaging, and marketing with emerging cooperative and commercial processors illuminated underlying market failures in the dairy sector — the quantity, quality, and consistency of the fluid raw milk supply. The processor's search for raw product leads invariably to the more than century old problem of East European production agriculture, the inefficient fuel of its draft power and even the impotence of its mounted cavalries — fodder production.

The full CRI report is annexed to this report, as Appendix E.

VII. OTHER PROJECT INITIATIVES

Land O'Lakes sponsored the participation of ANPL leaders to attend the first annual **Regional Dairy Association Roundtable** (held in Sofia, Bulgaria between 2-4 May 1999). Discussions revolved around the current situation and future possibilities related to dairy in the Balkans, Central Europe, and the European Union. The president and two members of the executive board of ANPL exchanged information with their Bulgarian counterparts and saw dairy companies and products presented at the Plovdiv Fair. Information regarding the Roundtable was published in ANPL's quarterly magazine Infolact.

Mamaia Milk Fair (June 2-4, 1999)
The fair was organized by ANPL within the context of the larger "EXPOAGROUTIL'99" annual exhibition organized by the Constanta Chamber of Commerce. The Mamaia Milk Fair attracted 15 dairy-related companies (processors, equipment manufacturers, etc.) from across Romania to display their products. The first day of the fair was very important for ANPL as well as for all those who attended. The Minister of Agriculture, Ioan Muresan, attended the opening and met with the president and other board members of ANPL. ANPL used this opportunity to inform Minister Muresan about the general situation of the dairy industry and the companies working within the sector.

SIMPOLACT'99:

Land O'Lakes Romania organized the 4th edition of the Romanian National Dairy symposium **SIMPOLACT'99** between October 8th and 10th, 1999. Over 300 people, representing 140 companies active in the dairy processing, distribution, packaging, equipment, ingredient and chemical industry gathered at the event.

Delegations from Austria, France, Holland, Hungary, Italy, Kenya, Malawi, Moldova, Uganda and United States, attended Simpolact'99, as did regional banks, the Dutch Embassy, the European Union, the Ministries of Agriculture, Finance, and Industry & Trade, the Agency for Small & Medium-size Enterprises, Evanston Capital Advisors, the Danube Fund for Reorganization, and the Romanian media.

On the symposium end, discussions focused on the present and the future policy of the Romanian dairy industry, the role of professional associations in influencing policy, the necessity of creating high standards for Romanian dairy products, exporting, and the idea of a milk promotion campaign. Presentations and debates concerning investment in Romania (including in the Romanian dairy sector), and the quality of Romanian milk were the hot topics this year and especially appreciated by the audience.

On the exhibition side, approximately 50 companies displayed their dairy foods, equipment, packaging, and ingredients, over 150 m^2 (492ft^2) of floor space.

A dairy product competition took place during the first day of the symposium in which over 28 categories of dairy products ranging from milk to fresh dairy products to cheese were judged. Non-taste related competitions included those for best display (dairy and non-dairy).

Land O'Lakes Romania organized Simpolact'99 by bringing together a diverse coalition of sponsors including Danone (the French consumer food colossus), Henkel Ecolab (the Austrian chemical cleaning company for the industrial food sector), Indlacto Mures (an Italian-

Romanian dairy joint-venture, specializing in Italian style cheeses for export and the local market), and Greiner (an Austrian packaging giant).

The 60 million ROL (~ $3,500) profit from Simpolact'99 was devoted to a national milk campaign which had its kick off in the first half of 2000. Most Romanian newspapers covered Simpolact'99. Although dairy is one of the most depressed sectors in Romanian agriculture, Simpolact'99 showed that the sector is still alive and kicking; upgrading and innovating.

In order to educate consumers to drink pasteurized milk and to increase demand for milk, the RPA project has organized the APEL alliance. This is a group of companies in the dairy sector that banded together with guidance from RPA to educate consumers as to the benefits of milk and dairy products and to increase milk consumption. In general terms, the goals of the APEL alliance are similar to those of the American milk promotion campaign "Got Milk?" However, APEL's budget is much smaller than its American counterpart.

APEL

Representatives of the APEL Board of Directors made brief presentations on behalf of the campaign and its goals and participated in a question/answer session with both the Romanian mass media and public. Several well-known personalities who could not attend the event offered their support via video, including the American Ambassador to Romania James Rosapepe, Romania's Minister of Foreign Affairs, Petre Roman, tennis great former world number One, Ilie Nastase, as well as two well known actors.

In all, over 250 people attended the event, comprising a diverse group of Romanian and foreign personalities, business people, sports figures, and representatives of local government who all raised a glass of milk and toasted the campaign.

The first wave of APEL outdoor media campaign commenced in Romania's ten biggest cities with a family of four drinking milk above the APEL slogan: "Milk...Health above anything else."

APEL teamed up with Fox Kids Romania, a children's television station, and Nestle Romania, one of the top three food-and-beverage companies in the world, to begin a joint education program in schools to promote children's health.

SIMPOLACT® 2000:

Land O'Lakes helped APEL in organizing the 5th edition of **SIMPOLACT®** between October 6-8, 2000, on behalf of the entire Romanian dairy industry and on behalf of the milk promotion campaign.

Over 400 people representing 180 companies active in the dairy processing, distribution, packaging, equipment, ingredients and chemical industry gathered the event.

Representatives from Austria, France, Holland, Italy, Republic of Moldova, Hungary, Bulgaria, Albania, Macedonia and US, attended SIMPOLACT® 2000, as did regional banks, Embassies, Investment Funds, Ministry of Agriculture, Finance and the Romanian and foreign media.

On the symposium side, discussions focused on milk campaigns in Romania and US, the benefits of the industrially processed milk vs. unprocessed milk, the marketing of dairy products, seal of quality for dairy and its impacts to the consumers, quality of raw milk, financing for dairy via different programs, export promotion, organic products, role of the professional associations in influencing policies, market promotion and internet-marketing.

Presentations and debates concerning the milk promotion campaign, marketing research and seal of quality were the main topics this year and very much appreciated by the audience.

On the exhibition side, about 46 companies displayed their dairy foods, equipment, packaging and ingredients, on over 150 m² of floor space.

A dairy contest took place within the first day of the symposium in which 38 categories of dairy products ranging from milk to fresh dairy products to cheese were judged.

SIMPOLACT® was organized by bringing together a diverse coalition of sponsors: the golden sponsors including Greiner (an Austrian packaging co.), Henkel Ecolab (the Austrian chemical cleaning co.), Brenac (the Greek dairy producer), Dorna (the Swiss dairy producer) and the silver sponsors including Schmidt (a German producer for equipment), Eurato (an Italian-Romanian joint venture refrigerating cabinets producer) and Arctic (Romanian producer for refrigerating cabinets).

The 200 million ROL (~ $8,000) profit from SIMPOLACT® 2000 went toward the National Milk Campaign "APEL."

Most Romanian newspapers and foreign radio posts (Hungary) and magazines covered SIMPOLACT® 2000.

Between May 11-June 3 APEL organized some activities to re-launch its image to consumers in Bucharest. APEL flyers, bags, and posters were distributed to consumers in 16 outdoor markets, all major supermarket chains, hospitals, and at the National Trade Show for Consumer Goods, TIBCO 2001. Four students were hired to do all the necessary legwork for this activity and preliminary results show that the re-launch has created awareness and an impact on the public.

SIMPOLACT® 2001:

APEL was the coordinator and sponsor of SIMPOLACT in 2001, effectively graduating the event and the association from traditional development funding. Simpolact 2001 was organized October 5-7 in Poiana Brasov with organizational support from LOL Romania and financial support from The Royal Embassy of the Netherlands and at least ten companies active in the Romanian dairy sector. Though initial preparatory work for the event began in Q2 2001, all logistical operations, reservations, and planning. took place in Q3 2001.

Over 250 people representing 120 companies active in the dairy processing, distribution, packaging, equipment, ingredients and chemical industry attended Simpolact 2001. Many of these representatives were from Austria, Bulgaria, France, Germany, Greece, Hungary, Italy, Moldova, the Netherlands. Also in attendance were representatives of regional banks, Embassies, Investment Funds, the Ministries of Agriculture and Finance, and the Romanian press.

On the symposium end of things, discussions focused on the APEL campaign and strategy, the new APEL-PRAIS partnership, introduction to educational programs in schools, agribusiness financing, quality control and the regulatory environment, product distribution and logistics, and new legislative initiatives on agricultural policy.

On the exhibition side, approximately 36 companies displayed foods, equipment, packaging and/or ingredients across ~200m² of floor space. A dairy contest was also held. Nearly 30 different categories of dairy products were judged ranging from fresh dairy products to cheese.

SELECTED SUCCESS STORIES

Success stories about three dairy processing companies and S. C. Podagro follow in the next few pages.

Success stories about poultry and feed companies may be found in Section V.A.

TURDALACT: "Transition in Transylvania"

General Information:
SC Turdalact SA, Benjamin Clapa, Owner, Calea Victoriei no. 3-5, Turda, Cluj County, Romania.

Introduction:
This success story falls within USAID's SO 1.3 (Accelerated Development & Growth of Private Enterprises). Two goals of the LOL RPA project are for clients to "increase sales and profits" and become "investment ready."

Success Story:
In 1996, LOL Romania began implementing a series of TA interventions to provide assistance to newly privatized dairy processing SMEs in Romania. Though most of these SMEs had trained managers and qualified technicians, most were weak in creating (or obtaining) reliable market information on the dairy sector, obtaining accurate consumer preference data, and developing new, non-traditional dairy products. Other problems faced by these privatized SMEs were quantity and quality fluctuations in raw milk supply, poor marketing, and poor economic analysis skills.

In early 1997, Turdalact was an off-site processing facility of Napolact SA, Romania's largest dairy processing facility and the nationwide leader in dairy production and sales. Later that same year, in a move that was viewed by the industry as partially suicidal, the then management of Turdalact privatized itself and spun off from its parent company. In 1999, LOL invited the newly privatized SME to participate in SIMPOLACT (Romania's annual dairy trade fair and exposition), and thus began the tight collaboration between LOL and Turdalact.

Turdalact went on to win several awards at Simpolact 1999 and used a video of the event to help promote itself to new clients and potential foreign investors. In support of this campaign and at the company's request, LOL performed a full financial and managerial SWOT analysis on the SME in early 2000. Among the problems found were nasty combinations of outstanding debts to the government and a ton of unpaid loans to various banks. At that time, the company was willing to do anything to avoid closure and attract a foreign (preferably American) equity partner/investor.

Management's prayers were answered within months of the SWOT, as successful U.S. real estate developer Benjamin Clapa (Oregon) decided to invest in Turdalact in spring/summer 2000 in return for a controlling stake in the troubled company. After new product TAs and a stunning Simpolact 2000 performance (the company took a record 21 First Place medals), Mr. Clapa recognized that more needed to be done to help turn around the operation. He subsequently requested LOL interventions in HR, Product Development, Financial Management, and Distribution. Though any one of these interventions carries a success story of its own, no one is more powerful than the impact of helping nearly 13 rural farms maintain their livelihood.

Keys for Turdalact's survival in QIV 2000 were maintaining constant supplies of milk and increase (no pun intended) liquidity. LOL trained Turdalact's staff in new cheese development and value-added variations of already existing cheeses. The goal was to concentrate on items that could go from plant to market in less than a week in order to convert product into cash

more readily and not suffer from tied up working capital in an aging room for three months, devaluing daily against the dollar. One part of the new strategy was to introduce mozzarella to the company's clients.

In QIV 2000, 6% of Turdalact's cheese production was mozzarella and the company sold 715 kg (1,577 lbs.) in this quarter for an average price of $2.54 USD per kilogram. This translates into over $1,816 in additional sales for Turdalact and almost $200 in net earnings, just off mozzarella sales alone. Though this is a wonderful impact for a small SME like Turdalact, the impacts on the surrounding rural communities are even more impressive.

To quantify impacts in people and dollar terms, we should consider the following:

- if Turdalact's average conversion rate is 9kg mozzarella from 100kg of milk, and Turdalact's 1,000 individual producers supplied an average of 7kg /day of milk for processing, 7,945kg of milk were purchased from rural farmers in QIV 2000 solely for Turdalact mozzarella or an average of 86.5kg/day (QIV 2000).
- if the average rural farm in the village of Turda has 1.5 cows and is producing 7kg of milk/day, 12.5 farms are supplying Turdalact with raw milk for solely for use in making mozzarella
- if 3 people live in rural farm in Turda, 38 people benefit directly from Turdalact's new mozzarella business.
- if the average farm gate price for milk was 2,644 ROL/kg in 2000, the average income earned by these 12.5 farms in QIV 2000 was 24,979,080 ROL (21,006,580+3,972,500 from a 500 lei subsidy per kg of milk delivered to dairy plants) or 1,998,326.4 ROL/farm. Hence, using last year's average exchange rate of 21,693 ROL:USD, these 12.5 farms in rural Turda benefited from an influx of $1,152 or $92.12 per farm.

Though the overall financial impact of these successes may appear small, they represent only a fraction of the impact on Turdalact and its surrounding rural communities. Mr. Clapa's investment alone saved 120 jobs in a town where there are few employers around. Furthermore, if cheese sold was quantified in terms of VAT dollars collected on sales of final product, packaging, etc., these impacts would be a success story not just for Turdalact, but for the farmers of rural Turda and the Government of Romania.

NAPOLACT...A Romanian Success Story Employing an Entire Village

General Information:
Napolact SA, Vasile Garboan, General Manager, Bd. 21. Decembrie 1989, nr.95-97, Cluj Napoca, Romania

Introduction:
The following success story falls within USAID/Romania's Strategic Objective 1.3 (Accelerated Development and Growth of Private Enterprises). One of the stated goals of the USAID/Land O'Lakes, Inc. RPA project is for client companies to "increase in sales and profits."

Success Story:
In 1997, Land O'Lakes, Inc. Romania (LOL) carried out a needs assessment for newly privatized[1] dairy plants in Romania. Shortly thereafter, LOL began a series of TA interventions to provide assistance to these companies (SMEs). Though many, if not all, of the SMEs had experienced managers and highly qualified technical staffs, most were weak in creating (or obtaining) reliable market information on the dairy sector, accurate consumer preference data, and new, non-traditional dairy products. Other problems faced by most newly privatized dairy SMEs were quantity and quality fluctuations of their raw milk supply, poor marketing, and a lack of economic analysis skills.

Also in 1997, LOL began its long-term collaboration with the Napolact dairy processing plant, Romania's largest dairy processing SME, located in Romania's Transylvania region in northwest Romania. LOL interventions with Napolact include U.S. training on marketing and dairy promotion, participation in LOL sponsored events like SIMPOLACT (Romania's annual dairy trade fair and exposition), TAs in new product development with the company's management and technical staff on raising the quality of the company's dairy products with a special emphasis on mozzarella cheese (including value-added variations such as shredded mozzarella for retail and industrial use).

LOL's most recent value-added TA with Napolact occurred in Q3 1999. By Q1 2000, Napolact was selling nearly 15 metric tons (33,075 lbs.) of mozzarella cheese per month. By taking a moment to figure out the econometrics behind this figure, the impacts are quite significant for both Napolact and its suppliers.

Napolact has approximately 22,000 individual farmers, spread out over 480 milk collection points, supplying milk to the company. If the cows owned by these farmers produce milk at the national average (10 liters/day), Napolact is supplied with 220,000 liters of milk per day [the reality is 250,000 liters/day during summer months and 150,000 liters/day during winter months]. Furthermore, if we assume an average conversion rate of milk to mozzarella of 10:1 (kg), nearly 500 farmers (or an entire village assuming each farmer has a husband/wife and son/daughter) get their monthly income from selling milk to Napolact for the sole purpose of making of Mozzarella cheese.

Furthermore, if Napolact processes 6,600,000 liters/month (220,000 x 30 days), 2.3% of production (15,000 x 10 =150,000 liters/month) is earmarked for mozzarella production. With average farm gate prices for milk in Transylvania at 2,500 ROL/liter, the average income earned by these 500 farmers is 12,500,000 ROL/day or ~$595.24 USD/day. Hence, the total amount pumped into this fictional village is $217,263 USD per year!

If Napolact sells (wholesale) 1kg of mozzarella for 55,000 ROL ($2.62 USD) and the company sells 500 kg of mozzarella/day, the company is making $478,150 USD per year just from mozzarella

[1] Via a combination of MEBO (Management Employees Buy Out) and Mass Privatization Scheme

sales. Napolact reports a 10% profit from its Mozzarella sales, which gives Napolact a $47,815 USD annual profit .

This Success Story is not only a success for Napolact, but can be shared by the farmers of Cluj County, LOL, and USAID.

STEROCHEM: "Mozzarella in the Mountains"

General Information:
SC Sterochem International SRL, Valeriu Steriu, General Manager, nr. 69 B, Sinca Veche, jud. Brasov, Romania

Introduction:
This success story falls within USAID Romania's SO 1.3 (Accelerated Development & Growth of Private Enterprises). One of the stated goals of the Land O'Lakes, Inc. RPA project is for clients to "increase sales and profits."

Success Story:
In 1996, Land O'Lakes Romania (LOL) began implementing a series of TA interventions to provide assistance to new startup dairy processing SMEs in Romania. Though most of these SMEs had trained managers and qualified technicians, most were weak in creating (or obtaining) reliable market information on the dairy sector, accurate consumer preference data, and new, non-traditional dairy products. Other problems faced by most new startups were quantity and quality fluctuations in their raw milk supply, poor marketing, and poor economic analysis skills.

Also in 1996, LOL began its long-term collaboration with Valeriu Steriu and Sterochem, a startup dairy processing SME located in Romania's Fagaras Mountains in central Romania. LOL interventions with Sterochem included U.S. trainings on marketing and dairy promotion, study tours, third-country trade fairs, participation in LOL-sponsored events like SIMPOLACT (Romania's annual dairy trade fair and exposition), TAs in new product development, and internal SWOT analyses with the company's management and technical staff. Though any one of these interventions carries a success story of its own, no one is more powerful than the impact of making "mozzarella in the mountains."

In late 1998, LOL trained the staff of Sterochem on how to process mozzarella cheese, a new variety for Romania which showed tremendous potential in the country due to a rise in the number of pizzerias nationwide. Within 1½ months, the company sold 1.2 tons of mozzarella cheese. In 1999 and 2000 LOL continued to provide a variety of different TAs (product, investment, SWOT, consumer preference, trade fairs) to strengthen and support the company's new found success. LOL was even successful at facilitating a meeting with the General Manager of Pizza Hut Romania when we learned that the US-based restaurant chain was seeking a new local supplier of mozzarella in Romania. Pizza Hut specialists even went so far as to tour the Sterochem facilities on two occasions.

Though Sterochem was ultimately unsuccessful in becoming a supplier for Pizza Hut, it went on to private label mozzarella for the Metro Cash & Carry chain (the third largest retail chain in the world behind Wal-Mart and France's Carrefour) as well as supply a local, US-owned pizza chain: Jerry's Pizza.

In 2000, 50% of Sterochem's cheese production was mozzarella, and the company sold 60 MT (132,300 lbs.) of mozzarella last year for an average price of $2.10 USD per kilogram. This translates into an additional $126,000 in sales for Sterochem and nearly $12,600 in net earnings, just off of mozzarella sales alone. Though this is a wonderful impact for a small, up-and-coming SME like Sterochem, the impacts on the surrounding rural communities are just as impressive.

To quantify impacts in people and dollar terms, we must take the following assumptions into consideration:

- if an average conversion rate of milk to mozzarella of 10:1 is used, 60,000 kg of milk (5,000 kg/month) were purchased from Romanian farmers solely for Sterochem's mozzarella.
- if the average Romanian cow produced 3,045 kg of milk in 2000, nearly 35 cows would be needed year round (20+15; with rotating lactation schedules) to produce enough milk for Sterochem's orders.
- if the average Romanian farm has 1.5 cows, 23.5 farms are supplying Sterochem with raw milk for mozzarella.
- if 3 people live on an average Romanian farm, 70 rural people benefit from Sterochem's mozzarella business.
- if the average farm gate price for milk was 2,644 ROL/kg in 2000, the average income earned by these 23 farms last year was 188,640,000 ROL (158,640,000+30,000,000 from a 500 lei subsidy per kilo of milk delivered to processors) or 8,201,739 ROL/farm. Hence, using last year's average exchange rate of 21,693 ROL:USD, these 23 farms in rural Romania benefited from an influx of $8,696 or $378 per farm.

The financial impact conveyed by these figures may seem small, but they can be quantified further if VAT dollars collected on mozzarella sales and money saved from farmers not claiming unemployment benefits, are taken into account. All told, this Success Story is a success for Sterochem, as well as the farmers of Brasov County, LOL, and USAID.

S.C. Prodagro...A Blueprint in Capital Formation – Efficiency Funds Investment

We walk through the long, dark barn of another era and a vanquished vision. Our farmer-host envisions the ongoing renovations as he updates the privatized facility ***S.C. Prodagro***. He is no longer nursing the tired and outmoded facilities, not merely servicing mounting debt – he is planning, building, and investing. A former dairy manager in a now nearly liquidated system, he went on to purchase a parceled piece of a larger *agrokombinant* with little more than human capital. Land O' Lakes and Cooperative Resources International through their Forage Improvement Project initiative in Romania added interest to this capital through technical support – this is the monetization of opportunity costs, of intervention, and of that inexhaustible human capital.

With a firm commitment to specialization in dairy, this producer is increasingly characteristic of farmers emerging under privatization. Their progressive approach and voracious appetite for Western agribusiness expertise is outstripping domestic agricultural extension capacity and the employment of improved inputs and resources outpacing training and long-standing methodology and techniques. Those farmers eager to seed alfalfa find local extension workers deficient in technical support, making such an investment precarious. This project worked to lessen those risks by augmenting domestic technical support, and the brief duration of this intervention has yielded profound impacts.

First and foremost, certainly for S.C. Prodagro and other project participants, this project made alfalfa forage a viable feed source for dairy production. Alfalfa is not new to Romania, but its quality management and profitable yields are a hard-won concept. The leap for many support recipients was from grass hay to alfalfa hay or alfalfa silage. Focusing again on Prodagro, total feed savings were $6,000 annually. With 30 cows in production, this equals $200 per cow per year. With nearly 1,000 cows enrolled in the project, that potential translates into $200,000 on just 13 farms. That is $200,000 that was diverted from operating expenses in feed supplements to capital investments in improvements.

While Prodagro sustained production levels and realized savings, some participating managers chose to forego immediate savings for increased production. Agroindustralia in Risnov, for example realized a cost savings of $11,250 in supplement feeds while production rose 2 liters per day per cow. The dairy unit at the Potato Institute saw its milk sales receipts from 313 cows rise $51,144 in one year. Still true to our Prodagro blueprint for capital formation, the net gains in quality alfalfa management approach $200 per cow either in cost savings or increased production.

S.C. Prodagro nursed its first alfalfa crop through an extensive and potentially devastating drought this past year by labor-intensive means of manual irrigation. With project assistance the Legume Hay was harvested and stored at 18% protein. Additionally, project support ensured the managed feeding of this quality forage to further maximize profits. These cost savings positively affecting net income funded not only the preliminary restorations of the dairy facilities, but also the acquisition of a mechanized, portable irrigation system.

Finally, S.C. Prodagro will further reduce expenses by $600 annually in nitrogen fertilizer by switching from a grass hay-based dairy ration to alfalfa. This is $600 dollars on their 40

hectares of forage. These are savings multiplied across producers participating in the project, and those influenced by the project to produce alfalfa. The nitrogen fixation benefit of alfalfa extends beyond the life of the stand and will positively impact corn production in a normal crop rotation scheme.

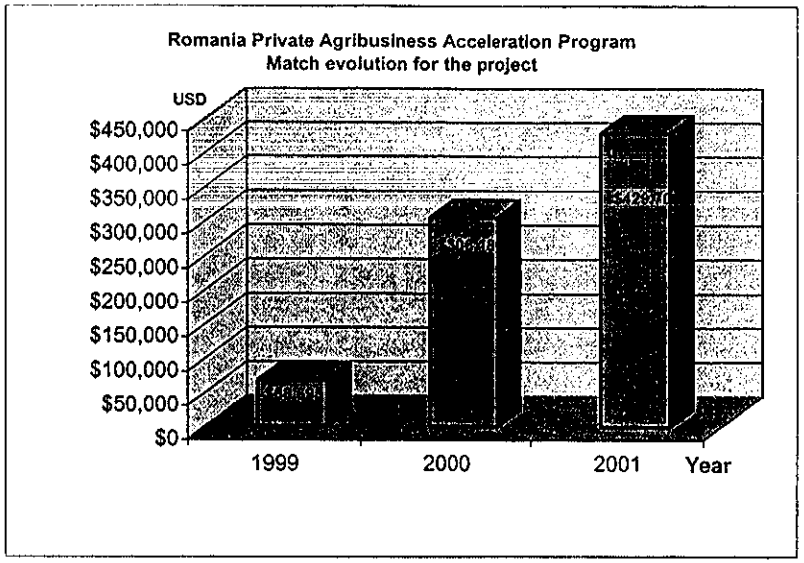
There is one important caveat regarding impact. This project, for all its participants, served to mitigate the impacts of a severe drought. While yields were substantially diminished, the improved quality was essential to sustain annual production levels. Additionally, the continued technical advice and support was essential in managing reduced inventories. Finally, monitoring individual production levels with qualified analysis offered informed culling decisions.

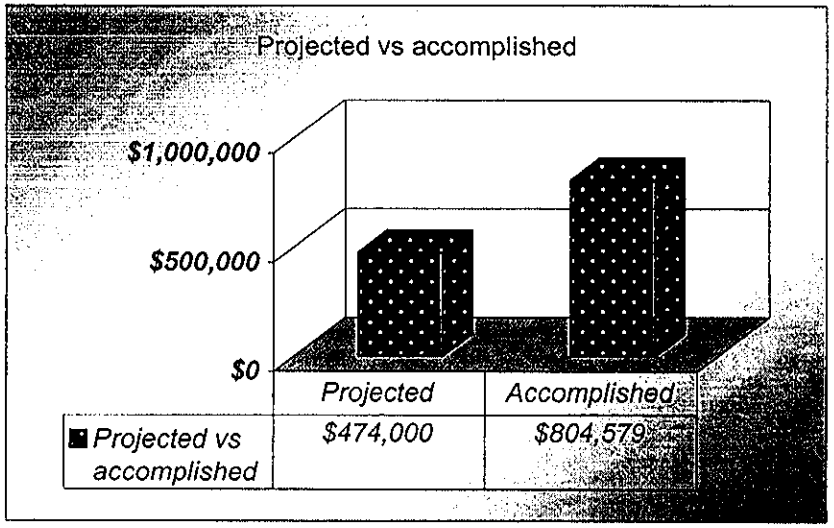
Romania's per capita GDP is $3,900. This means that every 20 cows realizing an increased profitability of $200 employs one more worker out of its 11% unemployed, or doubles the income of workers already in the market, all through increased investment by dairy producers. Traditionally tax adverse, dairy producers are motivated by tax schemes perpetuating expenditures. The positive impact is the nature of these expenditures – again shifted from operational to capital improvements. Agriculture is 23% of GDP while 36.5% of Romania's population is engaged in agriculture, further magnifying the scope of this impact. Investment, modernization, and mechanization is on the move.

APPENDIX A

Match Report

MATCH





1999	2000	2001
$68,695	$306,180	$429,704

Projected	Accomplished
$474,000	$804,579

APPENDIX B

Report by Tom Slater: "Multi-Professional Association Development (UNIPAZ)"

Multi-Professional Association Development

Romania
December 1 – 11, 1999

Submitted by Tom Slater
State Public Policy Group

Scope of Work

The Scope of Work involved two specific efforts while in Romania: 1) To meet with and work to bring together a group of independent agricultural associations into one unified multi-professional association with a mission, goals, and a plan of work for future activities; 2) To facilitate a day-long milk and dairy promotion meeting in an effort to lead the participants into a decision to move forward on conducting a national milk and dairy education and promotion initiative. Written Scope of Work and Status:

- Meet with ag association industry leaders to determine if there is enough support to organize a coalition to lobby for a legislative commentary period and modifications to the Government Ordinance on Agricultural Interprofessional Commodity Organizations
  - **Status:** Met with 10 organizations and developed a plan to move forward. With the coalition. An initial meeting with the Minister of Agriculture was held in December, a letter was sent under the signature of all members to the Ministry and other officials, and membership has expanded with two additional large associations. The first meeting is scheduled with UNIPAA at the LOL office on December 21, 2000. The legislative commentary period legislation is a part of UNIPAA's legislative agenda and policy initiative.

- Facilitate discussion with interested ag association leaders, get group to identify specific plan of action, who will do what, when, etc., if it is determined if there is sufficient support.
  - **Status**: Initial meetings complete. First official meeting for UNIPAA schedule for 12/21/99. There is adequate support with the right type of leadership and a good mix of association members.

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- Monitor LOL staff on process for above, how they can best monitor and ensure that the coalition is making progress towards their objectives
- **Status**: While it is early in the organizational process, the first January meeting is being held at LOL. More important than location is the support and technical assistance that can be offered by the LOL staff. There is a good understanding what needs to be don; and work plans with specifics have been developed as a guide. The consultant has also met individually with four key staff to discuss issues and a focus on supporting these efforts. It is fair to say that it will take a "velvet glove" to manage this new effort. Supporting the interim executive director is critical. This development needs to be Romanian-driven. They will need some special help in merging together efforts to allow an "economy of scale" effort for the organization and staff support on the Romanian side. The consultant has offered ongoing support to the organization and staff as a part of his commitment to their efforts. There has been some correspondence since December 10th.

Specific outcome included:

1. The transition of one single-issue association to form another larger; sustainable organization that expands the membership (UNIPAA); the development of a mission, goals, a policy agenda, and work plans for three committees; the decision to hire of an executive director; the hiring of an interim executive director; and the planning of a "roll-out" event in January.

Development of a Multi-Professional Food and Agriculture Association

Fifteen leading Romanian agriculture and food associations responded to the Land O'Lakes invitation to come to Poiana Brasov for a "roundtable" discussion to determine the potential of the associations joining together into one Multi-Professional Association to gain a stronger voice in policy issues for the country. (See Attachment A – Agenda) Throughout the two days, there was a true willingness to genuinely discuss issues and differences in an effort to come together with a common agenda. The group represented three different types of organizations or organizational cultures: 1) "old school" management representing state and recently privatizing organizations; 2) Newer, but smaller associations representing newer thinking and approaches; and 3) Less traditional rural associations that represented cooperatives and very small producers. Through the discussion over the two days, there was an eager willingness for all three groups to come together into one group for a shared goal.

One large advantage was the existing multi-professional association – UNIPAZ. Although UNIPAZ previously had only four members, it clearly had strong leadership and two key large associations. In addition to the notion that the new association can be built upon the UNIPAZ organization, UNIPAZ had worked hard over the last year on some key policy issues.

As a result of the two-day discussion, with the exception of one association, all present agreed to join together in a new association and proceed under a work plan and agenda that was developed by the participants. During those two days, the association developed an association mission statement, three specific goals supporting the mission statement, a policy agenda framework, and the first major steps of a work plan. The general discussion and decisions are included in the summary proceeding later approved by the participants. (See Attachment B-Summary) In addition, the participants developed three committees including Organizational Development and Media Committee; the Membership Recruitment and Services Committee; and the Legislative and Policy Committee. Two work plans were developed for these committees (See Attachment C&D). At the end of Saturday, the participants agreed to meet again the following Thursday to solidify their work plans and move forward with the association.

On Thursday December 9, the participants met again at a member office near Bucharest to continue the discussion. (See Attachment E-Agenda) The summary of proceedings from the previous week was approved and other materials were distributed including; draft work plans for the three working committees. (See Attachments C&D) A draft letter to be signed by all current members of the association was also reviewed. It was to be sent under all signatures to key members of the Ministry and Parliament by December 16. In reviewing the progress and accomplishments of the association at the end of this session, the following actions were accomplished:

- Determined a new organization with new name UNIPAA – National Union of Agriculture and Food Processors and Industries
- Determined that all who attended the meeting were officially members and further recruitment of other eligible members is in progress
- Adopted the draft work plans as a guide for the committees
- Discussed and clarified structure of new association and relationship to new members
- Planned a January media event together with a public event
- Hired an interim Executive Director
- Verified that funds formerly in UNIPAZ would be transferred to the new organization and all legal requirements would be completed within 60 days
- Discussed membership criteria and categories of members as part of the sustainability plan

My Observations

The success of both these initiatives relies basically on "grunt work" and deliberative, incremental, organizational support. Each initiative has identified excellent leadership. That, of course, is key. Each initiative needs to develop a longer-term work plan that moves them forward and helps prepare the leadership for changes that are inevitable in each organization. The Milk and Dairy promotion has a challenge to create the organization while they move forward on the promotion effort. UNIPAA must keep up the intensity to fight through the policy mis-steps of the Parliament and Ministry. For them it is about developing and managing potential emerging power and influence. Their mix of organizations and constituencies in UNIPAA should be an advantage.

Working in Romania on this project was a wonderful opportunity. The potential is there for success. These two initiatives should be a part of a specific focus. Each provides an opportunity to drive both the public policy discussion and the health education discussion to a national level. It is good that LOL is there.

ATTACHMENT A

ASSOCIATIONS FROM THE AGRICULTURE & FOOD INDUSTRY

Poiana Brasov, 3-4 December 1999

Organizer: LAND O'LAKES ROMANIA

Goal: To increase and improve influence in Romanian Agriculture and Food Policies

Participants:

- Ilie Van, President & Mr. Aurel Damian, Executive Director, THE UNION of ROMANAIN POULTRY BREEDERS
- Valeriu Steriu, President, NATIONAL ASSOCIATION OF ROMANIAN MILK PROCESSORS
- Mr. Valeriu Maier, NUTRICOMB President, THE ROMANIAN ASSOCIATION OF MIXED FODDER PRODUCERS
- Mr. Constantin Aureliu, President and Mr. Traian Todea, Vice President, THE ROMANIAN PIG BREEDERS PATRONAT
- Marius Iliev, President, TEC MIACO & President of the INTERPROFESSIONAL UNION OF THE PRODUCERS FROM AGRICULTURE AND LIVESTOCK SECTORS (UNIPAZ)
- Adrian Iordache, President of the FOUNDATION FOR RURAL ASSOCIATIONS (& Tamara- Assistant)
- Mihai Lungu, President, & Iulian Balica, Executive Director, ROMANIAN MEAT ASSOCIATION
- Mr. Doru Epure, UNION OF THE MARKETING ASSOCIATIONS FROM HORTICULTURE
- Mr. Gheorghe Liciu, President of the GENERAL ASSOCIATION OF THE ROMANIAN CATTLE BREEDERS (and two of his collaborators)

Moderator: Mr. Tom Slater – Mr. Slater is the Land O'Lakes Policy and Dairy Promotion Consultant. He currently is President of a company in the USA Midwest that organizes and manages associations and collaborative organizations.

Also Attending Representatives of the Bucharest Wholesale Market, ACDI/VOCA, Price Waterhouse Cooper (via DAI's Patrick O'Brien & assistant).

3 December 1999-Friday

Slater provided some background of some of his work in the agriculture and policy sectors in the USA and in Europe. He gave an overview of the two-day roundtable, noting that the decisions will be made by those in attendance and his role was to facilitate the session and keep them on track. It was clear from the beginning that there was willingness for the participants to work together and focus on one goal. Slater challenged the participants to determine a specific mission and set of goals and pursue a plan to accomplish them. He indicated that a great deal of the effort will only be through trust and cooperation and to does that will require honest discussion. This is the beginning and more work will be required to succeed in the future.

In the first part of the discussion, Slater asked each participant to clarify his or her expectations for this meeting. It was determined early that one focus should include a goal to: Be sure our joint effort should serve the members of the associations, not the individual agendas of the participants.

The following is a summary of the comments of the participants:

- The importance of agriculture and of the food industry goes beyond the individual associations and is key to the national economy, as well as the people employed in the field, the people living in Romania's cities and towns and rural areas, and for the children and families of the country. Agriculture is a major contributor to the nation's GDP creates wealth, and provides for exports..
- The representatives of the associations currently do not have a say in influencing legislation. Existing associations have not worked closely together. It was noted-"we have a choir but we do not have a conductor" It is very difficult to make the ministries' representatives hear your voice when you speak on behalf of an individual or from a sole association. It might be easier to succeed through joint efforts.
- So far the associations are weak. What are the biggest challenges that prevent success? An old law, dating 1924, that may be valid for any other field in the economy; is lacking in providing an organized framework to have a dialogue with governmental bodies.
- Through UNIPAZ (an association of agricultural associations with four members formed in the last year), the individual associations could join their efforts, and at the same time, avoid the conflicts of interests (for example-"before asking something from the government, we, the associations, should reach a consensus").
- Each association needs to better understand a mission, to leave Brasov and this unity meeting bearing a common strategy in mind, alongside a working plan to be implemented at once.
- UNIPAZ may be adapted to undertake a joint mission in agreement around a certain agreed to organizational form, which has a certain structure and give that organization the power to act.

- Why is it so important for the agricultural and food associations and companies to influence agricultural policies? If they do not, they may lose both money and/or potential opportunities.
- Unfortunately, there is a certain level of a lack of trust between and among individuals and associations that may have a negative influence on any joint activity.
- UNIPAZ has to be strengthened and expanded, then eventually, it will have to undergo a process of reform. To adjust to new members and an expanded mission
- There is need to have a joint voice so that an association that represents the broad interests of food and agriculture should be able to comment and make recommendations regarding the drafts of bills and regulations before endorsement.
- The question was posed as to the criteria needed for someone to join UNIPAZ as a member? If we are to come together as a unified association for food and agriculture, there will need to be criteria developed for membership.
- When we consider a name, we should consider the association starting new, perhaps building on UNIPAZ. We might consider a more appropriate name than UNIPAZ. It should tell something about the members of the association and its mission..
- If we reach an agreement on common goals, we shall be able to move forward. Of course, divergent opinions will exist, but often diversity makes an organization stronger and more far-reaching.
- There is a need to work together to develop a structure, a mission, and a working plan, as well as to find ways to include the individual producers in common activities to support the mission..
- Transparency is very important: it is important that all within the association has a clear understanding of the goals and what the association is doing; and it is as important that those outside the association, such as the government, parliament, and public also understand what the association is doing. This will enhance a sense of trust and increase the opportunity for a greater level of power.

Policy Discussion and Agenda Development

In the discussion of a mission, it became clear that the participants wished to focus on agriculture and food policy as a primary initiative. UNIPAZ had begun an effort to address policy over the past year, and other associations not affiliated with UNIPAZ felt strongly about the need for a unified effort to pay primary attention to issues of policy and regulations. Without a doubt, participants felt that as leaders in the agriculture and food sectors, they were not included or used as a resource in government decision-making. As a result of that discussion, the following policy agenda was formulated:

1. To review any proposed and current agricultural and food policies from the legislative and executive standpoints, through both formal and informal processes.
2. To review and make recommendations relating to agricultural imports, policy regulations, fees, and the structures that affect Romanian agriculture and food producers and industries.

3. To be involved in and make recommendations to the Structural Adjustment Program for Rural Agriculture (European Community SAPARD Program.)
4. Recommend and enact an interim short-term agriculture and value-added tax cut; and for the association, in cooperation with a leading university or tax policy institution, conduct a study and make recommendations on agriculture taxes by 2002.
5. To create within the association a reputation, the skills, and capacity that is the country's pre-eminent agricultural and food policy organization.

Mission

There was strong agreement among the participants to develop a strong mission statement that represents the common, shared mission of the unified association. There was consensus that the focus needs to be on improving the stature of Romanian food and agriculture, as well as provide a way to help members with their own associations. After some discussion, the participants agreed to the following mission:

To support the individual members of the association; and to influence agriculture through knowledge, representation, and power.

Goals

The participants identified three goals that are critical to achieve the mission. From these goals will be developed a plan of work for the policy agenda and the new organization that will provide a guide for the future. The following goals were developed:

To support the Parliament and Government in establishing an agriculture and food policy legislative framework.
To develop agriculture and food policy for Romania.
To become the pre-eminent and most credible agriculture and food policy organization in the country.

It was also noted that as a part of these goals and the policy agenda, that additional specific agenda items may be brought before the membership for consideration to add to the agenda. For example, it may be proposed that in the future the association may support a recommendation for the executive and legislative government bodies to draft legislation relating to a "law of cooperatives." The participants recognized that there will need to be criteria and a process developed to bring issues to the association to include in the unified association agenda. Proposals from individual associations or proposals, in general, that have the support of the unified association will have more power.

4 December 1999 – Saturday

All association participants with the exception of Mr. Liciu from the General Association of Romanian Cattle Breeders attended.

Slater and the participants reviewed the efforts of the previous day. Each participant indicated a strong desire to continue to move forward with a unified association. This day's task would be to begin the development of a work plan, determine if UNIPAZ would be used as the current organizational structure, determine a name, and consider aspects of funding and sustaining the organization. It was noted by participants that the previous day's work helped reduce suspicions and there was an understanding that the goal and interest in UNIPAZ' current members was to form a stronger and more viable association.

A representative from UNIPAZ did note that they were in the process of seeking an Executive Director. That person would serve at the pleasure of the new membership and be responsible for the day-to-day activities and work of the association.

It was also noted that the Articles of Association of the different associations are very similar and that the current structure of UNIPAZ would best serve the purpose as the beginning structure of the new organization. In addition, it was noted that UNIPAZ also has a small balance of funds in its association account.

Executive Director

There was a discussion about the role of the Executive Director. It was noted that the Executive Director must be a strong individual that works closely with the members to be sure the mission and goals are addressed, as well as the day-to-day work is accomplished.. The Executive Director's role is one of support and appropriate leadership to the association and makes his/her job in full and active support of the association.

In recognizing the key role an Executive Director can play in this unified association, Mr. Sabarium, from Land O'Lakes noted that Land O'Lakes would be willing to help support an Executive Director position with the assurance that over time, that position will become the responsibility of the association. He views the coming together of these associations into a unified association as a vital step for the future of agriculture in Romania.

It was also recognized that, while there has been some progress made in hiring an Executive Director, there have been no interviews. It was noted that all members, not only the initial members of UNIPAZ, would be involved in the discussions and decisions. It is hoped that an Executive Director may be on the job early in 2000.

Policy Agenda

There were further discussions about the policy agenda. The participants re-affirmed the policy agenda that they developed the previous day. It will be important for those that lead the Policy Committee to develop a strategic work plan to address the agenda. (see Policy Agenda) In addition, it will also be necessary to develop criteria and a process for policy proposals to be brought before the association for approval or endorsement.

The Name of the Association

While UNIPAZ was the name of the previous association, it was noted that it is not adequate for the new association. Some other suggestions were made: The National Union for Agriculture; the Romanian Agriculture and Food Association; the Romanian Association for Agriculture and Food Industry; No name was selected at this time, but it will be important to name the association in the near future if there is to be a media advisory or any publicity about the new association.

Membership Criteria

There was discussion about whom or what type of organizations may be a member. At this point, it was determined that only those members who were in attendance at this Friday "roundtable" would qualify as a member. In the near future, membership criteria will be developed and be a part of consideration for any new members to the association.

Key Working Committees and Responsibilities

It was determined that three working committees would be created to accomplish the immediate work of the association. They include: Member Recruitment, Retention and Services; Legislative and Government Policies; and Organizational Identity, Media, and Public Education; The potential general roles of each committee may be as follows:

- *Member Recruitment, Retention, and Services*
  - Develop general criteria for associations to become member
  - Determine basic programs and services to be provided to members
  - Develop internal policies for the retention of members, i.e. Payment of dues and fees and other services; arbitrating disputes and intervening to solve problems
  - Recruiting appropriate new members that meet criteria
  - Make appropriate recommendations to the Executive Director

- *Legislative and Government Policies*
  - Create specific annual legislative agenda and strategy
  - Draft, review, and recommend policy proposals to general membership

- Develop criteria for policy proposals to be brought to the association
- Recruit members in legislative efforts and keep them informed
- Make appropriate recommendations to the Executive Director

- *Organizational Identity, Media, and Public Education*
  - Develop comprehensive "organizational identity" materials and strategy
  - Be responsible, manage, and coordinate all media efforts for the association
  - Develop and implement a public education effort to make the association known throughout the country and within government
  - React and be active in supporting agriculture and food policy issues of members to the public and before government
  - Make appropriate recommendations to the Executive Director

Public Message

It was determined that it will be very important to let the public and key policy and decision-makers know about this new organization. To do that will require a planned effort to get that attention. In addition, it is important to send the same message from all members. *"I was involved in creating and am a member of the most important food and agriculture association created in this country."* It is important to give a strong and consistent message on a day-to-day basis.

Preliminary Work Plan

Activity	Responsible	Date	Output
Hire an executive director	Membership & Marius Iliev	1 January 2000	Lead staff for association
Develop the structure of the 3 committees	Membership	9 December 1999	
Create Member Recruitment and Services Committee	*Iulian Balica *Constantin Aureliu	9 December 1999	*Co-Chairs to develop work plan and strategy
Create Organizational Identity and Media Committee	*Valeriu Steriu *Adrian Iordache -Valeriu Maier	9 December 1999	*Co-Chairs to develop work plan and strategy
Create Legislative and Government Policies Committee	*Ilie Van *Marius Iliev -Valeriu Maier -Traian Todea -Doru Epure	9 December 1999	*Co-Chairs to develop work plan and strategy

Activities to Publicize New Association

The participants determined it would be necessary to develop and implement a plan to publicize the new association. They identified the following activities:

Activity	By When	Who's Responsible
• Name new association	12/09/99	Membership
• Issue media/press release	12/10/99	Vali & Adrian
• Prepare for press conference And plan event	12/15-1/15/00	Vali & Adrian
• Conduct event and press Conference	1/15/00	Vali & Adrian
• Develop preliminary criteria For potential new members	1/5/00	Constantin & Iulian
• Recruit new members for January event and media Conference	1/15/00	Iulian & Constantin
• Send information mailings to Individual members of assoc-ations informing them of new		

unified association	1/10/00	All members
• Key committees complete Individual work plans	1/15/00	All members
• Target key organizations and Individuals for information Mailing about association	1/10/00	Marius and all members
• Schedule January member Meeting	12/9/99	All members
• Draft proposed specific		
• Policy agenda for approval	1/15/00	Ilie and Marius

There are number of other activities that may be considered, including the development of an Association Directory, the development of a Web Page with links to other organizations, the development of a newsletter, the creation of policy papers for public distribution. It was also noted that more consideration need to be given to the formal structure, to the process of voting and making decisions, and in the development of a budget and plan to sustain the organization. Adjourned 14.35 until Thursday.

ATTACHMENT B

Activity of **Org. and Media - Membership Com.**	**Responsible**	**By when**	**Outcome**
Using new association name, develop logo and new letter head design for the association – have printed or copied	Vali and Adrian	12/20/99	Develop key identity symbol for association
Develop and print a one-page description of the association to include mission and goals, as well as current members to be making available to those who request it.	Adrian and Vali	12/23/99	Because it will change, necessary to get something for distribution
Determine "announcement" event for January and identify and schedule location , time, budget, and structure	Vali and Adrian	12/23/99	First public announcement of association activity and important event
Send targeted information letters, with one-page description of new association to key policy and decision-makers that do or should have an interest in the new association.	Adrian and Vali	12/23/99	Reminders and personalized letters to key individuals indicating the importance of new association
Send information and invitation to all individuals and organizations to be invited to the January event.	Vali and Adrian	1/3/00	Going public with the association and will demonstrate unity.
Send/fax out media advisory to all appropriate media outlets apprising them of press conference prior to January event	Adrian and Vali	1/5/99 and again day prior	Media will know about new association, mission and goals and unity for policy development
Call or fax a second reminder to individuals and organizations that are important to attend the January event	Vali and Adrian	Two days prior to event	Always make an extra effort to remind of event. Shows they are important
Develop general criteria for members of the association and have approved by full membership	Constantin and Iulian	1/5/00	Criteria will be the determining factor as to the make-up and future of org.
Recruit Millers and Bakers' Association into membership.	Iulian and Constanin	1/15/00	Recruit first news member
Conduct January event	Adrian and Vali	DATE	This is "roll-out"
Distribute proceedings and media	Vali and Adrian	Within 5	Be sure all important

release Regarding event to members, potential members and media not attending		days of event	people are reminded of the new unified association
Develop brochure and directory of members	Adrian and Vali	1/31/00	By now, better materials should be developed
Through survey and interviews, determine member services that should be developed over next 18 months	Constantin and Iulien	3/1/00	Mission also is to help members-need to know services needed
Recruit Grain Oil Association into membership	Iulien and Constantin	3/15/00	Need another strong member in association
Propose 1 or 2 additional services with projected budget to membership	Constantin and Iulien	4/15/00	Go slowly-propose appropriate services
Make recommendation of potential additional categories of membership; such as associate or sponsoring	Iulien and Constantin	6/15/00	To sustain association, find others who may be willing to support, but not vote

ATTACHMENT C

Activity/ Leg&Policy	VI. Respon sible	By when	Outcome
Using the Policy Agenda Goals, develop detailed agenda of proposed work for the next year.	Ilie Van & Marius Iliev & Committee	1/20/00	A written, detailed and comprehensive agenda to use as guide for year
Identify 8-10 key policy and decision-makers in government and parliament and meet to explain new association and goals	Marius and Ilie Van & Committee	2/25/00	Engage supporters and give them opportunity to know and support
Monitor current Ministry efforts on regulations relating to inter-professional associations	IlieVan and Marius Iliev & Committee	Ongoing	Need to track changes in law to assure any changes benefit us
Have detailed policy agenda approved by membership	Marius Iliev & Ilie Van & Comm	1/31/00	Always approve agenda by membership
Develop criteria and procedures for individual members to bring policy proposals forward for approval by membership and for endorsement	Committee and co-chairs	2/29/00	These criteria will help guide decisions and strengthen messages and identity of assoc.
Have this criteria and procedures approved by membership	Committee & Membership	3/20/00	Always approve such criteria by membership
Develop specific formal proposal for new or review proposed language for the association to review policies and procedures proposed by the government	Marius and Ilie and Committee	3/20/00	This will help set the agenda, rather than react-important to become resource
Publish/print detailed policy proposal for public consumption • Distribute to all members • Send to other associations that may have similar interests • Conduct effort through media of presenting to public the public advantages of policy agenda	Ilie and Marius and Committee Ilie & Marius & Adrian & Vali	3/20/00	This publication formalizes and makes the agenda legitimate in the eyes of key people and the public. Important for organizational identity also.
Write letters to key Ministry and Parliament members • Letters from regions to local key representatives • Letters to leadership at both levels	Marius & Ilie and Association members	4/30/00	Another effort to push policy agenda in front of key individuals and organizations.

• Meetings with key leaders and providing detailed agenda			
Plan a public event about the concern and effect of the VAT import tax on agriculture and the public	Ilie & Marius & Vali & Adrian	5/1/00	A high profile event will help identity and demonstrate seriousness
Invite members and many others that are affected or interested to the event and publicize • Include invitations to Parliament and Ministry • Media and activists	Marius and Ilie & Adrian & Vali	6/15/00	The more that know about the association and about the agenda, the stronger resource the association becomes. More identity.
Begin negotiations and proposal to University to conduct tax policy study	Ilie & Marius	6/15/00	Need to identify credible partner
Develop short "position paper" or monograph outlining tax policy proposal of association and general benefits	Marius & Ilie	720/00	The paper is the association specific point of view
Disseminate tax policy paper	Vali & Adrian	8/1-9/1/00	All need to know

ATTACHMENT D

Organizational Meeting
Of
Unified Agriculture and Food Association
Formerly known as UNIPAZ

DRAFT Agenda

1300 – Working Lunch

Temporary Moderator – Tom Slater
(Slater will moderate this working session that will address issues resulting from initial meeting the previous weekend)

- Review and approval of First Organizational Meeting Summary
- Discussion and make decision on "name" of the association
- Review of UNIPAZ structure by members, discussion, adoption
- Discussion of progress of hiring an Executive Director
  - *Status and job description; role of executive director*
  - Location of office of association
  - Clarifying partnership between association and Land O'Lakes
- Discussion of any UNIPAZ assets and resources to new association
- Review of draft of expanded work plans
  - Organizational Identity and Media
  - Member Recruitment and Services
  - Legislation and Policy
- Sustaining the organization in the future
- Discussion concerning event planned for January announcement
- Scheduling of the January meeting of the Association
  - Who is responsible to call meeting?
  - Who will develop agenda?
- Develop "Master" Schedule of meetings
  - January - December

Adjourn – 15:00

ATTACHMENT

REDUCTION OF V.A.T. FOR BASIC FOOD PRODUCTS

- SUMMARY –

UNIPAA elaborated, with the support of Land O'Lakes, a detailed analyze of the VAT increase effects starting January 2000 and, on the other side, the impacts of a potential VAT reduction for the same products.

In January 2000 the Romanian Government's decision established one standard VAT quota (19%) for all products on the market. VAT quota for the food products increased from 11% (even 9% for milk) up to 19%. This change had a serious impact in increasing the prices with more than 8%, which led to a severe decrease of sales for these categories of products.

Effects of increasing VAT from 11% to 19%

Producer's level:

- Reduction of sales for meat and meat products in October 2000 at 71% for pork meat, 68% for beef, 95% for poultry and 86% for meat products;
- Increased of unused production capacities;
- Reduction of labor force by 20-25%;
- Decrease in competitiveness against the subsidized imports.

Consumer's level:

- Decrease of annual consumption (October 1999/October 2000) for meat and meat products
    - From 18kg to 12kg for pork meat
    - From 3.25kg to 2.4kg for beef
    - From 5.2kg to 4.9kg for poultry meat
    - From 12kg to 10kg for meat products
- Increased consumption of inferior quality products

Budget level:

- Reduction of estimated income from VAT by 15-20%, as a result of sales reduction;
- Increase of the budgetary funds allocated to unemployment and re-qualification;
- Loss of estimated budgetary income representing social contributions as a result of the 20-25% decrease of the labor force within the meat sector.

Macroeconomic level:

- Reduction of VAT within the agricultural sector by 8% during the first 9 months of 2000, compared with the same period of 1999 (from 58.494 billion Lei to 54.926 billion Lei);

- 15-20% decrease of agricultural products;
- Decrease of the turnover obtained from detail sales of food products by 13% (January-September 1999/2000);
- Increase of food products imports as a result of the price increase for domestic food products;
- Extension of the "underground economy" within the agricultural sector.

Impacts of VAT reduction

There must be considerate two scenarios:

1. Maintain production prices and decrease sale prices
2. Increase production price and maintain sale price

At macroeconomic level, the reduction of VAT doesn't mean the reduction of the budgetary income, but another distribution of these incomes on other sources:

- Increase of VAT from subsidiary activities as result of sales increase (transportation, packaging) as well as from investments (new equipment, technology);
- Increase of tax on profits by 8-12% on short term and 13-22% on medium term;
- Increase of tax on salaries as a result of employment increase;
- New contributions to social and health insurance.

Conclusion: taking into consideration both the effects of increasing VAT, but most of all the potential effects of reducing VAT, UNIPAA made a detailed analyses and a recommendation to the Romanian Government and Ministry of Food and Agriculture to introduce legislative measures for reducing VAT from 19% to 5-10% for basic food products: meat and meat products, eggs, milk, bread, sugar, edible oil and potatoes.

The Romanian Prime Minister announced a possible reduction of VAT for basic food products by the end of 2001.

APPENDIX C

Example of Market Information Newsletter (in Romanian language)

UNIUNEA CRESCATORILOR DE PASARI
DIN ROMANIA

Bucure ti Bd. Ion Mihalache nr. 106
Bloc 84, Scara A, Etaj 9, Apart. 24, Sector 1
Tel.Fax 666 37 65
Cont 667745 BASA SMB

BULETIN INFORMATIV

UZ INTERN

NR. 10 / OCTOMBRIE 2001
Anul 10, nr. 99

Acest "Buletin Informativ" este de uz intern i este interzis difuzarea acestula unor persoane sau grupuri de persoane din afara UCPR f r aprobarea Conducerii Executive UCPR.

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I. STAREA AVICULTURII ROMANE TI LA 30 SEPTEMBRIE 2001

Indicatorii tehnici i de produc ie, calcula i pe trei trimestre din anul 2001, exprim cursul ascendent pe care avicultura s-a înscris i în acest an, ca i în ultimii cinci ani anteriori :

1.EVOLU IA EFECTIVELOR DE P S RI

Cu u oare sc deri de efective fa de 30 septembrie 1999, dar cu un spor substan ial fa de 30 septembrie 2000, avicultura românească de tip industrial pare s înregistreze un reviriment :

- mii capete -

	Efective de p s ri			Diferen e fa de :	
	30.09. 1999	30.09. 2000	30.09. 2001	30.09. 1999	30.09. 2000
Tineret înlocuire	2116,5	1494,8	1784,9		
G ini ou toare	3195,6	3363,9	4008,1		
TOTAL G.O.C.	5312,1	4858,7	5793,0	+480,9	+934,3
Tineret R.R.G.	777,7	698,0	610,5		
G ini R.R,G.	668,3	530,3	632,3		
TOTAL R.R.G.	1446,0	1228,3	1242,8	-203,2	+14,5
Tineret R.R.U.	387,4	283,4	325,7		
G ini R.R.U.	221,4	292,8	204,5		
TOTAL R.R.U.	608,8	576,2	530,2	-78,6	-46,0
PUI DE CARNE	9036,8	6342,7	8321,5	-715,3	+1978,8
TOTAL	16403,7	13005,9	15887,5	-516,2	+2881,6

Iat îns evolu ia efectivelor pe trim. III la categoriile ale c ror produse fac obiectul pie ii :

Data	Tineret înlocuire	G ini ou toare	Total tineret plus adulte	Pui de carne
30 iunie	2238,3	3101,3	5339,6	8869,3
31 iulie	1938,8	3494,9	5433,7	9639,3
31 august	1721,5	3711,1	5432,6	9259,7
30 septembrie	1784,9	4008,1	5793,0	8321,5
Diferen ±	- 453,4	+ 906,8	+ 453,4	- 547,8

A adar, evolu ia efectivelor la g ini ou toare este cresc toare, fiind clar tendin a de împingere a produc iei de ou c tre sezonul cu pia favorabil . Sc derea efectivelor de pui de carne se explic par ial prin venirea anotimpului rece, în care costurile de produc ie cresc datorit necesit ii înc lzirii capacit ilor de produc ie, dar i – mai ales – tendin ei de sc dere a pre ului c rnii manifestate în ultimele 3 –4 luni.

Întrucât cu acest an se prevede o deteriorare a pre ului pie ii i la ou , mai timpurie decât în al i ani, este previzibil o reducere a efectivelor la ambele categorii care se adreseaz pie ii, dac autorit ile abilitate nu vor intervenii, respectând noile mecanisme stipulate prin recenta "Lege a pie ii produselor agricole" i chiar al "Legii exploat rilor agricole". Nu dorim îns a face comentarii mai largi pe aceast tem , a tept m ca legile la care ne-am referit s prind via .

2.G INI OU CONSUM

S.C. AVICOLA	Efective(mii cap)		Produc ia de ou		Consum specific		Mortalit i	
	Fizice	Medii	Total (mil. buc)	Medie ou /ca p	Total (tone)	Specif. (g/ou)	Mii cap	%
a) Societ i avicole mari, foarte performante i performante (în ordinea m rimii)								
AGRIMON	438,8	319,6	59,6	186,9	9917	166,5	27,0	3,3
BRA OV	205,2	226,44	55,5	245,2	7488	134,9	23,5	6,0
BAC U	250,0	208,2	46,3	222,3	6754	145,9	28,3	5,0
SIBAVIS	226,5	144,0	33,2	230,6	4815	145,0	24,0	6,4
ORADEA	143,0	146,6	30,4	207,6	5273	173,2	22,0	8,4
AVICOM VS	146,0	103,2	25,4	246,1	3591	141,3	7,7	3,4
BOC A	75,5	78,8	17,0	215,2	2800	165,0	6,8	8,3
AVIS 3000	173,0	72,7	17,1	234,8	2634	154,2	5,2	2,5
B BENI	60,2	68,3	16,3	238,1	2388	146,8	4,8	3,2
NUTRICOD	84,1	64,5	14,4	223,4	22015	139,9	2,1	1,6
IVI A	76,0	63,5	14,3	225,3	2382	166,4	6,6	5,3
SLOBOZIA	65,4	60,1	13,9	231,4	2066	148,5	8,0	10,8
C L RA I	53,8	54,9	11,8	215,4	2008	169,7	5,2	7,7
BOTO ANI	53,6	55,8	11,2	200,6	1924	172,0	4,0	6,9
B) Societ i mici i mijlocii, foarte performante i performante (în ordinea m rimii)								
SALPROD	18,7	15,2	3,4	219,6	520	155,2	1,2	2,8
TRANSAVIA	-	13,4	3,0	222,8	467	156,4	1,0	1,8
SAFIR	8,7	10,8	2,4	225,1	379	155,0	1,8	9,0
SIAMOND	7,7	4,3	1,0	228,6	165	168,4	0,3	3,5
AVE IMPEX	-	1,3	0,3	215,2	46	162,2	0,9	1,7
TOTAL a+b	208612	1711,5	376,5	220,0	57632	153,1	180,4	5,3
REST SOC.	1928,0	1836,1	320,5	174,5	61791	192,8	341,0	9,5
TOTAL 2001	**4014,2**	**3547,1**	**697,0**	**196,5**	**119423**	**171,3**	**521,4**	**7,4**
Idem 2000	3363,9	3386,1	682,4	201,5	113543	166,4	504,5	6,4
Idem 1999	3195,6	3628,9	714,5	196,9	123395	172,7	707,2	9,7
Idem 1998	3320,6	3123,4	624,8	200,0	106054	169,7	653,2	8,2
Idem 1997	3394,7	4055,5	696,8	171,8	131762	189,1	1104,7	12,2

Câteva aspecte sunt îngrijor toare la aceast categorie :

- C to i cei trei indicatori principali de performan sunt inferiori în acest an fa de anul trecut i chiar fa de cei realiza i cu 2-3 ani în urm ;
- C exist o diferen semnificativ între societ ile performante i restul societ ilor. Iat de altfel, cum se prezint aceast diferen fa de anul trecut :

Specificare	Prod. medie de ou	Consum specific	Mortalitate
a)Societ i performante:			
- 2000	218,7	152,0	5,9
- 2001	220,0	153,1	5,3
diferen e	+ 2,7	+ 1,1	- 0,6
b) Rest societ i :			
- 2000	176,0	193,0	6,8
- 2001	174,5	192,8	9,5
diferen e	- 1,5	- 0,2	+ 2,7

Anul precedent, societ ile performante de ineau 71% din efectivele medii pe UCPR, iar anul acesta numai 48%, ceea ce înseamn c , în mod nejustificat, în societ ile neperformante au crescut efectivele, iar în cele performante au sc zut (?!). Exist , îns , înc o explica ie, aceea a incorectei înregistr ri a datelor, la unele societ i, îns UCPR nu are calitatea de a cenzura situa iile, care se primesc prin intermediul MAAP, de i – în unele cazuri – incorectitudinile sunt mai mult sau mai pu in evidente.

Cu atât mai mare este meritul societ ilor foarte performante, iar întocmirea clasamentului dup indicele de produc ie este pentru noi o pl cere :

S.C.AVICOLA	Produc ia de ou			Produc ia medie anual preliminat (ou /g in)	Cons. specific (g/ou)	Indice de p strare	Indice de produc i e
	Total mil.buc.	Medie ou /cap	% ouat				
a. Societ i mari (peste 25 mil. ou produse):							
BRA OV	55,5	245,2	89,8	328,1	134,6	94,0	229,13
AVICOM VS	25,4	246,1	90,1	328,9	141,3	96,6	224,85
SIBAVIS	33,2	230,6	84,5	308,4	145,0	93,6	199,07
BACAU	46,3	222,3	81,4	297,1	145,9	95,0	193,45
ORADEA	30,4	207,6	76,0	277,4	173,2	91,6	146,70
AGRIMON	59,6	186,9	68,5	250,0	166,5	96,7	145,19
b. Societ i mijlocii (între 10 – 20 mil. ou produse):							
BABENI	16,3	238,1	87,2	318,3	146,8	96,8	209,88
AVIS 3000	17,1	234,8	86,0	313,9	154,2	97,5	198,48
SLOBOZIA	13,9	231,4	84,8	309,5	148,5	89,2	185,90
IVI A	14,3	225,3	82,5	301,1	166,4	94,7	171,35
BOC A	17,0	215,4	78,9	287,6	165,0	91,7	159,83
C L RA I	11,8	215,4	78,9	288,0	196,7	92,3	156,64
BOTO ANI	11,2	200,6	73,4	267,9	172,0	92,3	143,76
c. Societ i mici (sub 4 mil. ou produse):							
TRANSAVIA	3,0	222,8	81,6	297,9	156,4	98,2	187,04
SALPROD	3,4	219,6	80,4	293,5	155,2	97,2	183,81
SAFIR	2,4	225,1	82,4	300,8	155,0	91,0	176,59
SIAMOND	1,0	228,6	83,7	305,5	168,4	96,5	175,06
AVE IMPEX	0,3	215,2	78,8	287,6	162,2	98,3	174,29
Medie UCPR	697	196,5	72	262,7	171,3	92,6	142,09

1. G INI DE REPRODUC IE RASE U OARE

a. EFECTIVE I PRODUC II

SC. AVICOLA	EFECTIVE (mii cap)		PRODUC IA DE OU		CONSUM FURAJE		MORTALIT I	
	Fizice	Medill	Total mil.	Medie ou /cap	Total (tone)	Spec. (g/ou)	Total mii cap.	%
BACAU	-	23,2	5,4	231,2	870	162	5,6	15,0
BUCURESTI	175,0	193,2	41,3	213,8	787,2	190	31,8	5,4
ICPPAM	18,5	26,8	3,2	118,1	817	258	22,5	28,9
DROSERA	11,0	23,5	5,0	211,3	812	163	0,7	3,8
TOTAL	204,5	266,7	54,9	205,4	10373	189	38,0	10,6

b. INCUBA IE

SC Avicola	Oua puse la incubat	Oua eclozio-nate	Pui eclozio-nati	%	d.c. puicute	Puicute livrate la terti
BACAU	3302	3530	2789	79,0	1341	930
BUCURESTI	8612	8247	6505	78,9	2405	1948
ICPPAM	636	636	482	75,7	223	44
DROSERA	991	1055	860	81,5	430	360
TOTAL	13541	13468	10636	79,0	4399	3282

Rezultatele de la ICPPAM Balote ti sunt puternic influen ate de criza financiar i de mi carea grevist din vara acestui an, care era pe cale de a determina lichidarea acestui Institut.

Pe ansamblu, principalii indicatori de performan au fost urm torii, comparativ cu anul 2000 (f r ICPPAM) :

Specificare	2000	2001	Diferen
Tineret 0 – 20 s pt mâni			
- Pierderi %	7,1	6,1	- 1,0
- Consum furaje pe zi furajat (g)	62,0	64,9	+ 2,9
Tineret 21 – 24 s pt mâni			
- Pierderi %	1,7	2,2	+ 0,5
- Consum furaje pe zi furajat (g)	112,7	105,9	- 6,8
G ini reproduc ie rase u oare			
- Produc ie medie de ou	215,9	213,9	- 2,0
- Consum specific g/ou	185,9	185,1	- 0,8
- Pierderi %	6,7	6,0	- 0,7

Nu rezult diferen e semnificative în acest an, fa de anul precedent.

4.G INI DE REPRODUC IE RASE GRELE

S.C. AVICOLA	EFECTIVE (mii cap)		PRODUC IA DE OU		CONSUM FURAJE		MORTALIT I	
	Fizice	Medill	Total mil.	Medie ou /g in	Total (tone)	Spec. (g/ou)	Total mii cap.	%
a) Societ i avicole foarte performante i performante (în ordine alfabetic)								
AGRISOL	25,0	24,0	3,7	154,4	941	254,0	2,0	7,1
BAC U	118,4	106,7	20,6	192,7	5504	267,7	9,8	3,5
BRA OV	53,1	68,0	11,1	163,4	2791	250,1	5,9	3,5
B BENI	24,8	27,3	5,0	182,5	1171	234,9	5,3	6,4
BUZ U	45,9	44,9	7,8	173,2	2155	277,2	2,6	2,7
C L RA I	49,9	38,7	7,0	181,0	1756	250,7	3,4	4,3
CONSTAN A	63,6	55,5	10,1	181,1	2908	288,9	12,4	8,2
CREVEDIA	7,1	31,9	4,7	146,0	1192	256,0	4,8	8,6
FOC ANI	27,3	26,3	4,9	185,5	1404	287,8	3,5	5,6
SLOBOZIA	41,4	24,5	4,5	182,1	1227	275,0	3,6	4,9
TRANSAVIA	40,0	17,8	3,1	176,1	808	258,3	2,3	5,3
TOTAL a)	496,5	465,6	82,5	177,2	21857	264,9	55,6	5,2
Rest societ i b)	235,8	183,3	27,8	150,0	9938	357,5	46,5	11,3
Total 2001	**632,3**	**648,9**	**110,3**	**170,1**	**31795**	**288,1**	**102,1**	**6,9**
Total 2000	530,3	570,5	101,6	178,1	29559	291,3	118,3	8,3
Total 1999	668,3	767,1	132,6	172,8	40155	302,8	152,2	8,4
Total 1998	883,0	666,7	112,4	168,5	35593	316,7	179,6	9,9
Total 1997	771,0	903,4	138,3	153,1	48373	349,8	293,4	13,9
Total 1996	1200,2	1220,2	194,5	159,4	67981	349,5	363,0	13,2

Singurul indicator care nu progreseaz este produc ia medie de ou , dar acest fenomen, de relativ regres, se datoreaz structurii m tcii, direc ionat c tre producerea de hibrizi de carne mai performan i, caracteristic aflat în corela ie invers cu produc ia medie de ou . Progresul continuu în privin a consumului specific i a procentului de pierderi este âns garan ia sigur privind calitatea m tcii de reproduc ie rase grele.

5. INCUBA IE RASE GRELE

Iat rezultatele înregistrate pe nou luni din anul 2001:

S.C.AVICOLA	Produc ie – incuba ie (mii buc.)			Incuba ie - ecloziune		
	Ou produse	Introduse la incubat	%	Ou ecloz. (mii buc.)	Pui ecloz. (mil cap.)	%
a) Societ i avicole foarte performante i performante (în ordinea alfabetic)						
AGRISOL	3705,0	2955,0	79,7	2666,0	2390,0	89,6
AVE IMPEX	917,0	844,9	92,1	752,1	577,1	76,7
AVIS 3000	1520,0	1338,5	88,0	1510,7	1190,9	78,8
BAC U	20558,0	16348,9	79,5	14304,0	11036,0	77,2
BRA OV	11122,0	9661,0	86,9	8675,0	7072,0	81,5
B BENI	4983,0	3711,2	74,5	3374,1	2682,1	79,5
BUZ U	7774,2	6834,4	87,9	6667,6	5467,4	82,0
BOTO ANI	2438,0	2054,0	84,2	1957,0	1516,0	77,5
C L RA I	7005,0	6431,0	91,8	4994,0	3948,0	79,0
CONSTAN A	10064,3	8707,0	86,5	7127,5	55134	77,3
CREVEDIA	4656,0	4916,1	X	4478,6	3538,1	79,0
FOC ANI	4876,7	3944,1	80,9	2854,5	2209,7	77,4
IA I	1147,4	1032,7	95,0	1032,7	834,5	80,8
ICPPAM	425,5	605,3	X	628,6	487,8	77,6
SLOBOZIA	4462,0	3351,0	75,1	3342,0	2591,0	77,5
TRANSAVIA	3128,0	2866,0	91,6	1995,0	1647,8	82,6
TOTAL a)	88782,1	75601,1	85,1	66359,4	52701,8	79,4
Rest societ i b)	21574,4	15310,9	71,0	14435,9	10727,9	74,3
TOTAL 2001	**110356,5**	**90912,0**	**82,4**	**80795,3**	**63429,7**	**78,5**
Idem 2000	98080,0	75462,0	77,6	74354,0	57988,0	78,0
Idem 1999	121166,0	83750,0	69,1	83250,0	65669,0	78,9
Idem 1998	105000,0	82700,0	78,8	81700,0	64000,0	78,4

Chiar dac anul 2001 aduce un oarecare progres fa de anii anteriori, acesta este minim, rezultatele generale sunt bune, dat.....e loc de mai bine.

6. PUI DE G IN PENTRU CARNE

Rezultatele acestei categorii continu s fie satisf c toare :

	Efective (mii cap)		Spor în greutate		Consum furaje		Mortalit i	
	Fizice	Medii	Total (tone	Mediu (g/zi)	Total (tone)	Specif kg/kg	Mii cap.	%
a)Societ I avicole mari, foarte performante I performante (în ordinea m rimii)								
BAC U	1500,0	1496,0	15567	38,1	34559	2,22	715,3	6,5
TEC ROMANIA	1418,0	1260,5	13705	39,8	28124	2,05	716,4	7,1
d.c. CONSTAN A	826,2	792,4	854,0	39,5	18041	2,11	405,8	6,4
CREVEDIA	591,8	468,1	5165	40,4	10083	1,95	310,6	8,3
BUZ U	797,0	652,3	7172	40,3	14120	1,97	502,4	7,1
BRA OV	326,7	515,3	5756	40,9	11231	1,95	214,0	5,6
C L RA I	435,0	426,9	5444	46,7	10462	1,92	175,0	5,0
SLOBOZIA	312,6	327,4	3700	46,4	7700	2,08	285,8	11,1
TRANSAVIA	534,6	331,9	3669,2	40,5	6714	1,89	162,9	6,0
B BENI	311,3	296,7	3246	40,1	6460	1,99	173,9	7,4
FOC ANI	363,7	283,1	3231	44,3	6098	1,89	175,3	7,6
BOTO ANI	269,7	256,8	2619	37,4	5562	2,12	135,1	6,2
AGRISOL	222,0	232,1	2325	36,7	4644	2,00	170,0	8,5
NUTRICOD	116,0	100,2	1040	38,0	2184	2,10	60,0	7,4

b) Societ i mici i mijlocii foarte performante i performante (în ordinea m rimii)								
AVE IMPEX	75,6	54,9	631,6	42,1	1446	2,29	18,9	4,2
AVIA PRODEXIM	86,8	34,2	418	44,7	911	2,18	7,3	2,4
SALPROD	17,5	26,6	339	46,7	716	2,11	13,2	5,8
DRAGO VOD	37,8	20,9	266	46,6	479	1,80	9,5	5,9
ORADEA	86,0	22,3	242	39,6	478	1,98	15,1	5,8
SEMAR TRD. PH	3,6	19,2	200,4	38,2	430	2,14	11,5	6,0
GALINA SANISL.	26,3	10,7	95,4	32,5	211	2,21	3,9	4,6
BOC A	-	7,7	85,0	40,5	180	2,12	5,0	7,5
TR IMPEX CL	-	2,5	18,0	26,8	30	1,67	1,5	6,1
TOTAL a+b	6940,2	6378,2	69769,5	40,1	142739	2,04	3572,0	7,3
REST SOC..	1381,3	1623,6	13689,6	30,9	35140	2,57	1055,6	6,3
Total 9 luni 2001	**8321,5**	**8001,8**	**83459,1**	**38,2**	**177879**	**2,13**	**4627,6**	**7,1**
Idem 2000	6340,7	7159,6	66585	33,9	148928	2,24	4290,2	8,7
Idem 1999	9036,8	8614,3	74964	32,0	177365	2,37	5716,1	8,9
Idem 1998	8926,3	8224,6	70466	31,4	169590	2,41	4674,4	7,6
Idem 1997	10985,0	10486,6	68639	24,0	190962	2,78	8910,6	13,8

A adar, se înregistreaz , fa de anii preceden i îmbun t iri substan iale la to i indicii tehnici de performan .

Red m i la aceast categorie clasificarea societ ilor avicole dup indicele de produc ie :

S.C.AVICOLA	SPOR ÎN GREUTATE			Consum secific fraje (kg/kg)	Indice de p strare (%)	Indice de produc i e
	Total tone	Mediu g/zi	Echival. greut.la 6 s pt. (g)			
A. Societ i avicole mari (peste 3500 tone spor în greutate)						
C L RA I	5444	46,7	2000	1,92	95,0	231,06
TRANSAVIA	3669,2	40,5	1740	1,89	94,0	201,42
BRA OV	5756	40,9	1760	1,95	94,4	198,00
BUZ U	7172	40,3	1730	1,97	92,9	190,04
CREVEDIA	5165	40,4	1740	1,95	91,7	189,98
SLOBOZIA	3700	41,4	1780	2,08	88,9	176,95
CONSTAN A	8540	39,5	1700	2,11	93,6	175,22
BAC U	15567	38,1	1640	2,22	93,5	160,47
B. Societ i avicole mijlocii (2300-3500 tone spor în greutate)						
FOC ANI	3231	44,3	1900	1,89	92,4	216,57
B BENI	3246	40,1	1720	1,99	92,6	186,60
AGRISOL	2325	36,7	1580	2,00	91,5	167,90
BOTO ANI	2619	37,4	1610	2,12	93,8	165,47
C. Societ i avicole mici (sub 1100 tone spor în greutate)						
SALPROD	339	46,7	2000	2,11	94,2	208,49
DRAGO VOD	266	46,6	1990	1,80	94,1	208,04
AVIA PROREXIM	418	44,7	1920	2,18	97,6	200,12
ORADEA	242	39,6	1700	1,98	94,2	188,40
BOC A	85	40,5	1740	2,12	92,5	176,70
AVE IMPEX	418	42,1	1810	2,29	95,8	176,12
NUTRICOD	1040	38,0	1640	2,10	92,6	167,56
MEDIE UCPR	83459	38,2	1650	2,13	92,7	166,25

Not : În tabel au fost cuprinse toate societ ile care înregistreaz indici de produc ie superiori mediei pe ar (care sunt u or inferiori (166,25) fa de luna trecut (166,37).

II. PIA A PRODUSELOR AVICOLE PE TRIM. III I PERSPECTIVELE TRIM. IV 2001

1.PIA A OU LOR PENTRU CONSUM

O compara ie a pre ului ou lor pe primele trei trimestre din anii 2000 i 2001 arat astfel :

Data	2000				2001			
	Pre de livrare		Evolu ie pre %		Pre de livrare		Evolu ie pre %	
	lei/ou	cen i /ou	lei/ou	cen i /ou	lei/ou	cen i /ou	lei/ou	cen i /ou
1 ian	1316	7,21	100,0	100,0	1995	7,69	100,0	100,0
31 ian	1180	6,39	89,7	88,6	1772	6,66	88,8	86,6
28 febr	1043	5,52	79,3	76,6	1698	6,27	85,1	81,5
31 mart	810	4,16	61,6	57,6	1717	6,22	86,1	80,8
30 apr	893	4,45	67,9	61,7	1536	5,44	77,0	70,7
31 mai	970	4,68	73,7	64,9	1540	5,36	77,2	69,7
30 iunie	1556	7,28	118,2	101,2	1754	6,10	87,9	78,0
31 iulie	1442	6,59	109,6	91,4	1855	6,26	93,0	81,4
31 aug	1307	5,69	99,3	78,9	1973	6,56	98,9	85,3
30 sept	1507	6,23	114,5	86,4	206,6	6,78	103,6	88,2
31oct.	1619	6,51	123,0	90,3	?	?	?	?

Urm toarele informa ii merit s fie consemnate i comentate:

- Anul precedent pre ul ou lor a continuat s creasc pân la sfâr itul anului. Fa de

luna septembrie (1507 lei) în luna decembrie pre ul a ajuns la 1995 lei (cre terea de pre pe trim. IV 2000 a fost de 32%). Chiar i în termeni reali, pe trim. IV 2000 pre ul ou lor a crescut cu aproape 18% (de la 6,23 la 7,35 cen i pe ou).

- Anul acesta, conform informa iilor par iale pe care le de inem, pre ul ou lor este

deja în sc dere pe prima jum tate a lunii octombrie a.c. de i stocul actual de ou este nesemnificativ (5,7 milioane, produc ia pe mai pu in de dou zile) iar re eaua comercial d semne c î i ajusteaz pre urile dup cele din "avicole" :

Pia a		17.09 – 23.09	24.09 – 30.09	01.10 – 07.10	15.10 -21.10
Bucure ti:	Delfinului	2100	2100	2100	2300
	Obor	2000	2000	2000	2200
	Traian	2300	2300	2300	2400
Covasna		2200	2200	2300	2200
Br ila		2300	2300	2400	2400
Gala i		2300	2400	2400	2400
Tg. Mure		2200	2100	2200	2000

la i	2400	2500	2300	2200
Curtea de Arge	2500	2500	2500	2500
Bra ov	2500	2600	2400	2400
Ploie ti	2300	2300	2300	x
Cluj – Napoca	2400	2400	2300	2200
Medie aritmetic	2300	2308	2292	2290

Pia a ou lor din România cunoa te o nou criz de fond, o adev rat situa ie exploziv , care deja determin mult b taie de cap produc torilor români de ou . De aceea, o analiz global pe aceast tem este de strict actualitate.

În esen , totul porne te de la asigurarea necesarului de consum al popula iei urbane... i nu numai. Odat cu venirea anotimpului rece, g inile r ne ti i-au încetat practic ouatul i mediul rural devine el însu i, din produc tor, consumator de ou . Dar chiar ne inând seama de acest aspect, nu pot fi oferite popula iei urbane (12,5 milioane) mai pu in de 12 ou lunar pe locuitor, adic cca. 150 milioane ou pe lun . Îns , societ ile avicole organizate, cu cele patru milioane de g ini pe care le au, nu pot oferi pie ei interne mai mult de 90 milioane de ou / lun (media lunar anterioar a fost de 80 milioane).

In aceste condi ii, se produc dou fenomene succesive:

- datorit ofertei sc zute (cca. 60 % din cerere), pre ul ou lor cre te. În ultimele patru luni, acest pre (la poarta fermei, plus TVA) a crescut de la 1540 lei la 2066 lei, adic cu 34 %, mult deasupra indicelui general al infla iei;
- acest pre , de 6,7 cen i SUA, în termeni reali, devine foarte atractiv pentru importatori, care invadeaz pia a românească cu ou foarte ieftine (2,76 cen i în luna iulie, 3,58 cen i în luna august 2001). De i s-a reu it stoparea – pe considerente sanitar veterinare - a masivelor importuri de ou din Turcia, (aproape dou treimi din totalul importurilor de ou , în acest an provin din Turcia, la pre ul subevaluat de 1,13 cen i pe ou?!), locul acestora pe pia a românească a fost luat, în prezent, de ou provenite din ri ca Iugoslavia, Polonia, Olanda, care nu obi nuiau pân acum s exporte ou în România.

Noi nu putem opri aceste importuri, pentru c ele r spund unei nevoi obiective, aceea de a nu lipsi consumatorii români de acest aliment complet, strict necesar în dieta unor largi categorii de consumatori.

Pentru solu ionarea problemei ar trebui:

- ca produc torii de ou s nu majoreze excesiv pre urile, spre a face foarte atractive importurile de ou ;
- ca re eaua comercial s nu practice adausuri comerciale deosebit de mari, profitând de oferta sc zut de ou . Aceast tendin poate fi contracarat printr-o desfacere cât mai masiv de ou prin re ea comercial proprie;
- ca Agen ia Na ional Sanitar Veterinar i Direc iile Sanitar Veterinare Jude ene s nu elibereze avize de import din alte surse decât cele prev zute în listele cu societ i agreate de Uniunea European , i s aplice barierele vamale netarifare la importurile incorecte de ou , inclusiv cele care fac obiectul micului trafic de frontier ;
- întrucât importurile de ou pot atinge, în perioada urm toare, cca. 40 % din consumul intern, este necesar , – si legal – introducerea clauzei de salvgardare, propus din teritoriu la un pre minim de facturare de 5,5 cen i pe ou si o tax vamala de 25 %.

Ultimele dou m suri au fost însu ite de conducerea executiv a Uniunii Cresc torilor de Pas ri din România i retransmise autorit ilor abilitate din România.

La data de 30 sept. a.c., cele mai mari pre uri la ou erau practicate în Transilvania (Avimar Baia Mare 2142 lei, Deva 2261 lei, Oradea 2082 lei, Bra ov 2082 lei) iar cele mai sc zute pre uri în sudul rii (Slobozia 1950 lei, C l ra i 2023 lei, Buftea i G ie ti 2050 lei) iar cele mai mari stocuri se g sesc în societ ile care practic pre uri relativ mari (Bra ov 2462 mii ou , Bac u 692 mii ou , Oradea 679 mii ou , Avimar BM 500 mii ou , Deva 302 mii ou).

Pân la 31 august a.c. se importaser în România 139,1 milioane ou la pre ul mediu de 2,23 cen i pe ou. Comparativ cu num rul de ou livrate de membrii UCPR (638 milioane), importul de ou a reprezentat 21,8%, iar în luna august importurile au fost relativ sc zute (7,2 milioane sau cca. 10% din livr rile interne de 72 mil. ou). Din p cate, importurile neprev zute de ou din Olanda, Polonia i Iugoslavia vor schimba, în perioada urm toare, aceast propor ie, iar adoptarea unei strategii noi a produc torilor de ou din România este strict necesar .

2.PIA A C RNII DE PAS RE

Cele cinci sortimente de carne de pas re pe care le monitoriz m au cunoscut luna septembrie a.c. urm toarele evolu ii :

a) CARNE ÎN CARCAS

Luna	Carne pas r e în stoc (to)	Pre uri de livrare inclusiv TVA				Evolu ie pre			
		Griler		Odol		Griler		Odol	
		Lei / kg	USD / kg	Lei / kg	USD / kg	Lei / kg	USD / kg	Lei / kg	USD / kg
31.12. 2000	1132	43685	1,68	37814	1,49	100,0	100,0	100,0	100,0
31.01. 2001	1976	44202	1,67	37686	1,42	101,2	99,4	99,7	97,3
28.02. 2001	780	49314	1,82	39335	1,45	112,8	108,3	104,0	99,3
31.03. 2001	353	56085	2,03	48225	1,75	128,3	120,8	127,5	117,4
30.04. 2001	251	58606	2,08	50621	1,79	134,1	123,8	133,8	120,1
31,05. 2001	792	58845	2,05	52175	1,81	134,7	122,0	138,0	121,5
30.06. 2001	1322	58404	2,00	47565	1,63	133,7	119,0	125,8	109,4

31.07. 2001	3000	56150	1,90	42911	1,44	128,5	113,1	113,6	96,6
31.08 2001	3600	55324	1,84	40865	1,63	126,6	112,8	108,1	91,3
30.09 2001	3300	57061	1,87	41293	1,36	130,6	114,7	109,2	91,3

b) TRAN ATE I FICAT

Nu exist diferen e semnificative de pre comparativ cu cele practicate în luna precedent :

Sortimentul	31 aug.	30 sept	%
Piept cu os	74883	74301	99,2
Pulpe cu os	66812	66806	99,9
Ficat de pas re	73455	73235	99,7

A adar, u oara sc dere (cu 10%) a stocului de carne, înso it de o semnificativ cre tere a pre ului fa de luna precedent la carnea în carcas – prima dup trei luni de sc deri succesive – ar putea fi considerate de bun augur. (Pre ul grilerului a crescut în ultima lun cu 3,1% iar cel al "odolului" cu 1,1%). Totu i câteva alte "semne" pot conduce la ideea c sc derea stocului i cre terile de pre sunt doar conjuncturale :

- cele cca. 220 tone de carne livrate zilnic, cum rezult din operativ , sunt cantit i

relativ sc zute, pentru c stocul de 3300 tone de carne corespunde la 15 zile de vânz ri. S re inem îns c în luna august au intrat din import 7600 tone carne de pas re plus 600 tone preparate din carne de pas re, adic 8200 tone, cu o medie pe zi calendaristic de peste 270 tone, cantitate superioar mediei zilnice livrate din depozitele noastre.

În luna septembrie a.c., cu importuri înc necunoscute, au intrat în abatoare, pentru

industrializare 10 mii tone carne de pas re, fa de o medie de 9,7 mii tone p s ri în viu în cele 8 luni anterioare (exclusiv cca. 2 mii tone lunar produse de cresc tori care nu transmit date organismelor abilitate).

În aceste condi ii, nu se poate vorbi de o îmbun t ire a pie ii c rnii de pas re,

principalul motiv constituindu-l prezen a masiv pe pia a c rnii i produselor din carne de pas re importate. Iat i situa ia pe 8 luni a importurilor de carne de pas re :

a ra de origine	Ianuarie - august			Din care august 2001		
	Total tone	% din total	USD/ ton	Total tone	% din total	USD/ ton
1. Carne i organe comestibile						
Total ri	40868	100,0	887,32	7601	100,0	949,04
d.c. A Uniunea European	23429	57,3	844,27	5142	67,7	842,16
d.c. Olanda	11813	28,9	846,24	2216	29,1	821,83
Belgia	6039	14,8	936,19	1496	19,7	935,48
Fran a	1847	4,5	64,28	671	8,8	775,96
Italia	1200	2,9	648,05	310	4,1	709,10
Germania	1067	2,6	782,09	320	4,2	811,75
B. SUA	9231	22,6	702,59	1030	13,5	801,81
C. CEFTA	3256	8,3	908,85	341	4,5	847,92
d.c. Ungaria	2733	6,7	888,77	192	2,5	892,97
D. Alte ri	4952	12,1	1421,20	1087	14,2	1625,84
d.c. Brazilia	2477	6,1	1149,01	407	5,3	1130,42
Thailanda	1751	4,3	2030,85	570	7,5	2093,56
2. Preparate din carne de pas re						
TOTAL	3827	x	484,93	599	x	451,45
A. CURCAN	3187	100	472,78	536	100	446,82
d.c. Germania	1558	48,9	368,22	324	60,4	377,07
Ungaria	853	26,8	579,56	71	13,2	559,72
Fran a	340	10,7	453,56	40	7,4	457,50
B. GALINACEE	640	100,0	545,45	63	100	490,74
d.c. Ungaria	510	79,7	601,02	20	31,7	740,0
Republica Ceh	61	11,5	232,29	23	36,6	241,30

Pe aceia i perioad , din România au fost exportate urm toarele cantit i de carne de pas re i preparate :

ARA	Cumulat 1.01. – 31.08.2001			Din care : august 2001		
	Tone	Pre mediu USD/ton	Valoare total mii USD	Tone	Pre mediu USD/ton	Valoare total mii USD
Carne de pas re	676	2702,5	1827,0	76	2715,39	206,4
Preparate din carne de curcan	17	1965,29	33,4	-	-	-
Preparate din carne de g in	2613	2403,74	6278,4	493	2437,30	1201,6
Total	3306	2461,82	8138,8	569	2474,5	1408,0

Cea mai mare parte din cantit ile exportate a mers pe pia a Germaniei (560 tone – 83%), iar toate preparatele din carne de pas re (2613 tone) au fost exportate în Olanda.

Revenind la pia a intern , red m câteva caracteristice ale acesteia, la unii membrii ai UCPR :

- cele mai mari stocuri de carne de pas re se g sesc la Bac u i TEC (aproape 1000 de tone la fiecare), Bra ov (250 tone) Alba i Nutricod (200 tone).
- cele mai mari pre uri la griler se practic la avicolele Buz u 61,5 mii lei/kg, Bac u 57,1 mii, Boto ani 54,7 mii, Constan a, Crevedia i C l ra i 53,5 mii, iar cele mai sc zute la Bra ov 45,8 mii lei, B beni 46,3 mii lei, Codlea i Salonta 46,4 mii lei, Nutricod i Oradea 47,6 mii ;
- cele mai mari pre uri la pui cap i picioare se practic la Buz u 52,5 mii lei pe kg, Boto ani i Constan a 46,4 mii lei, Crevedia 45,7 mii iar cele mai mici la

B beni 37,5 mii lei, Bra ov, Oradea i Salonta 38,1 mii lei, Slobozia 38,7 mii lei.

III. PIATA INGREDIENTELOR FURAJERE ÎN PERIOADA OCTOMBRIE - DECEMBRIE 2001

1.PIA A EXTERN

Pe aceast perioad bursele furajere din America de Nord au prezentat urm toarele cota ii

a. Cereale

- USD/tona -

Data cotatiei 2001	GRAU (CBOT)			PORUMB (CBOT)				ORZ (WCE)		
	Cota iile pe luna:			Cota iile pe luna:				Cota iile pe luna:		
	Dec.	Mart.	Mai.	Nov.	Dec.	Mart.	Mai.	Oct.	Dec.	Mart.
15.06	x	x	x	x	x	x	x	x	127.30	x
17.07	113.16	x	x	x	88,18	x	x	151,50	163,20	x
18.08	98.47	103.89	x	86.70	90.04	91.52	x	150,90	162,40	x
17.09	98.19	100.89	104.81	84.24	85.62	87.68	x	150.90	160.0	162,50
16.10.	100,67	103,61	104,44	79,32	81,19	82,67	89,26	166,50	164,80	164,10

Nota: cota iile orzului la WCE (Winnipeg Comnodity Exchange) sunt redate in dolari canadieni (1 dolar SUA = 1.5648 dolari canadieni).

Dup cum se remarc , atacurile teroriste din 11 septembrie 2001 asupra SUA nu au avut repercusiuni notabile asupra burselor americane, fluctua iile pe termen scurt de + 2% pân la + 3% la grâu, de – 5% pân la – 6% la porumb i de + 3% pân la +10% la orz fiind receptate doar ca o expresie a timpului scurs de la recoltare în cazul p ioaselor de var i de previziuni optimiste privind cultura de porumb, care este în curs de desf urare în toat emisfera nordului. Aceste stabilit i bursiere infirm opiniile anali tilor (prezentate i în "Buletinul Informativ" pe luna septembrie 2001) privitoare la c deri semnificative de pre uri în perioada urm toare atacurilor teroriste din SUA.

Exist âns posibilitatea unor relax ri de pre uri la grâu pe pia a european , consecutiv recentei hot râri a Uniunii europene de a anula taxele vamale pentru importurile de grâu în zona EURO. În fapt, Uniunea European are suficient grâu pentru satisfacerea necesarului propriu, âns are contracte de export în derulare, care ar putea fi stopate dac ar afecta pia a comunitar . Noua m sur încurajeaz exporturile c tre UE din Europa de Est i echilibreaz balan a grâului în zona EURO. Zootehnia românesc nu va fi âns favorizat de aceast m sur , întrucât efectuarea unor exporturi degrevate de taxe vamale ar permite ie irea din ar a unor importante cantit i de grâu, ceea ce va determina o cre tere a pre urilor interne, mai ales c i bursele americane prezint aceea i tendin de cre tere a pre ului la cerealele de var .

Calculate la cursul actual al USD (30800 lei) pre ul acestora în moneda na ional ar fi de :

- Grâu : 100 USD x 30800 lei = 3080 lei/kg
- Porumb : 80 USD x 30800 lei = 2464 lei/kg
- Orz : 106 USD x 30800 lei = 3264 lei/kg

Din aceast analiz rezult c va trebui s utiliz m prioritar porumbul în re etele furajere pentru p s ri, în func ie i de asigurarea necesarului de porumb pentru zootehnie în perioada urm toare, care va fi inferioar anilor preceden i, ca urmare a sc derii efectivelor de porcine din complexele organizate.

Pe de alt parte, afl m c atacurile teroriste din SUA fac problematice subven iile pentru grâu, care urmau s fie asigurate dintr-o rezerv bugetar de 73 miliarde dolari. Întrucât costurile pentru redresare i ap rare în urma acestor atacuri se vor ridica la cca 100 miliarde USD, este evident c rezervele nu vor putea fi utilizate pentru subven ii în agricultur , iar consecin a va fi, evident, cre terea pre ului produselor agricole, inclusiv a cerealelor .

b. Oleaginoase

Pia a acestor ingrediente furajere este foarte agitat , cu mari sc deri de pre uri înregistrate deja pe aceast perioad i preliminate pentru sfâr itul anului 2001 i începutul anului 2002 :

- USD/tona -

Data cota tiei 2001	Boabe de soia				Sroturi de soia			Ulei de soia		
	Cotatiile pe luna:				Cotatiile pe luna:			Cotatiile pe luna:		
	Sept	Nov.	Dec.	Ian. 2002	Oct	Dec	Ian 2002	Oct	Dec	Ian 2002
17.07	195,50	x	x	x	190,70	x	x	421,60	x	x
15.08	188,30	x	186,80	x	186,10	184,60	x	419,40	426,40	x
17.09	173,20	x	174,50	x	185,90	182,70	183,80	361,20	355,80	361,50
25.09	x	172,89	x	178,38	181,65	179,56	178,68	364,46	370,40	375,49
5.10	x	166,17	x	166,17	181,32	180,55	179,67	333,77	337,52	342,16
10.10	x	165,52	x	168,10	182,76	180,66	179,34	339,73	343,48	347,90
12.10	x	160,01	x	162,40	186,85	181,32	179,74	328,69	336,20	336,20
16.10	x	158,00	x	161,48	177,91	171,73	171,62	329,80	330,90	335,32
19.10	x	156,07	x	159,74	x	172,28	170,85	x	330,68	334,88

Urm rind – în continuare – cota iile în lunile urm toare din anul 2002, trebuie inut seama de faptul c :

- la boabele de soia, cota iile cresc u or, (+ 4% pân în luna iunie 2002, fa de ian. 2002)
- la roturi de soia, cota iile scad în continuare, de la 178,85 USD/ton în ian. 2002, la 165,12 USD în iunie 2002 i de la 163,47 USD în decembrie 2001 minus 7,7% i respectiv minus 8,6%)
- la uleiul de soia, se prev d cre teri de pre de 4,8% pân în iunie 2002 i de 14,3% pân în decembrie 2002, fa de ianuarie 2002.

Este âns evident c aceste prelimin ri sunt hazardate, singura certitudine fiind aceea c orice eveniment de natura celui înregistrat la 11 septembrie a.c. în SUA determin depresiuni bursiere, f r âns a putea cuantifica intensitatea i durata exact a acestora.

2.PIA A INTERN

Dezbaterea i aprobarea în Parlamentul României a "Legii privind pie ele agricole" este un motiv de satisfac ie pentru Uniunea Cresc torilor de P s ri din România, care -a adus o contribu ie esen ial la realizarea primului proiect al

legii, preluat de noi din UE, tradus i depus actualei autorit i de stat, înc de când aceasta era în opozi ie, pentru c , iat una dintre prevederile acesteia .

"Adoptarea unor pre uri – prag prin ordin comun al MAAP i MFP. În situa ia în care se constat un surplus de produse agricole i alimentare, situa ie în care comercian ii i produc torii reac ioneaz prin diminuarea considerabil a pre urilor, m sur dezavantajoas pentru ei, statul va ini ia prin agen ii specializate exportul surplusurilor. În acest caz este prev zut posibilitatea cump r rii, prelucr rii i stoc rii temporare a produselor de c tre stat, precum i a comercializ rii acestora tot de c tre institu iile subordonate guvernului. În situa ia invers , respectiv cea în care se înregistreaz o lips de produse, Executivul va distribui cantit ile necesare din rezerva de stat i va ini ia importuri temporare".

A adar, legea protejeaz atât pe produc torul agricol, cât i pe cel zootehnic, dac aplicarea legii se va face în mod corect, i se asigur o stabilitate de pre uri evitându-se fluctua iile neprev zute, foarte nefavorabile pentru dezvoltarea normal a oric rei activit i.

Adoptarea acestei legi a stârnit nemul umirea angros-i tilor de cereale, care prin patronatul care îi reprezint solicit pre edintelui rii "de a nu promulga legea f r avizul patronatelor, pentru c guvernul vrea s controleze preu rile produselor agricole i alimentare, de i aceasta contravine concuren i i economiei de pia ", i mai spun angros-i tilor de cereale, "în caz contrar va înainta proteste c tre FMI, Banca Mondial i Delega ia Comisiei Europene". NO COMENT!

Revenind la pia a intern a ingredientelor furajere urm toarele informa ii sunt utile pentru produc torii avicoli :

a) Pia a grâului , sunt previzibile cre teri de pre pe pia a intern , atât în contextul pie ii mondiale, stimulate de pia a american , cât i –mai ales – de exporturile de grâu c tre UE, ca urmare a facilit ilor vamale la care ne-am referit.

De asemenea, exportul de grâu românesc are mari perspective de a fi f cut i în Iran, dorin exprimat de o recent delega ie parlamentar din Iran, care ne-a vizitat ara. Pe de alt parte, produc ia de grâu a anului 2002 poate fi compromis datorit campaniei de îns mân are a grâului din aceast toamn , care se desf oar necorespunz tor.

b) Pia a porumbului, recolta sc zut de porumb din Câmpia Dun rii i sudul Moldovei pledeaz pentru un oarecare deficit al balan ei porumbului pe anul agricol 2001 – 2002. Întrucât ponderea societ ilor zootehnice mari consumatoare de porumb se g sesc tocmai în zona cu produc ii slabe de porumb, se vor înregistra mari deplas ri de porumb din Transilvania i Nordul Moldovei c tre zonele consumatoare. Preten iile actuale ale produc torilor agricoli sunt de 3000 lei /kg, dar dup anumite opinii, în aceast toamn se va putea cump ra porumbul la 2300 – 2800 lei pe kg, la care se va ad uga transportul din zonele cu excedent de porumb c tre zonele consumatoare, plus TVA. Pre ul de 2300 – 2800 lei pe kg este unul apropiat de pia a mondial (75 – 90 USD / ton). Aceasta este i opinia domnului Gheorghe Antohi, pre edintele agricolei Interna ional Bac u, cel mai mare consumator de furaje din ar .

Potrivit datelor furnizate de INS, pân la sfâr itul lunii septembrie a.c. porumbul fusese recoltat de pe o suprafa de 1,8 milioane ha, realizându-se aproape 5 mil. tone (2677 kg/ha).

c) Pia a floarei soarelui : la aceia i dat fusese recoltat de pe o suprafa de 717 mii ha (92,2% din total suprafa) fiind realizat cantitatea de 1021 kg/ha. Se prelimin o cantitate final de 800 mii tone semin e de floarea soarelui, fa de o cantitate similar în 2000, îns de 1102 mii tone în 1998 i 1409 mii tone în 1999. Din aceast cauz , o ordonan de guvern interzice exportul semin elor de floarea soarelui pentru o perioad de trei luni.

d) Pia a rotului de soia : ne va fi favorabil dac , prin contactele din perioada urm toare, vom realiza importul de 20 mii tone prin "American Soybean Association", a a cum avem promisiuni.

IV INFORMA II DE INTERES GENERAL

1. Perspectivele actuale ale aviculturii :

În perioada comunist , un înalt func ionar din CSP, c ruia i se raportase c nu se "închide" pe planul de carne impus de "conducerea superioar " de partid a g sit solu ia : "Suplimenta i la t ia de la p s ri, c rora oricât de mare le dai planul, ei tot îl fac!"

Se pare c aceast gândire înc exist , pentru c avicultura c reia nu i s-a dat din 1996 nici un sprijin material totu i a supravie uit.

Câteva ultime reglement ri par a se adresa i aviculturii, dar tare ne este team c o s se zic : "l sa i-i pe t ia de la p s ri, c ei se descurc !"

În esen , trei reglement ri recent elaborate, pot s fie benefice pentru noi, dac aplicarea acestora va fi corect . Ne referim, în primul rând la "Legea pie elor agricole", . Aplicarea acesteia poate determina o stabilitate a pre urilor, în amonte - pentru furaje – i în aval – pentru produsele avicole . Critica f cut de unele cercuri interesate – c ne-am întoarce la dirijism i centralizare – este sus inut de cei care doresc, în continuare, s pescuiasc în ape tulburi. Legea este copiat în totalitate din UE, iar acest organism nu poate fi b nuit de apuc turi comuniste. Este bine ca fiecare dintre noi s studieze cu aten ie noua lege care cuprinde unele subtilit i, i s solicite autorit ilor abilitate s o respecte.

A doua lege este cea a exploat rilor agricole care stabile te , printre altele, dimensiunile minime ale exploat rilor agricole i zootehnice pentru a putea primi subven ii din partea statului. La p s ri, dimensiunile minime sunt : 2000 de g ini ou toare, 5000 din cele pentru carne, 1000 din alte specii de p s ri i.....15 stru i. Dimensiunile minime sunt accesibile pentru actualii membrii ai Uniunii – chiar i a celor mai mici dintre ace tia.

i aceast reglementare este criticat , sus inându-se c micii produc tori, nemaiavând acces la subven ii, sunt marginaliza i. Âns , prin normele metodologice ale ordonan ei guvernului nr. 24/2001 aceste firme vor pl ti, începând cu 1 sept. 2001 "un impozit reprezentând numai 1,5% aplicat sumei totale a veniturilor trimestriale ob inute din orice surs ", pentru "o simplificare a modului de calcul a impozitului datorat statului i o reducere a acestuia".

Întorcându-ne acum la subven ii, s vedem ce propuneri are MAAP în aceast direc ie. Iat lista acestora, a a cum a fost întocmit de MAAP :

• pentru un litru de lapte livrat la unit ile autorizate de prelucrarea laptelui	1400 lei
• pentru t ura i de 380 – 500 kg livrat în abatoare autorizate	1,6 mil. lei
• prima pe juninc la prima f tare	2,5 mil. lei
• prima pe vi el de ase luni livrat unit ilor autorizate	500 mii lei
• prima pe kg de carne de porc în viu livrat pentru industrializare	4000 lei
• prima pentru scroaf la prima f tare	2 mil. lei
• prima pentru o mielu la prima f tare	500 mii lei
• prima pe un kg carne pas re pentru export	6500 lei
• prima pentru un kg pe te livrat unit ilor autorizate pentru procesare	5600 lei

A adar, la toate speciile se acord prime pentru produc ie, numai la p s ri aceasta se acord doar pentru export. Prima este âns iluzorie, deoarece :

- limiteaz cota prev zut pentru export subven ionat numai la 7000 tone, adic la cca 7% din total produc ie. Întreaga i (umila) subven ie pentru p s ri este de doar 46 miliarde lei, fa de 3200 miliarde pentru întreaga zootehnie (deci 1,4% din toat subven ia pentru zootehnie);
- prima de 6500 lei acoper abia cheltuielile suplimentare aferente preg tirii m rfii pentru export, practic subven ia fiind deci inexistent ;
- în comer ul mondial, marfa subven ionat este refuzat de majoritatea r ilor importatoare (vezi op iunea zero cu UE).

Este âns posibil – în condi ii de confruntare – ca aceste subven ii s fie aliniate la "legea exploat rilor agricole", care prevede subven ii i pentru g ini ou toare, pui de carne, etc. în condi iile dimensiunilor minime stipulate de lege.

Deocamdat âns , avicultura se afl din nou în deriv i doar aplicarea – îmbun t it – a ultimilor reglement ri legislative o poate salva de la dispari ie.

2. Salonul aviculturii române ti

Anul acesta cum am mai anun at, lipsa simpozionului "Noi tehnologii în avicultura mondial " este compensat prin organizarea i l rgirea "Salonului aviculturii române ti" în tot pavilionul nr. 8 din cadrul Târgului Interna ional INDAGRA. Printre al ii vor avea standuri organizate în pavilion Societ ile avicole Bucure ti i T rt e ti, ICPPAM Balote ti, Drosera Carei, ROMVAC, Nutrirom, ELEM CONS, precum i Asocia ia Micilor Cresc tori de P s ri, (prezen a tradi ional) a cresc torilor de prepeli e i a celor de stru i. Cre terea num rului participan ilor a fost posibil i prin ob inerea unor facilit i din partea organizatorilor (ROMEXPO), prin servicii f cute de noi, în compensa ie.

3.Revista presei

"Bursa" din 1 oct. a.c. sub titlul "Comuna Crevedia este din nou Patria Puilor" public pe trei coloane un elogios articol privind activitatea acestei prestigioase societ i, care a implementat recent un sistem de management bazat pe standardul interna ional de referin "ISO 9002" prin m rcile înregistrate de "TEC MIACO", "Ferma natural" i "Galo".

"Ziarul agricol", s pt mânalul na ional de informa ii agricole, public în primul s u num r informa ii privind "Legea exploat rilor agricole", politica de subven ionare a MAAP, informa ii foarte complete privind produc ia i utilizarea produc iei de floarea soarelui în acest an, în care exportul a fost temporar interzis, i înc dou informa ii care ne intereseaz : - în urma atacurilor teroriste, SUA a suplimentat costurile pentru ap rare cu 100 miliarde lei, bazându-se în special pe o rezerv de 73 miliarde cu care guvernul inten iona s subven ioneze printre altele grâul; - de asemenea, se ofer informa ii tehnice foarte interesante privind conservarea cerealelor prin r cire (echipamente GRANIFRIGOR).

"Bursa" din 2 oct. a.c. public declara ia domnului Ilie Van, pre edinte UCPR, conform c reia "carnea de pas re nu se va scumpi cel pu in în urm toarele dou luni chiar dac scumpirile (la energie electric , gaze i combustibili) au efecte semnificative asupra produc torilor".

"Realitatea Românesc " din 2 oct. a.c. sub titlul "50% din carnea de pas re consumat de români este importat ", trage un nou semnal de alarm privind acest flagel al aviculturii române ti i se preconizeaz unele solu ii de redresare, dup opinia domnului Secretar de Stat Mihai Lungu.

"Bursa" din 3 oct. a.c. sub titlul " ministerul Agriculturii va acorda prime exporturilor de carne de pas re", face referiri asupra acestei teme, dar titlul nu exprim corect con inutul, pentru c din efortul bugetar de 900 miliarde lei, carnea de porc în viu înghite 800 miliarde, iar carnea de pas re – la export – doar 46 miliarde.

"Bursa " din 5 oct. a.c. anun c în Slovacia a fost depistat encefalita spongiform bovin , ANSV impunând unele restric ii pe aceast tem .

"Bursa" din 25 sept. a.c. face referiri la prezen a firmei "MOLSAND" la Piatra Neam , care are în exploatare 20000 g ini ou toare, 30000 pui de carne i activitate de incuba ie. Ferma nu este în eviden a MAAP, INS sau UCPR.

"Ziarul agricol" din 8 oct. a.c. public noile taxe dispuse de MAAP – ANSV pentru abatoarele de p s ri : pân la 50000 p s ri/lun , 40 mil. lei pe lun i schimb; fabrici produse din ou : 20 mil. lei/ lun /schimb, etc. Acela i ziar anun c "zonele defavorizate nu vor mai beneficia de scutiri de taxe vamale"; public de

asemenea unele rezultate în urma controalelor f cute de corpul de control al MAAP, (dr. Viorel Davidoiu), care cuprinde inclusiv un control al Avicolei Codlea, unde s-a constatat c "nu sunt utilizate toate capacit ile, în timp ce unitatea înregistra datorii de peste 110 miliarde lei"" Informa ii privind subven iile pentru agricultur , privind programul "SAPARD" i despre cre terea prepeli elor completeaz cuprinsul interesant al acestui ziar.

"Bursa" din 8 oct. a.c. informeaz stadiul de îns mân are a grâului este nesatisf c tor.

"Bursa" din 9 oct. a.c. informeaz c 150 IAS – uri sunt în vânzare i c porumbul este recoltat pe 60% din suprafe e.

"Ziua" din 10 oct. a.c., sub titlul "Legea animalelor" ofer unele informa ii privind adoptarea de c tre Camera Deputa ilor a "Legii zootehniei", dând i unele informa ii privind darea în folosin c tre cresc torii interesa i a unor construc ii care se preteaz în cre terea animalelor i p s rilor.

"Bursa" din 11 oct. a.c. informeaz c pe septembrie a.c. infla ia a fost de 1,9%, iar pe 9 luni de 21,2%. Public , de asemenea informa i i asupra "Legii privind organizarea i func ionarea pie elor produselor agricole i alimentare".

"Bursa" din 12 oct. a.c. sub titlul "CEFTA analizeaz comer ul produselor agricole" informeaz c sesiunea anual a statelor membre CEFTA, care se desf oar la Bucure ti, "este un bun prilej în armonizarea punctelor de vedere i dezvoltarea comer ului în regiunea Europei Centrale"

"Bursa" din 15 oct. a.c. are un bogat material informativ pe teme de agricultur , din care re inem :

- "angros-i tii resping legea pie elor agricole"
- "milionul pentru hectarul necultivat"
- "pia a necontrolat a laptelui produce anual pagube de 50 mil. de dolari (NB : de aici necesitatea acord rii de subven ii, pentru ca micii produc tori s predea laptele la industrializare.De ce nu i ou le?)
- "La "Contim" porcii vor gui a din nou."

"Ziua" din 19 oct. a.c. informeaz c , Uniunea European a înl turat suprataxa la importul de grâu din Est de 10 EURO7ton ; iar sub titlul "Statul se întoarce c tre mo ieri" se refer la dimensiunile exploat rilor agricole i la facilit ile acordate acestora.

"Bursa" din 22 oct. a.c. se refer , de asemenea la reducerea taxelor vamale la importurile de cereale din UE, la prima de 1400 lei/ l de lapte predat, i la limitarea importurilor la firmele mici, cu venituri anuale sub 100000 EURO i cu un num r de max 9 salaria i.

"Ziua" din 22 oct. a.c. sub titlul "Agricultura subven ioneaz numai produc ia exploata iilor agricole", public prevederi ale OUG nr. 108/2001, aprobat recent de c tre Senatul României.

"Ziua" din 23 oct. a.c. sub titlul "Importurile de carne din SUA se vor dubla în anul 2001" public un material preluat de la Mediafax – i acesta, la rândul s u de pe internet ("Romania : Poultry and Products Annual Raport, sursa US Gouvernment) din care rezult c dublarea exportului SUA c tre România în 2001 (la 12 000 tone) este determinat de faptul c "exportatorii americani vor ine cont de unele cerin e ale pie ii române ti". Materialul prelimin importul în anul 2001 la 40 mii tone, evaluare gre it , pentru c deja pe opt luni din acest an se importaser aproape 41 mii tone de carne de pas re. Este eronat de asemenea cifra estimat de 90 mii tone carne de pas re produs în acest an în România, pentru c aceast cantitate este practic, realizat pe 9 luni, din acest an (cca 80 mii tone numai din avicultura de tip organizat). Nici consumul preliminat pe acest an, mai mic de 6 kg de carne de pas re pe locuitor", nu este real, pentru c raportat la popula ia urban , va fi de cca 12 kg din care 8 kg din intern i 4 kg din import.

"Bursa" din 23 oct. a.c. public dou importante informa ii :

1. "Vom putea importa produse agricole din SUA"

"Departamentul Agriculturii al Statelor Unite ale Americii (USDA) a autorizat garan ii de credit în valoare de 25 milioane de dolari pentru vânzarea de produse agricole americane în România, în cadrul programului de grantare a creditelor pentru export GSM – 102 pe anul fiscal 2002, se arat într-un comunicat al ambasadei SUA la Bucure ti. Prin acest program se pot importa din SUA semin e, cereale, produse alimentare i animale, precum i plante textile.

Prin intermediul acestui program de garan ii de credit GSM – 102, care func ioneaz dup sistemul primul venit, primul servit, importatorii pot achizi iona produse agricole specificate în lista GSM, publicat în 20 martie 2001. Potrivit USDA, aloca ia nu stabile te sume fixe în dolari pentru nici unul din produsele agricole specificate în lista GSM, l sându-le vânz torilor i cump r torilor o flexibilitate în privin a m rimii tranzac iilor, cu condi ia s se încadreze în aloca ia total .

Garan ia nu este disponibil pentru costurile de asigurare. Astfel, se ofer garan ii de credit de pân la 98% din creditul de baz , pentru termene de credit între 90 de zile i un an. În cazul în care perioada de credit dep e te ase luni, plata creditului de baz se face la intervale de ase luni. Data limit de efectuare a exporturilor este 30 noiembrie 2002. Pentru programul GSM – 102 pe anul fiscal 2002 sunt acreditate 11 b nci printre care : Banca Comercial Român SA, Banca Român de Dezvoltare – Groupe Societe generale, Banca Românesc , Banc Post, banca de export – Import a României – Eximbank, etc."

2. "Agricultorii vor fi informa i asupra fluctua iilor pie ii"

"Pia a intern a produselor agricole i alimentare urmeaz s fie reglementat prin formarea unor institu ii cu rol de coordonator i mediator între Ministerul Agriculturii i produc torii i procesatorii din ar . Prin Consiliul pe Produse sau Autoritatea Na ional a pie elor produselor Agricole i Alimentare (ANPPAA), organiza iile profesionale pot încheia conven ii cu Ministerul Agriculturii .

Proiectul de lege privind organizarea i func ionarea pie elor produselor agricole i alimentare, adoptat s pt mâna trecut de Comisia pentru agricultur din Camera Deputa ilor, stabile te de asemenea, modul de informare a operatorilor

asupra fluctua iilor pie ei prin publicarea în Monitorul Oficial a unui pre indicativ pentru produse.

Pentru organizarea pie ei produselor agricole i alimentare i aplicarea instrumentelor de reglementare a acestora, legea prevede constituirea i administrarea de c tre Ministerul Agriculturii a Fondului Român de Orientare i Dezvoltare a Agriculturii i P durilor (FRODAP)".

"Proiectul de lege se afl în momentul de fa , în scopul aviz rii, la Comisia pentru buget, finan e i b nci i la Comisia juridic din cadrul Camerei Deputa ilor. În cazul aviz rii de c tre aceste comisii, legea va fi dezb tut în plenul Camerei Deputa ilor dup adoptarea bugetului de stat pe anul 2002"

6. Curier legislativ

MO nr.601 din 25 septembrie 2001 : **Hot râre nr. 912** privind suspendarea temporar a exportului semin elor de floarea – soarelui.

MO nr.607 din 27 septembrie 2001 : **Decizia nr. 92 din 27 martie 2001** a Cur ii Constitu ionale referitoare la excep ia de neconstitu ionalitate a dispozi iilor art. 1 lit. b) din preciz rile Ministrului Muncii i Protec iei Sociale nr. 961 din 13 august 1977 date în aplicarea legii nr. 120/1997 privind concediul pl tit pentru îngrijirea copiilor în vârst de pân la 2 ani.

Ordinul nr. 438/148 al pre edintelui Autorit ii Na ionale în Domeniul Gazelor Naturale i al pre edintelui Agen iei Na ionale pentru Resurse Minerale privind aprobarea i stabilirea tarifelor reglementate în sectorul gazelor naturale.

MO nr.614 din 28 septembrie 2001: **Legea nr. 484** , privind aprobarea Ordonan ei de urgen a Guvernului nr. 46/2001 pentru modificarea i completarea Ordonan ei Guvernului nr. 73/1999 privind impozitul pe venit.

Decret nr. 707 pentru promulgarea Legii privind aprobarea Ordonan ei de urgen a Guvernului nr 73/1999 privind impozitul pe venit.

M.O.nr.614 din 28 septembrie 2001: **Legea nr. 486** , privind aprobarea Ordonan ei de urgen a Guvernului nr. 225 pentru completarea Ordonan ei Guvernului nr. 119/1999 privind auditul intern i controlul financiar preventiv.

M O .nr. 628 din 5 octombrie 2001 : **Ordin nr. 311** al ministrului agriculturii, alimenta iei i p durilor pentru aprobarea Normei sanitar veterinare privind diagnosticul, profilaxia, supravegherea i combaterea influen ei aviare.

Ordin nr. 312 al ministrului agriculturii, alimenta iei i p durilor pentru aprobarea Normei sanitar veterinare privind m surile de profilaxie, supraveghere i combatere a bolii de Newcastle.

M.O. nr. 630 din 8 octombrie 2001 : **Ordin nr. 1922,** al ministrului finan elor publice privind stabilirea baremului lunar pentru impunerea veniturilor din salarii i din pensii i a sumelor fixe prev zute în Ordonan a Guvernului nr. 73/1999 privind impozitul pe venit, pentru trimestrul IV al anului 2001

M. O. nr. 651 din 17 octombrie 2001 : **Ordin nr. 1880** al ministrului finan elor publice pentru aprobarea Normelor metodologice privind organizarea i conducerea contabilit ii la microîntreprinderi.

SITUA IA ÎNCAS RI FACTURILOR PENTRU COTIZA IA TRIM. III 2001

Nr. crt.	Denumirea societ ii	Nr. facturii	Observa ii	
1. Societ i mari (peste 5000 tone carne în viu sau 50 mil. ou produse)				
1	BAC U	1137536 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
2	BRA OV	1137537 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
3	B BENI	1137548 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
4	BUZ U	1815733 / 05.06. 2001 cotiza ie trim. II 1137538 / 01.10.2001 cotiza ie trim. III	8655000 lei 9180000 lei	
5	BAIA MARE – ou	1815734 / 05.06. 2001 cotiza ie trim. II 1137549 / 01.10.2001 cotiza ie trim. III	8655000 lei 9180000 lei	
6	CONSTAN A	1137533 / 05.06. 2001 cotiza ie trim. II 1137550 / 01.10.2001 cotiza ie trim. III	8655000 lei 9180000 lei	
7	CREVEDIA	1137551 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
8	C L RA I	1137539 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
9	LUMINA	1137540 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
10	ORADEA	1137542 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
11	SLOBOZIA	1137543 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
12	BUFTEA	1137544 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
13	G IE TI	1137545 / 01.10. 2001 cotiza ie trim. III	9180000 lei	
2. Societ i mijlocii (peste 1000 tone carne în viu sau 10 mil. ou produse				
1	NUTRICOD	1815738 / 05.06. 2001 cotiza ie trim. II i III	8655000 lei	
2	ALBA	1815343 / 05.06.2001 cotiza ie trim. II 1137552 / 01.10.2001 cotiza ie trim. III	4327500 lei 4590000 lei	

3	AVE IMPEX	1137546 / 01.10.2001 cotiza ie trim. III	4590000 lei	achitat
4	AVICOM Vs.	1137553 / 01.10.2001 cotiza ie trim. III	4590000 lei	
5	BOTO ANI	1815347 / 05.06.2001 cotiza ie trim. II 1137555 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
6	BR ILA	1815346 / 05.06.2001 cotiza ie trim. II 1137554 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
7	BOC A	1815348 / 05.06.2001 cotiza ie trim. II 1137556 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
8	BUCURE TI	1815350 / 05.06.2001 cotiza ie trim. II 1137557 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
9	DEVA (AVIS 3000 MINTIA)	1815349 / 05.06.2001 cotiza ie trim. II 1137558 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
10	ESTRELLA	Achitat pân la sfâr itul anului		
11	FOC ANI	1137501 / 05.06.2001 cotiza ie trim. II 1137559 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
12	ICPPAM Balote ti	1137502 / 05.06.2001 cotiza ie trim. II 1137560 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
13	NUTRIENTUL PALOTA	1137503 / 05.06.2001 cotiza ie trim. II 1137561 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	
14	SAFIR	1137504 / 05.06.2001 cotiza ie trim. II	Achitat trim. II i trim.III 2001	
15	SIBAVIS	1137505 / 05.06.2001 cotiza ie trim. II 1137562 / 01.10.2001 cotiza ir trim. III	4327500 lei 4590000 lei	achitat
16	T RT E TI	1137546 / 01.10.2001 cotiza ie trim. III	4327500 lei	
17	TRANSAVIA	Achitat pân la sfâr itul anului		

3. Societ i mici (sub 1000 tone carne în viu sau 10 mil. ou produse)				
1	B ICULE TI – AG	1137577 / 01.10.2001 cotiza ie trim. III	1836000 lei	achitat
2	BR DE TI (TRANSSEM SRL)	1137578 / 01.10.2001 cotiza ie trim. III	1836000 lei	achitat
3	CLUJ	1137509 / 05.06.2001 cotiza ie anual	1731000 lei	
4	CONVEST – CJ	1137510 / 05.06.2001 cotiza ie anual	1731000 lei	achitat
5	IA I	1137511 / 05.06.2001 cotiza ie trim. II 1137579 / 01.10.2001 cotiza ie trim. III	1731000 lei 1836000 lei	
6	PETRA PROD – ARAD	1137512 / 05.06.2001 cotiza ie trim. II	1731000 lei	
7	PRODAGRO – ARAD	1137580 / 01.10.2001 cotiza ie trim. III	1836000 lei	achitat
8	SALPROD – CJ	1137581 / 01.10.2001 cotiza ie trim. III	1836000 lei	
9	SIAMOND - CJ	1137582 / 01.10.2001 cotiza ie trim. III	1836000 lei	achitat
10	AGROIND	1137517 / 05.06.2001 cotiza ie anual	1731000 lei	
11	ARMIR	1137516 / 05.06.2001 cotiza ie anual	1731000 lei	
12	DROSERA	1137518 / 05.06.2001 cotiza ie trim. II 1137583 / 01.10.2001 cotiza ie trim. III	1731000 lei 1836000 lei	
13	NUTRISAM	1137585 / 01.10.2001 cotiza ie trim. III	1836000 lei	achitat
4. Al i membri - neavicultori				
1	BIOVET	1137519 / 05.06.2001 cotiza ie trim. II 1137563 / 01.10.2001 cotiza ie trim. III	1298560 lei 1368000 lei	
2	DEVCO AGRO CHEMIE	1137564 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
3	DEGUSSA HULS	1137586 / 09.10.2001 cotiza ie trim. III	1368000 lei	achitat
5	ELI LILLY SUISSE	1815766 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
6	FARVIM – ARAD	1137521 / 05.06.2001 cotiza ie trim. II 1137567 / 01.10.2001 cotiza ie trim. III	1298560 lei 1368000	
7	GUYOMARC'H	1137535 / 01.10.2001 cotiza ie trim. III	1368000 lei	

8	KEMIN	1137523 / 05.06.2001 cotiza ie trim. II	Achitat trim. II i trim III 2001	
9	KRKA	1137568 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
10	LNB România	1137569 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
11	NOACK	1137570 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
12	NUTRICOMB CREVEDIA	1137571 / 01.10.2001 cotiza ie trim. III	1368000 lei	achitat
13	NUTRIROM	1137572 / 01.10.2001 cotiza ie trim. III	1368000 lei	
14	ROMVAC	1137573 / 01.10.2001 cotiza ie trim. III	4590000 lei	
15	RHODIA ROMÂNIA	1137574 / 01.10.2001 cotiza ie trim. III	1368000 lei	
16	TEHNOMET TIMI OARA	1137531 / 05.06.2001 cotiza ie trim. II 1137575 / 01.10.2001 cotiza ie trim. III	1298560 lei 1368000 lei	
17	VIPROMIN BIHOR	1137576 / 01.10.2001 cotiza ie trim. III	1368000 lei	

OFERTE :

♦*SC TRANSAVIA Alba Iulia,*
vinde
pui de o zi pentru carne i ou de incuba ie
Arbor Acres i Hybro
Rela ii la tel : 058 / 814466 ; 058 / 813295

♦*SC AGRICOLA INTERNA IONAL BAC U*
vinde :
- Ou de incuba ie, rase grele , Ros 308
- Pui de o zi Ros 308;

Rela ii la tel. 034 / 177600.

♦*SC AVICOLA T RT E TI*
vinde :
* Pui de o zi pentru carne Arbor Acres
- Începând cu luna noiembrie pui de o zi p rin i Hybro ;
- Începând din noiembrie pui de carne Peterson ;

Rela i la tel. : 3125431 ; 3149148

♦*SC AVICOLA DROSERA*
vinde :
Puicu e de o zi rase u oare Hisex Olanda din p rin i import Olanda;
- Ou pentru incuba ie rase u oare

Rela ii la tel. : 061/865958

APPENDIX D

List of Dairy Companies Assisted

LIST OF DAIRY PROCESSORS ASSISTED

Company Name	Contacts	Phone	Fax	Adresa / Address
BOMILACT	Bogacs Carol	(066)172214	(066)172214	nr.119, Madarasi, Judet Harghita, ROMANIA
DELACO	Comaniciu Tudor	094532901, (068)472324	(068)472324, (068)417441	Str.Cpt.Ilie Birt nr.19, Brasov, 2200, Judet Brasov, ROMANIA
DORNA LACTATE	Silivas Benoni	(030)375164, (030)375165, (030)375166, (01)2111415	(030)375335, (01)2111416	Str.Republicii nr.42, Vatra Dornei, 5975, Judet Suceava, ROMANIA
EUROLAT	Pop Liviu	(062)218816, (062)218820	(062)218817	Str.Victoriei nr.73, Baia Mare, 4800, Judet Maramures, ROMANIA
FIVE CONTINENTS TRADING CO. 1993	Florea Vasile	(01)2300894, (01)6797323	(01)2307699	Str.Finlanda nr.11, sector 1, Bucuresti, 71212, ROMANIA
LACTA GIURGIU	Radulescu Paul	(046)210225	(046)210265, (046)222245	Str.Gloriei nr.2 , Giurgiu, 8375, Judet Giurgiu, ROMANIA
NAPOLACT	Garboan Vasile, Fodor Liviu, Cazan Ana	(064)413858, (064)419003	(064)413855, (064)413856	Bd.21 Decembrie 1989 nr.95-97, Cluj-Napoca, 3400, Judet Cluj, ROMANIA
NUTRILACT / COMBGORJ	Darvaru Dumitru	(053)226330	(053)226483, (053)226330	Str.Ciocarlau nr.7, Tg Jiu, 1400, Judet Gorj, ROMANIA
PROLA	Marinoiu Eugen	(044)151341	(044)111653	Sos.Vestului nr.1, Ploiesti, 2200, Judet Prahova, ROMANIA
PROLACOM	Hrab Dorica, Hazi Florentina	(031)514724	(031)514724	Str.Manolesti Deal nr.3, Botosani, 6800, Judet Botosani, ROMANIA

RAMOCSA IMPEX	Katona Piroska	(066)215088, (066)216313, 094564361, 092331296	(066)216313	nr.340, Darjiu, 4196, Judet Harghita, ROMANIA
SOMESANA / FRIESLAND	Gatina Sever	(061)721175, 094540127	(061)769733	Bd.Closca nr.90, Satu Mare, 3900, Judet Satu Mare, ROMANIA
SORILACT	Rascuta Sorin	094561898, 094628044	(054)655754	Rasca, Judet Hunedoara, ROMANIA
STEROCHEM	Steriu Valeriu	(01)3120764, (01)3110225	(01)3120764, (01)3110225	Str.Biserica Amzei nr.5, et.2, ap.4, sector 1, Bucuresti, 70172, ROMANIA
THEREZIA PRODCOM	Bartha Marton	(065)167391, 095601321	(065)167391	Str.Mare nr.404, Panet, 4327, Judet Mures, ROMANIA
TIGRIS / ALMAROM	Gherghina Ioan	(048)668540, 095129696	(048)668540, 095739690	Str.Blocurilor nr.18, Topoloveni, 0347, Judet Arges, ROMANIA
TRAIAN ONE IMPEX / EUROCHEESE	Tura Ada-Victoria	(01)3127205, (01)3100701	(01)3100701	Complex Agroalimentar Unirea, Corp B, Bucuresti, 73221, ROMANIA
TURDALACT	Muresan Emil, Ghirca Sanda	(064)312290, (064)312294	(064)312290, (064)312294	Calea Victoriei nr.3-5, Turda, 3350, Judet Cluj, ROMANIA

Table 1

CUSTOMERS	MEMO-RANDUMS OF UNDER-STANDING (MOUs)	MOU with SWOT	PARTICIPANTS IN LOL EVENTS	USTs	3RD COUNTRY TRAI-NINGS	NPD TA	TA (INVEST-MENT)	TA (NEW CLIENTS / SUPPLIERS)	MARKET REPORTS	ENVIRONMENTAL ANALYSES
BOMILACT	X					X		X		
DELACO	X	X	X	X		X	X	X	X	X
DORNA LACTATE	X		X	X		X		X	X	
EUROLAT	X					X		X		
FIVE CONTINENTS	X		X	X				X	X	X
LACTA	X	X	X	X	X	X	X	X	X	
NAPOLACT			X	X		X			X	X
NUTRILACT / *COMBGORJ*						X			X	
PROLA	X	X			X	X		X	X	
PROLACOM					X	X				
RAMOCSA						X			X	
SOMESANA / FRIESLAND	X		X	X	X	X	X		X	X
SORILACT						X				
STEROCHEM	X	X	X	X	X	X	X	X	X	
THEREZIA PRODCOM						X			X	
TIGRIS / ALMAROM	X	X	X			X			X	
TRAIAN ONE IMPEX / EUROCHEESE	X	X	X	X	X	X		X	X	
TURDALACT	X	X	X		X	X			X	

APPENDIX E

Cooperative Resources International (CRI) Report

Final Report

Forage Improvement Project
Romania

Conducted by:

Cooperative Resources International

In Cooperation With:

Land O'Lakes, Inc.
Land O'Lakes/Romania

As part of USAID grant 186-G-00-99-00104-00

Submitted by:

Cooperative Resources International
100 MBC Drive PO Box 469
Shawano, WI 54166
Phone: (715) 526-2141
Fax: (715) 526-4511

Contact:
John K. Runge
International Development Manager
(715) 526-7527
jrunge@crinet.com

The project at a glance...

The fifteen-month Forage Improvement project conducted by Cooperative Resources International under sub-agreement with Land O'Lakes Romania is a qualified success. With a primary objective of introducing new alfalfa varieties to increase raw milk production and improve producer profitability, CRI hurdled substantial obstacles to demonstrate a marked improvement in dairy production efficiency. Working with a core group of thirteen farmers from throughout Romania, this project posted the following achievements:

- Provided over 50 days in individual consultant work for key participants in production management, alfalfa production, harvest and management, and milk quality management;

- Conducted over 50 days in farmer training through an extensive public seminar series in alfalfa production and forage management, milk quality management, and dairy herd health and reproduction management reaching nearly 200 area farmers, extension workers, and Ministry of Agriculture County field technicians;

- Developed test plot demonstration site of improved alfalfa varieties with these results:
    - 32% increase in forage yield;
    - 200% increase in pounds of protein harvested per hectare;
    - 44% reduction in fiber levels;

- 32% increase in forage yield and 200% increase in pounds of protein harvested per hectare are with no increase in production inputs;

- Increased protein levels could reduce protein supplement feed costs by $1.17 per cow per day:
    - With nearly 1,000 cows enrolled in the project, feed cost reductions total $1,170 per day or $427,050 per year in project herds alone;

- Created ***effective demand*** for new alfalfa varieties and harvest equipment, by enabling participating farmers to derive the necessary income to finance improvement investments;

- Participating producers sustained daily milk production while facing a severe drought, challenging anticipated production shortfalls of 30 to 40 percent.

"That's the man you have to build up," said President Franklin D. Roosevelt at the height of the Great Depression, "—the farmer." Our urgent objective was to revitalize the purchasing power of rural Romania, to stimulate capital formation to drive consumption, and to squeeze capital out of the land and proprietor. Agriculture is 23% of GDP while 36.5% of Romania's population is engaged in agriculture, further magnifying the scope of this impact. Romania's per capita GDP is $3,900. This means that every 20 cows realizing an increased profitability of $200 employs one more worker out of its11% unemployed, or doubles the income of workers already in the market, all through increased investment by dairy producers. Traditionally tax adverse, dairy producers are motivated by tax schemes perpetuating expenditures. The positive impact is the nature of these expenditures – again shifted from operational to capital improvements. This project delivered empowerment to Romania's single largest sector in consuming capital goods – investment, modernization, and mechanization are on the move.

Executive Summary

Begun in January 2000 the forage improvement initiative in Romania was conducted by Cooperative Resources International (CRI) under sub-agreement with Land O'Lakes Inc. This 15-month project was to design and implement activities that would demonstrate:

1) The value of high quality forages in the dairy cow's diet,
2) Proper harvesting and storage techniques, and
3) Cultural practices that will enhance the feed value for farmers around 2 milk cooperatives participating in the Land O'Lakes Romania project.

The expected results of these activities would be:

- New improved varieties of alfalfa combined with improved harvesting techniques resulting in a minimum of 10% yield increase;
- Improved raw milk output and quality by 15%;
- Reduction in somatic cell counts by a minimum of 15%;
- Protein in forage increased by 15%;
- Fiber levels (non-digestible component) decreased by 20%;
- Higher demands for improved forage harvesting equipment;
- Increased market demand for high quality forage seeds.

Land O'Lakes Romania's positive impacts in dairy processing, packaging, and marketing with emerging cooperative and commercial processors illuminated underlying market failures—the quantity, quality, and consistency of raw fluid milk supply. The processor's disparate search for raw product leads invariably to the more than century old problem of East European production agriculture, the inefficient fuel of its draft power and even the impotence of its mounted cavalries—**fodder production**.

The cow converts the proteins, carbohydrates, and calcium found in fodder into animal proteins, fats, and calcium accessible for human digestion in the form of either milk or meat; how efficiently the cow effects this conversion is a function of breed and genetic potential. The nutrient components available in milk begin with the nutrient composition existing in feedstuffs. Soviet agricultural policy stressed cereal grain production with the straw the main staple of livestock production. The livestock sectors were doomed to subsist on the refuse and by-products of food production and to graze upon fallow fields, hillsides to steep for the plow, and the public roadside.

Green weeds low in nutrient composition affect not only taste but also raw product versatility. Composition limits the diversification of the product line and reduces product yields. Low yields affect processor profitability and sustainability. Limited product diversification determines processor competitiveness and market share. Raw milk composition combined with nutrition deficiencies in cow diets lead to susceptibility to infection, disease, and rapid degradation of milk integrity all reducing product shelf life.

With raw milk supplies low in quality and quantity, processors operating at below capacity and insurmountable difficulties in diversification and shelf life, the appropriate intervention was forage improvement. The question is why market forces failed to spur increases in the raw supply—and that is an issue as old the soviet experiment—the expansive breach between rural and urban markets.

Background

The overarching goal of this project under sub-agreement was to increase the quantity and improve the quality of the raw fluid milk supply. The real challenge however, is the reconciliation and integration of rural and urban sectors—of producers and processors. Improving and increasing raw production with the introduction of alfalfa is straightforward and patently obvious. Making this production materialize and delivering that production to processing is the quagmire of economic transition amidst historical antagonists.

Crosscutting proposals proposing linkages between producers and processors are victim of the totality and universality myth of political revolution—workers and peasants united in throwing off the old order and the monarchy had no constituency. Revolutions and civil war occur at the precise moment in time when the industrial urban center and populace equal or exceed the agrarian populace in either demographics or share of GNP. The rural-urban dichotomy of revolution is inherent in the doctrine; even Marx assailed the rural peasantry in his manifesto as enemies of the revolution.

The Parisian Commune of 1794 failed when starved into collapse. Metropolitan French marched on the Bastille as desperate means to an end—seeking weapons to seize food. Napoleon's troops butchered more than 30,000 rural French peasants "in defense of the revolution" lest they dare starve the urban rebellion as they had the commune. Stalin's man-made famines killed 3 to 4 million peasants, while an estimated 2 million died in forced collectivization or marching to gulags. At the height of the 1932-33 Soviet famines, Stalin still exported grain to central Europe. The producer farmer has suffered verbosely in liberal revolution to be schooled in subjugation on deliverables and the needs of processing.

The pivotal moment in Soviet agricultural policy was in the debate between Rightist Opposition member and statistician Nikolai Bukharin and the leftist hard-liner Trotsky. Fearing a repeat of the Parisian Commune, Stalin put it to key advisors to solve Marx's peasant question. Bukharin proposed that industry be directed to manufacture consumer goods for rural domestic markets. With the availability of manufactured goods, peasants would be more productive as they could market surplus production in exchange for manufactured goods.

Trotsky proposed heavy taxation and low commodity prices. With low prices, peasants would have to generate larger surpluses to pay taxes. Industry meanwhile would focus on defense and manufactured goods for export; the latter the means to acquiring foreign capital. Stalin would back Trotsky and the die was cast for Soviet agricultural underproduction. When surpluses failed to materialize, Trotsky proposed the grain monopoly—production would be delivered to centralized government depots for processing and distribution; ***storing was hoarding—petty bourgeoisie kulaks*** withholding food to drive up prices.

By the 1970's the Soviet Union was a net-importer of grain, relying increasingly on the back-yard garden with 50% of its food produced on 3% of its arable land. ***To the soviet economist, food was a natural resource to be mined through subjugation***, fuel for workers reaped by bureaucrats to stoke the urban industrial engine, an input likened to iron ore and coal. With surplus food production turned into cash, the farmers quickly found no consumer goods to purchase with their capital, only taxes to pay. As surpluses dried up, factories where either pilfered for direct barter between workers and peasants or plant output fell by as much as 80% as workers labored increasingly to fashion black market wares for the "bagger" food trade where flour was the gold standard. Trade continued and the government was out of the loop.

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The legacy of revolution and collectivization offers several obstacles to this project. First is the disincentive of excessive taxation on profits. Farmers are less motivated to increase production due to low net returns. Taxation remains an economic cornerstone designed to perpetuate surpluses despite its more than 70-year backfire on central planning. Second is the issue of clear title. Alfalfa is a perennial with stands both profitable and viable at least five years in duration. Farmers without clear title are appreciably reluctant to make such capital investments and improvements on available land.

Compounding taxation, the lack of consumer goods to absorb additional disposable income is an equally limiting factor. The course of economic transition has exacerbated industry's export orientation. The rural consumer market remains largely unrealized and undeveloped. Money is not the ultimate incentive of increasing output, but instead the goods and services that can be procured with additional monetary gains. If money is our carrot in stimulating Romania's raw agricultural output, we have no carrot at all. Income not reinvested as capital improvements or operational expenditures is heavily taxed—farmers need capital and consumer goods into which to rollover income without escalating inflation.

The Soviet grain monopoly and armed seizure of raw production has proven alfalfa's greatest challenge. Due to centralized government storage depots, there has been no technology adaptation of on-farm or on-site storage. While collective farms utilize open bunker silos for ensilaging feed, this method is prone to excessive spoilage with waste increasing exponentially as farm size decreases. Romania has no working tradition of forage or grain farm storage. In producing alfalfa for dairy production, storage is not merely a preparatory function, but an essential part of the process. Making alfalfa silage is the process of fermentation, making plant proteins and carbohydrates more accessible to the cow's digestion system, thereby increasing milk production and improving cow health. The open bunkers simulate decomposition, like composting. To realize the full impact of alfalfa, producers need to adapt technology in limited or zero oxygen storage methods.

Finally there is the informal sector or direct farm-gate sales, which circumvent the processor. The tax regime and lack of consumer goods has driven much of the raw agricultural output into the informal sector. The informal market price of raw milk sets the consumer price and most processors cannot compete with value added product. Farmers engaging in direct informal sales are attempting to avoid taxation, access black market consumer goods, and limit the impact of inflation with daily sales.

These are the challenges facing CRI, Land O'Lakes and the forage improvement project. Producer-farmers were well versed in the quality needs of processors, but antagonistic to processor objectives. Legal uncertainties of title and rights, taxation, inflation, and the availability of capital and consumer goods all bridle the implementation of project innovations and objectives. Adherence to project tenets promised new levels of income—but income did not promise consumption, only taxation. Income did not guarantee access to consumer or capital goods, land security, or technology to manage the harvest. ***Increased incomes contained inherent problems of income disposal.***

Ostensibly, embracing these concepts could also be used to sustain current production levels while reducing producer costs. Even this approach generates issues of income disposal as farmers eliminate expenditure deductions and real income rises, increasing taxable income. In summation of the economic short run, processors had everything to gain and producers ***perceived*** themselves to net little—and perception is everything. They remain the hoarding peasants; the petty bourgeoisie denied reciprocal trade, and the processor the new central planning authority.

Narrative

Activities

A total of six trips were made to Romania, five for technical assistance and one for evaluation and administration, with each trip averaging 21 days. Project personnel in consultation with Land O'Lakes Romania personnel selected 13 project farms to participate in the project, attempting to ensure that these farms were distributed throughout the country.

Under contract with CRI, consultant Lindell Whitelock conducted the five technical visits to Romania to work with project participants and area producers. Mr. Whitelock conducted training seminars, the development and analysis of a test plot, alfalfa planting and harvesting demonstrations, and feeding program development. CRI International Development Manager John Runge with the assistance of AgSource Computer Specialist Gordon Hartmann conducted production analysis and project impact assessment.

The following producers are direct project participants:

1. ***The Potato Research Institute***, Brasov, Brasov County, Fundaturii streeet nr 2, Manager: Draica Conastantin; Processing plant: Prodlacta Brasov;
2. ***Agroindustriala Risnov***, Risnov, Brasov County, Cimpului street nr 2, Manager: Lonita Loan; Processor: (Changing processor):
3. ***Darimex Agroprodex***, Arad, Arad County, Cameliei street nr 1-3, Managerial team: Violeta Ilie, Nicolae Cincea, Ganta Ioan; Processor: Belcar;
4. ***Combinatul Agroindustrial Curtici***, Curtici, Arad County, Revolutiei street 33, Manager: Musca Dumitru; Processor: Private (Farm owned);
5. ***"Mures" Research Institute, for Dairy Cattle Breeding***, Arad, Arad County, Calea Bodrogului, nr 32
6. ***S.C.A. Utvinis, Ferma Vladilact***, Vladimirescu, 2915 Arad County, Manager: Traian Salajeanu, Processor: Silmar (St. Ana, Arad County);
7. ***S.C.Agroindaf S.A., Afumati***, Ilfov County, Eng. Manea Adrian; Processors: Danone and Vranlact;
8. ***Agroindustriala Pantelimon***, Pantelimon, Ilfov County, Manager Petcu Mihai
9. ***S.C. Prod Agro***, Borcea, Calarasi County, Drumul Baraganului, Owner: Manea Iulian, Processor: Five Continents;
10. ***S.C. Vera Ripan***, Vatra-Dornei, Suceava County, V. Deac street, nr 2, Owner: Loan Ripan; Processor: Private (Farm owned);
11. ***S.C. Agrospicul***, Dorohoi, Botosani County, in Lisna (village), Owner Surugiu Dan, Processor: Prolacom (Botosani)
12. ***S.C National, Ferma Cucorani***, Cucorani (village), Botosani County, Owner: Dutca Vasile, Manager: Iacobencu Viorica, Processor: Private (Farm owned);
13. ***S.C. Cozinda***, Gorbanesti, Botosani County, Owner: Marocico Viorel, Processor: Private plant under construction.

Neighboring farmer-producers were contacted in the course of scheduled activities.

Seminar Series

The technical assistance and training regiment was formulated around key participants. In each of the cities or villages of the 13 participants, central seminars were conducted. These seminars were open to the public, attended by area farmers, agribusiness professionals, and local or "county" agricultural ministry representatives and officials. Seminars were designed to demonstrate project objectives.

1) **Feeding Dairy Cows**: This seminar dealt primarily with first the dietary and nutritional needs of the dairy cow and second with the economics of feeding dairy cows. The seminar suggests the attainable production levels given the stage of lactation and maturity. This seminar is first in sequence to enable project consultant Lindell Whitelock to begin immediately working with project participants in formulating feed programs with existing feed supplies and available commodities.
2) **Forage Management**: This seminar dealt with proper planting, harvesting, and feeding of quality alfalfa and forages. Stressing harvesting at the proper maturity to maximize nutrients, this seminar deals with "zero-cost" inputs or management techniques which best effect improved production and dairy cow health without incurring any additional costs.
3) **Mastitis Control and Milk Quality**: This seminar dealt primarily with controlling and limiting the economic impacts of mastitis on the dairy cowherd. Stressing proper nutrition, environment, and milking procedure, farmers were schooled in the unseen severity of contamination within the their herd, methods of detection, sources of infections, and possible treatments. Most importantly in this seminar was highlighting daily production loss for incremental increases in the somatic cell counts.

At the conclusion of each seminar there were time for questions and answers as well as discussions between key participants, consultant, and attending farmers. These opportunities were utilized for the participants to relate to neighbors and professionals in attendance their personal experiences or "testimonial" in implementing project themes and objectives. Seminar participation was substantial and enthusiastic. Producers related their concerns with the economic and ecological viability of alfalfa, the availability and use of pharmaceuticals to arrest mastitis, and most importantly current production levels. Seminar participants expressed strong familiarity with many of the concepts, mostly as a direct result of previous foreign interventions, such as Dutch dairy initiatives. Agricultural professionals and administrators offered some contesting viewpoints. While professionals stressed limitations in supporting goods and services, local administrators at times launched out-right challenges of information and training disseminated. Both consultant and participants found this particularly useful, as it brought entrenched theories into the open for meaningful reflection and debate.

The use of grain-straw, for example, was tenaciously defended in heavy grain producing centers as more economically feasible than producing alfalfa. Additionally, more traditional grasses were defended on the basis of their higher yields per acre. With these objections aired, they could be properly dealt with. In both cases of straw and grasses as the primary source of fodder, producers were introduced to the feed evaluation concepts of Acid Detergent Fiber (ADF) and Neutral Detergent Fiber (NDF). With NDF higher in straw and grass, these sources greatly limit intake, thereby limiting production potential. The deep concern of local agricultural administrators is to preserve by-product markets for grain production, thereby subsidizing grain production. If farmers producing grain can improve receipts by marketing straw for feed, they can bear lower grain prices.

On-Site Consultations

During the duration of each trip, primary project participants each received one day of on-site consultant work. Project consultant Lindell Whitelock visited with farm owners and/or managers to promote project objectives. Of specific note is the primary and specific limitation that this project suffered during on-site consultancy work. Due to the increasing biosecurity measures and health protocols, and mounting concerns within the whole of Europe due the potential spread of hoof and mouth disease, project personnel avoided immediate and direct contact with livestock. This obstacle severely impacted project objectives in positively effecting milk quality. While seminar presentations stressed proper milking procedures, milk handling, and animal health maintenance, the project lacked practical observations and assessments in milking procedures. Direct observation of procedure is a valuable tool of assessment, evaluation, and encouraging alterations, but was neither feasible nor practical in these circumstances.

The primary purpose of the on-site consultations was devoted to formulating crop production and harvest strategies and the development of feeding programs. Farmers were guided through a detailed examination of their production goals and production potential.

- Current production levels were established to determine viable production goals.
- Basic assessment of forage production capacity. Producers were given to examine crop production and supplement commodities available. This process enabled producers to calculate forage needs, develop land allocations to alfalfa and silages, and analyze quarterly and annual feed costs.
- Formulate rations based on production goals, current feed production and stocks, and incorporate improved forages. Ration formulation was a practical exercise in seminar presentations as owners and managers saw the definitive impacts of poor quality forages in both lost production and supplemental feed costs.
- Provide instruction and demonstration on proper planting and harvesting routines and procedures. Plant development can vary dramatically from various localities and weather influences. Harvesting of alfalfa is based largely on the plant's physical development. Also worked with farmers in the proper methods of effecting storage conducive to improving cow digestion, nutritional absorption and intakes.
- Finally collect feed samples and report to farmers the results of nutrient analysis. Samples were shipped to CRI AgSource Soil and Forage labs in Bonduel, Wisconsin and returned to the participants. These samples were used in calculating rations and formulating a forage production and feeding program.

In the intervening time project periods between consultant visits, local project assistant Cornelia Virgolici made routine follow-up visitations to primary project participants. In these interim meetings, Ms. Virgolici would entertain farmer concerns or implementation obstacles, the effectiveness of rations and devised feeding programs. Participant comments would be relayed and addressed, making routine and necessary adjustments in feeding programs and forage production. This essential feedback would further insure a quality program in the subsequent consultant visits and seminar series. Routine project contact was critical in discouraging deviation from project objects and innovations. Results in dairy production are not immediate and require consistent and diligent adherence.

Test Plot

Much of the training and consultation provided in this project directly contradicted Romania extension and Agriculture Ministry work in dairy sciences. An economy and society *steeped in theory, promises, and* experimentation of insufferable magnitude is rightfully cynical and duly skeptical of even the results-driven western development agents and contractors. Neo-snake oil computer models replete with unfamiliar and novel axioms—an entirely new *nutrient evaluation paradigm, often* overwhelmed the inundated producers. To adequately demonstrate the development of alfalfa and contrast it with domestic legume and grass varieties, a test plot was essential in meeting the requirements of this project.

The alfalfa test plot with a total of nine (9) varieties was established at and with the cooperation of the Potato Research Institute at Brasov, Romania. The table below shows the results of the test plot.

Date of Planting: 11 April, 2000
Date or Emergence 24 April, 2000
Date of Harvest: 23 June, 2000

Variety	Yield DM/HA	Relative Production	Protein	ADF	NDF	RFV*	DMI**
Diane	1894	100%	22.8%	30.6%	35.6%	170.0	3.4%
Rebound	1813	95.70%	22.9%	31.9%	36.4%	153.7	3.3%
FG6R87	1881	99.3%	20.3%	32.9%	40.4%	145.7	3.0%
FG5A90	1881	99.3%	23.5%	32.0%	38.5%	154.6	3.1%
FG6M71	2000	105.6%	23.1%	28.5%	37.0%	167.7	3.2%
FG6M92	1750	92.4%	22.1%	30.4%	38.0%	159.7	3.2%
FG5S52	1950	103.0%	21.7%	32.4%	42.4%	139.7	2.8%
FG5S53	2050	108.3%	22.0%	29.9%	41.9%	145.7	2.9%
FG5S59	2094	110.6%	23.0%	30.5%	39.2%	154.6	3.1%
Average	**1923.7**		**22.4%**	**31.0%**	**38.8%**	**154.6**	**3.1%**
Farm Sample Results			**18.6%**	**34.8%**	**43.2%**	**133.8**	**2.8%**

The results were essential in proving 1) the viability of a variety of alfalfa plants in Romania, and 2) in contrasting the nutrient value of domestic varieties. Consultant Lindell Whitelock collected numerous samples from participating producers to establish both a base line under current management and normal conditions and could then compare those with the test plot conducted in Romania.

It is worth noting that this demonstration plot was developed during the severe drought throughout Romania. With forages increasingly in short supply, the viability of alfalfa was evident in its growth and yield.

Field demonstrations and field days are an important tool in showing farmers what they can expect from new products under conditions similar to their farm. Even though the weather was dry and the crop should have had much more growth, the American varieties were much healthier and were showing more signs of growth than the local variety. Seeing is believing and that is what these farmers are doing.

Milk Production Analysis

This project provided a computer and the ***Uniform Dairy Enterprise*** production analysis software. This exercise revealed much about the polarizing antagonism between producer and planner. Farms are routinely visited, nearly once each month by county technicians whom record and report individual cow status and milk production. Their function is to collect data for the agricultural ministry, enabling economic projections and statistical analysis. If producers are fortunate, they will receive a copy of test day production within one or two months following that technician's visit. The data returned to the producer is merely a list of individual cow's test day production with no economic analysis.

While it is the technician's duty to collect information for the government, it appears the farmer's duty to mislead the government. The data recorded and returned has no value to the producer, and therefore they are quite willing to obfuscate production monitoring. In short and with necessary bluntness, producers are prone to understating production and actual production animal inventories—primarily for purposes of tax evasion. Tax evasion is a stubborn antic among producers as a matter of both survival and principal—on survival because taxes on profits remain exorbitant and on principal because of the disproportionate redistribution of tax revenues in public spending.

It is this key and central issue which dispels the credit and capital myth of developing economies. Interest rates are a function of the availability of venture capital in an immediate market—supply and demand. Rate variations experienced between markets are an indication of market information: what is the venture serviced by loanable funds, what is the expected rate of return, what is the production costs, the profit margin, and collateral assets. Venture capital is not available because information is not available. The county technician or "controller" is attempting ascertain market supply and industry output, not efficiency or productivity.

Producers expressed dire fear of information disclosures finding their way into government reports. Farmers would then refer project personnel to the county office for production information, compounding inaccuracies. The county offices were less than forthcoming as the production data was the property of the state and not the producers. In the U.S. system, producer cooperatives perform commercial production analysis and provide blind, aggregate production reporting to the Department of Agriculture. Privatization of milk production reporting and analysis would do much to open credit markets and enable increased productivity.

While the production data obtained was compiled and analyzed, it was nonetheless corrupted for government consumption. Despite the fact that the data failed to truly and adequately capture the dairy sector's performance, it was an essential activity and successful exercise. The analysis performed on the available data demonstrated to producers and farmers the value of the information generated. In working with key project participants, project personnel were able to effect demand among dairy producers for useful information and analysis of their dairy operations. While the seminar series offered common benchmarks for profits, the analysis steered them ever closer towards rational firm behavior. Like the alfalfa test plots, the milk production recording and analysis offered a glimpse of what was possible and what they should expect from a dairy support sector.

Producers need information to make effective management decisions. That information would do much to reduce interest rates and draw in the venture capital necessary for the dairy sector's development.

Results and Impacts

Forage Production

The project goal in forage production was to realize a 10% increase in yield through the introduction of improved varieties and improved harvesting techniques. This goal is particularly ambitious and certainly attainable, though challenging to quantify. While mired in endemic impediments to progress, we should first appreciate the limitations of both project and practice precluding immediate implementation of innovative harvesting techniques and introduction of improved varieties.

This project did not offer or provide any alfalfa seed directly to project participants, providing only technical assistance in forage production and management for producers willing to incur the start-up costs. Producers willing to engage in alfalfa production had to procure seed within the available market—resulting in one producer receiving incorrectly labeled seed ultimately not even alfalfa, which was not determined until emergence.

Romania as a whole was in the midst of suffering a severe drought, which was adversely impacting routine crop production. The drought drove producers towards more conventional native grasses and corn for silage, unwilling to till and replant existing stands and pastures. Concern for fodder supply left many producers intuitively dismissing proposed harvesting and management innovations, opting for quantity rather than quality—producers leaving fields to excessively mature to maximize volume.

Finally, a revolution in the harvesting approach is primarily restrained by support and infrastructure. Conventional harvest equipment is old, in disrepair, wanting in replacement parts and maintenance, and cumbersome in privatized, commercial applications. In many instances, harvest was a slow and clumsy process in which fodder is collected and transported by horse drawn cart. Harvest routines and schedules remain stubbornly unaltered by privatization. Large farms have little control over coordinating and directing the harvest and small farms have little means of accomplishing a completely mechanized and efficient harvest to maximize material nutrient value.

It is for these reasons that our data relies upon the results of the test plot and the few farmers producing alfalfa. As observed in milk recording, producers were reluctant to divulge information on yields, as they were prone to understating the ratio of production inputs to outputs. Appropriately, our analysis uses the default value established by the Food and Agricultural Organization of the United Nations statistics (FAOSTAT) for national average fodder yields. It must be noted here that this will compare test plot yield during drought to fodder production in years of normal precipitation.

According to the Food and Agricultural Organization of the United Nations statistics (FAOSTAT), Romania fodder production is approximately 3.5 tons per hectare, or 3 tons on a dry matter basis. The test plots yielded 3.8 tons per hectare per year. While the goal was 10%, the test plot demonstrated to farmers an increased yield of 32%. If however we limit our analysis to simply the biomass of fodder, we neglect the more significant increase in production. The production goal in alfalfa is ultimately the protein yield and biomass is secondary. When we completely examine plant physiology we can better see the true and enormous impact of this project.

Forage	Yield/DM/Ha (LBS)	% Protein	Protein Yield/Ha (LBS)	Cost of Protein Supplement
Test Plot	7,692	22.4	1,723	0
Farms (2001)	5,984	18.6	1,113	$152.50
Farms (2000)	5,984	12.0	718	$251.25
National Average	5,984	8.0	478	$311.25
Wheat Straw	5,984	3.0	180	$385.75

The test plot varieties in laboratory analysis had an average tested protein of 22.4%. Post-project farm samples of alfalfa averaged 18.6% compared to pre-project samples at 12% protein. The typical grass hay or silage yields 3 tons per hectare and has protein levels between 8 and 12 percent. With farm tests at 18% and test plot results of 22%, this project produced 1,113 to 1,723 pounds of protein per hectare. Typical domestic grasses would yield only 478 to 720 pounds of protein per acre. That is a more than 200% increase in protein produced per hectare—more than doubling productivity per acre with a minimal increase in biomass.

Minimizing the increase in biomass over domestic grasses means limiting soil depletion—affecting a 200% increase in protein production without a 200% increase in fertilizing and nutrient uptake. This is efficiency. To yield the same amount of protein per hectare, producers would have to harvest more than 7 ton of grass per hectare while more than doubling their inputs; though scientifically impossible, one has to appreciate the law of diminishing returns in increasing inputs to a hectare of land. More soil nutrients and fertilizer was converted to protein and that is the demonstrated and proven objective and advantage of raising alfalfa.

As we increase biomass, the plant diverts increasing amounts of nutrients to develop fiber. As the plant is growing, it is amassing structural support or fiber. Accordingly, as growth continues, plants must expand in circumference; to do so it converts stored protein into ADF—fiber at the expense of protein. Adding nutrients to increase the biomass nets steadily declining real physical growth. Fertilization becomes increasingly marginal beyond certain yields.

CRI met and exceeded the 10% goal of increasing yields despite the limitations of drought and harvest capacity. While posting a 32% increase in test plots, this report states unequivocally the inherent problems in using this measure and anticipating results translating directly to producer output. While the biomass of the yield could be equal, the protein yield is the huge benefit provided dairy production.

Fiber Level	38%	48%	58%
Protein Level	22%	18%	12%
Dry Matter Intake	47	38.5	32
Protein Intake (LBS)	10.34	6.93	3.84
Requirement (LBS)	8.5	8.5	8.5
Difference	+ 1.84	- 1.57	- 4.66
Daily Supplement	$0.00	$0.39	$1.17

The above table shows the impact of fiber on protein intakes. The average dairy cow producing 50 pounds of milk per day requires 8.5 pounds per day in protein. When excessive fiber is present in plant material, protein intakes are dramatically limited. In this example, a 50-cow herd feeding fodder at 12% protein and 58% fiber would spend $58.50 per day in protein supplement or $21,353 per year to augment cow diets.

Milk Production and Milk Quality

Project goals proposed an increase in raw milk output and improve milk quality by 15%, while precipitating a 15% reduction in somatic cell counts. This report has previously stated the limitations to quantifying and affecting the milk production and milk quality component. Production data relies upon that data collected and compiled by county offices, however manipulated by producers to defer tax liability. Furthermore there was no appreciable data on milk quality. While ample training was provided in milk quality management, project personnel could not freely observe training adaptation and implementation due to producer concerns and health protocols. However, some additional analysis is provided.

In raw milk production, the analysis suggests that production was relatively steady throughout the project at 15 kilograms per cow per day, as analysis was limited to the one-year period of this project activity. When we consider all the mitigating circumstances, even sustaining this level of production is a dramatic achievement.

Improved forages, as we have seen in this analysis, improves efficiency and effects cost reductions. Ultimately, how producers elect to take advantage of those cost savings depends on individual management objectives, the dairy herd condition and status, and host of other variables. Farmers could elect to reduce supplemental inputs and maintain their current level of production. Conversely they could maintain current inputs and realize increased production. Most participants opted to sustain current levels of production at reduced production costs.

The bulk of the cows in the several herds were past their peak period of production. The reproduction status of the vast majority of cows is far outside the profitable time frame of a 12 to 13 month calving interval with many cows in milk up to 700 days—nearly two years. Improved forage has little impact in the diet when production is already declining. From this analysis we could extrapolate that improvements in forage stemmed production declines during the extended lactation cycle. The long lactations prevalent in participating herds are largely attributed to poor body condition and nutrient deficiencies. In short, the duration of this project is too short to expect an appreciable increase in raw production.

Additionally, USDA/FAS reports suggest that the impact of the drought would result in a 30 to 40 percent decline in milk production. Even as production was projected to fall, participating producers sustained production. The combined impact of this project in milk production was ultimately to moderate the combined effects of extended lactations and the drought.

Milk quality and somatic cell have several different and many insurmountable causes. First and foremost is milking procedure. In most instances, milking is done by hand and where milking is mechanized the equipment is old and in need of repair and maintenance. Additionally, cows in later stages of lactation tend to have higher somatic cell—many herds having as high as 50% or more herd mates in later lactation. Finally, on farm cooling is limited if not even rare. Without immediate cooling bacteria multiplies, feeding upon protein and other solids.

The primary cause in the persistence of low milk quality is lack of incentive, or more correctly insufficient disincentive. The quandary expressed by produces is that they cannot afford higher premiums for quality improvements. This can only suggest that the base price is too high and should be reduced. This sends milk away from the formal processing sector to direct farm gate sales—hence a quandary.

Nutrient Composition

Project goals proposed a 15% increase in the protein composition of forage and 15% reduction in fiber levels. This report has already dealt extensively with the increased protein production per hectare, redefining the yield objective as the protein yield. Below, we repeat the table provided earlier.

Date of Planting: 11 April, 2000
Date or Emergence 24 April, 2000
Date of Harvest: 23 June, 2000

Variety	Yield DM/HA	Relative Production	Protein	ADF	NDF	RFV*	DMI**
Diane	1894	100%	22.8%	30.6%	35.6%	170.0	3.4%
Rebound	1813	95.70%	22.9%	31.9%	36.4%	153.7	3.3%
FG6R87	1881	99.3%	20.3%	32.9%	40.4%	145.7	3.0%
FG5A90	1881	99.3%	23.5%	32.0%	38.5%	154.6	3.1%
FG6M71	2000	105.6%	23.1%	28.5%	37.0%	167.7	3.2%
FG6M92	1750	92.4%	22.1%	30.4%	38.0%	159.7	3.2%
FG5S52	1950	103.0%	21.7%	32.4%	42.4%	139.7	2.8%
FG5S53	2050	108.3%	22.0%	29.9%	41.9%	145.7	2.9%
FG5S59	2094	110.6%	23.0%	30.5%	39.2%	154.6	3.1%
Average	**1923.7**		**22.4%**	**31.0%**	**38.8%**	**154.6**	**3.1%**
Farm Sample Results			**18.6%**	**34.8%**	**43.2%**	**133.8**	**2.8%**

In the project's initial activities, consultant Lindell Whitelock collected random samples from existing stored forage supplies; CRI's AgSource Soil and Forage division tested these samples. The initial results, our starting point revealed protein levels between 11 and 12 percent with fiber levels averaging between 48 and 58%.

Referring again to the above chart we see the test plot samples are 57% higher and post-project farm samples 26.5% higher in protein than pre-project samples. Fiber levels at the test plot were 44% less and post-project farm samples 25% less than pre-project test results. Again, the goal was a 15% increase in protein and reduction in fiber levels.

This substantial success is a functional combination of improved varieties and improved management of existing stands. We could attempt to break this down to better assign values to each of these. Much of the farm samples were existing stands of native varieties, the previous crop sampled at the beginning of the project. With management innovations in harvesting methods and schedules, management moved protein values 55% and dropped fiber levels 25%. The new varieties of the test plot raised protein 20% beyond post-project farm results and dropped fiber levels an addition 11% below farm production. Management we could then say delivered a 46% increase in protein and improved varieties netted a 17% increase in forage protein content.

These results express the hard earned success amidst ongoing challenges. The anticipated results were realized and demonstrated, offering a glimpse of what is possible—attainable if positively supported.

Commercial Development

Project goals list "increased demand for harvest equipment and increased demand for improved varieties of alfalfa seed." The demand was already real and overwhelming. Producers speak of little else other than need and plan for nothing less than western efficiency and mechanization. Demand was already substantial and for that this project can take no credit. In contributing to demand, CRI did again exceed anticipation despite limitations.

The primary limitation is the cancelled seminar series proposed to deliver to participating producers and area farmers the impact analysis of this complete project. CRI anticipated reporting directly to participating and neighboring producers the complete record of activities and highlight the project's immense success in establishing viable and profitable alfalfa stands. LOL Romania re-appropriated the balance of funding for this sub-grant earmarked for concluding activities. CRI must report that participant farmers were not offered an adequate conclusion and assessment of their efforts. A conclusion seminar would have offered producers the confidence to continue and expand their application of project objectives and better-insured sustainability. Appropriately CRI must express its deep concern for potential recidivism among participating farmers, lest this project and its personnel prematurely abandon their commitment. Project sustainability is most vulnerable at the apex of its successes when complacency grips project and participants.

Even as the goal to increase raw yields understates the underlying objective, so does the requirement to increase demand for machinery and seed. Demand is merely a measure of want, measured by consumption. Zero consumption suggests a lack of demand, as during the Great Depression. But the lack demand is not lack of want, zero consumption is due instead to lack of ***effective demand***. Effective demand is the ability or capacity to consume—the means to consume and capacity to use.

Through this project, CRI exceeded requirements by creating effective demand. Through the seminar series, field demonstration, and direct paid consultancy provided core participants, this project reduced production costs thereby freeing capital to consume. Through this vital management education, farmers were given the capacity to utilize new technologies and improved inputs such as alfalfa seed and genetics. Low consumption is the nexus of no information and no working capital summarizing low effective demand. Producers do not consume because they lack knowledge of managing inputs, of utilizing innovation and mechanization, and knowledge of management and technology impacts on the cost of production.

More than demand—***effective demand***; producers learned not only the want of improved varieties of alfalfa and adequate machinery for efficient harvest, but also the methods of managing those inputs and the potential capital formation that these inputs and management can yield. Farmers will not demand improved varieties of alfalfa or adequate equipment until they know 1) the potential value of expected returns and 2) how to manage the harvest and feeding of the yield to maximize milk production. This project gave them that knowledge.

There is one additional limitation to effective demand and the capacity to consume—an effective support industry. Positive returns on alfalfa require expertise in balancing rations, equipment with outlets for maintenance, repairs, and replacement parts, and adequate systems of storage. They require uninterrupted fuel supplies, pesticides and fertilizers, and milk equipment and on-site storage with an effective support network. CRI managed effective education, but the supply network to sustain the demand is the work that remains before us.

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APPENDIX F

UCPR and ASA Project

USAID/ROMANIA RASP PROGRAM CONCEPT PAPER
American Soybean Association (ASA) & Union of Romanian Poultry Breeders (UCPR)

Goal

The primary goal of this Romanian-American partnership between the American Soybean Association (ASA) and the Romanian Union of Chicken Breeders (UCPR) is to train the 108 members of UCPR on how to use American feed formulation techniques as a tool to simultaneously achieve production efficiencies, lower production costs, and reduce labor costs which will lead to an improvement in the quality of Romanian poultry meat and a more affordable product for Romanian consumers.

A secondary goal of the project is to introduce US soybean meal as a base ingredient in domestic feed formulations. Soybean meal is not indigenous to Romania, but it is renowned the world over for being the most economical, quality protein available for poultry feed. By providing training and feed formulation software, ASA will be directly assisting UCPR and its members (who represent over 80% of Romania's poultry industry), to make better buying decisions in purchasing inputs. The end result for members of ASA should be US exports of soybeans and/or soybean meal to Romania.

Concept Background

In an era in which Romanian beef is on the USDA risk list for BSE (mad cow disease) and trichinosis is an ever present threat in domestic pork and (often illegal) imports, poultry is enjoying a renaissance in public opinion and in the market as the safest form of meat in Romania. Furthermore, as Romanians grow more market savvy and seek out high quality meats at reasonable prices, the Romanian poultry industry is poised to benefit most.

Under the leadership UCPR, Romania's domestic poultry industry has turned itself around in the past few years, morphing itself from a largely state-run, money losing industry producing low quality poultry products, to a private, cost driven industry in which the consumer is king.

However, to keep the momentum going in the industry against a persistent wave of low cost, high quality imports lurking beyond its borders, the Romanian poultry industry must, yet again, modify the way it does business. UCPR understands that the Government of Romania cannot erect trade barriers to protect its 108 members from outside competition. In fact, UCPR understands what must be done and desperately wants to strengthen its membership to better compete and expand their businesses, but it lacks the know-how and funds to enact such a program.

Via the USAID/Romania RASP Program, UCPR now has an opportunity to partner with ASA, one of the world's leading agribusiness associations and the collective voice of over 28,500 American soybean producers. ASA sees an opportunity to partner with UCPR to mentor its members on how to develop efficient low cost, high quality feed formulations. In short, ASA would like to share with the members of UCPR one of the secrets of America's poultry success: low cost, high protein feed.

ASA

In 1920, American soybean farmers and extension workers founded ASA in an effort to promote the crop and increase profit opportunities. After 80 years, the organization continues these important efforts on behalf of its 28,500 members. ASA leads a dynamic industry supplying soy product to the world, with a simple mission to improve U.S. soybean farmer profitability. According to USDA, U.S. soybeans are the most valuable of U.S. agricultural export products. The combined value for soybeans, soybean meal, and soybean oil exports reached approximately $9.1 billion USD for the 2000 marketing year.

UCPR

In response to the needs of an increasingly dying industry which continued to lose its market do to falling domestic consumption, a drying up of overseas export markets, and a lack of overall industrial organization in the sector, a collection of state-owned, private start-up, and newly privatized poultry operations joined Romania's leading poultry scholars to form UCPR in 1993.

Today, UCPR is a mix of 108 poultry breeders and processors, all privately owned, representing over 80% of the Romanian poultry industry. UCPR supports its members by lobbying directly to the Government of Romania, disseminating detailed statistical data on the domestic industry, distributing quarterly publications offering feed information on nutrients and global developments, and technical assistance / trouble shooting to identify and solve production related problems.

In the past year, UCPR has published a series of detailed consumer preference data to assist is members to orient production to consumer trends in product assortment, packaging, presentation, etc. With the addition of its consumer preference statistics, UCPR has solidified its position as the premier professional agribusiness association in Romania.

ASA-UCPR Partnership

The appropriateness and relevance of the ASA and UCPR relationship is unique in that the organizations do not specifically do the same thing in their home countries. Rather, they complement the other's activities. Though the success of the proposed partnership can be demonstrated on several fronts, no one fact is more powerful than the following: soybean meal is the most economical, quality protein available to poultry breeders worldwide; it accounts for 92% of the total oilseed and meal usage in the U.S. alone. Furthermore, over 50% (by some estimates 70%) of the cost of poultry production in Romania is made up by feed expenditures, resulting in high (and increasing) prices for cash strapped Romanian consumers.

By providing training to the members of UCPR, ASA can assist the Romanian poultry industry to save between $10 -15 USD per ton of poultry feed (6-10% of the total cost). As these costs savings come directly from the highest component of production expenditures (feed), cost savings increase via a multiplier effect by the time product reaches the final consumer. In short, savings in the cost of production would allow members of UCPR to increase their profit margins, expand their businesses and product lines while offering higher quality, lower cost goods to the average Romanian consumer.

Specifics

ASA will organize four intensive hands-on trainings for UCPR members (approximately 25 companies per training) on poultry feed formulation, nutrition, management and marketing.

Trainings will be scheduled in Arad, Bacau, Brasov, and Bucharest as most UCPR members are located within a 100km (60 mile) radius of these four cities. The "notebooks" to be used by training participants will be laptop computers and the "curricula": Brill (US) Feed Formulation Software-the most respected feed formulation software the world over.

As a follow-up to the trainings, ASA will provide UCPR one year subscriptions (software and service) of Brill's Feed Formulation Software package for its members. This software, used by the vast majority of American poultry operations, is a key tool to assist decision makers involved in ingredient and imput purchasing to make the best purchasing decisions at the most prudent moments of the feed process as well as to create the most optimal mixes for feed usage.

In addition, using this highly specialized feed formulation software will allow UCPR members to lower overall costs of production, improve imputs, and ameliorate poultry bird conversion rates. At the same time, ASA and its members will be able to demonstrate to UCPR and its members that US soybean meal is the best, most economical and safest protein source available for poultry feeding.

The ASA-UCPR partnership goes to the heart of S.O. 1.3, Accelerated Development and Growth of Private Enterprises and, in particular, I.R.2 (increased capital investment in private enterprises) and I.R.3 (improved management practices adopted by enterprises). The proposed partnership will allow ASA and UCPR to simultaneously stimulate Romanian private sector growth via improved cost savings, better quality product, and higher profit margins for UCPR members. Capital investments will also increase as more profits will lead to a higher rate of reinvestment in equipment, better packaging, and employee training. Improved business management skills will be felt both on and off the farm as members of UCPR including traditional poultry farms, concentrated feed/fodder mills, and abattoirs will all benefit from learning in modern decision making processes on imput selection from ASA's transferable know-how and from training on low cost feed formulation with state-of-the-art, user friendly American software.

Project Management

ASA will be the lead partner for this RASP partnership as it has managed similar projects financed by USAID and USDA all over the world for the past 20 years. ASA will tap its staff, membership, and partners from Missouri, Georgia, Minnesota as well as local expertise to run the day-to-day management of the project. All logistics for seminars, information dissemination to members and the press, and relations with UCPR members will be coordinated by UCPR staff.

Sustainability

The ASA-UCPR collaboration will continue long after the formal close of the RASP program for several reasons. First and foremost, for the members of UCPR to remain competitive in the Romanian poultry market after 2002 (the introduction of the duty free/open border policy for products originating from European Union member states), they must lower costs to Romanian consumers. As soybean meal is the most economical, quality protein feed available to the poultry industry and feed costs make up between 50-70% of the cost of production, UCPR members will switch to soybean meal as a primary source of feed over the course of the next one and a half years. Both ASA and UCPR want to ensure that US HiPro soybean meal is the feed of choice.

Once the RASP program formally ends, ASA will work with UCPR members on a preferred customer program giving in-kind technical assistance on formulation, nutrition, and disease management, to members using American soybean meal. Also, ASA has recruited a significant amount of in-kind technical assistance and software for the partnership from the Brill Corporation (an Atlanta subsidiary of Minnesota based Easy Systems, Inc.) including unlimited use of the Brill Formulation Software for one year for UCPR members. At the close of the RASP program, Brill will offer significant discounts on software updates to members of UCPR as well as follow up technical assistance.

The UCPR office staff will also be trained by ASA on the benefits of US soybean meal and feed formulations with soy bases. UCPR will also be trained on the technical aspects of the feed formulation software, to trouble shoot and intervene on behalf of members whenever possible.

Budget

The estimated cost of the ASA-UCPR partnership under the RASP program is $241,000 USD. However, as the cost share between ASA, UCPR, and Brill Corporation is just under 48%, the total requested funds from USAID amounts to only: $127,000 USD.

Summary

The success of the ASA-UCPR partnership will benefit three distinct communities: ASA member farmers (28,500 members), UCPR's members (108 members, 6,000 employees), and ordinary Romanian consumers (approximately 12,300,000 Romanians who purchase and consume industrially processed poultry meat).

UCPR members who represent 80% of Romania's poultry industry will achieve production efficiencies, lower production costs, higher margins and profits. ASA will provide training and feed formulation software (courtesy of Brill corporation), and train UCPR members on soybean meal as a base ingredient in domestic feed formulations. The end result for ASA members should be US exports of soybeans and/or soybean meal to Romania and the end result for UCPR members should be an improvement in the quality of Romanian poultry meat, a more affordable product for Romanian consumers, and higher sales.