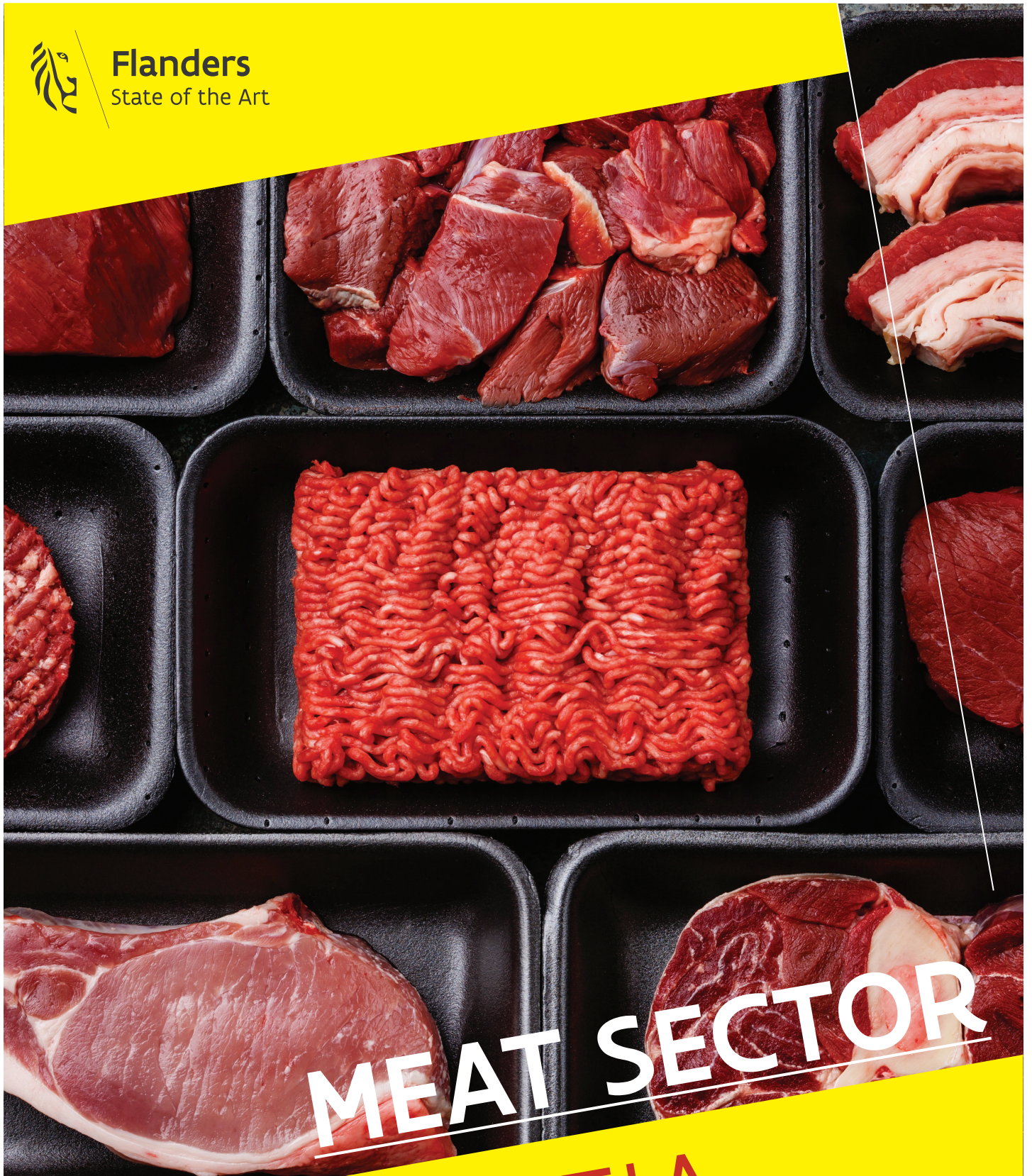




Flanders  
State of the Art



# MEAT SECTOR

# IN CROATIA

FLANDERS INVESTMENT & TRADE MARKET SURVEY

## The Meat Sector in Croatia



This paper was written and compiled by Marin Kovačić and Dora Bencetić students at the Dag Hammarskjöld University College of International Relations and Diplomacy in Zagreb

June 2016

Belgian Trade Office  
Embassy of Belgium  
Pantovcak 125 b1  
HR-10000 Zagreb (Croatia)

[office@beltrade-croatia.com](mailto:office@beltrade-croatia.com)

T: +385 1 457 74 44

F: +385 1 457 74 45

## Table of contents

1.	INTRODUCTION.....	<b>2</b>
2.	GENERAL OVERVIEW OF CROATIA .....	<b>2</b>
2.1	General Figures.....	3
2.2	Economy.....	3
3.	GENERAL SITUATION OF THE MEAT SECTOR.....	<b>5</b>
3.1	Farm Structure.....	5
3.2	Livestock.....	8
4.	MEAT CONSUMPTION IN CROATIA.....	<b>10</b>
5.	GOVERNMENT POLICIES.....	<b>13</b>
5.1	Sanitary and phytosanitary requirements .....	13
5.2	Residue monitoring.....	14
6.	IMPORT CONDITIONS.....	<b>15</b>
6.1	EU import conditions for fresh meat and meat products.....	16
6.2	EU import conditions for poultry and poultry products.....	17
7.	MEAT PROCESSING AND PRODUCTION .....	<b>19</b>
8.	EXPORTS TO CROATIA.....	<b>21</b>
9.	PRICES .....	<b>21</b>
10.	SWOT ANALYSIS.....	<b>23</b>
11.	REFERENCES.....	<b>24</b>

## 1. INTRODUCTION

This paper aims to give an overview of the meat sector in Croatia.

The study starts with some general figures about Croatia and after that we look more specifically into the meat sector. First, there is a general overview of the meat sector in Croatia that includes farm structure and livestock, which will help you to get a better understanding of the market.

The following chapters deal with the general regulations, policies of the market and the import/export activity in Croatia. This information will help you to identify the trends in this sector.

The ninth chapter continues with an overview of prices in Croatia and the agricultural competitiveness on the EU market. Croatian accession to the EU will certainly have a strong influence on the Croatian agriculture, its production structure and competitiveness, measured by producer price levels.

The next chapter includes a SWOT analysis concerning productivity, competitiveness, and new technologies, to have a general look on the meat sector and all the opportunities.

## 2. GENERAL OVERVIEW OF CROATIA

With an area of 56 594 km<sup>2</sup>, the Republic of Croatia is a Central European and Mediterranean country, culturally and historically linked to Central and Eastern Europe, with a good geo-strategic position. It borders with Slovenia, Hungary, Serbia, Montenegro and Bosnia-Herzegovina. Moreover, Croatia has a marine border with Italy.

The capital city is Zagreb, which is also a political, administrative and economic centre, a university centre and a city of culture and arts.

During the 20<sup>th</sup> century, Croatia was part of the Socialist Federal Republic of Yugoslavia, ruled under the communist system, i.e. having state-owned companies. Croatia became an independent state in 1991 when a democratic, multi-party political system was adopted and political/economic reforms were implemented.

In 2011 the estimated population was 4,284,889 million inhabitants with an average density of 75.8 inhabitants per km<sup>2</sup>.

Croatia became a member of the European Union on July 1<sup>st</sup> 2013.

## 2.1 General Figures

Area	56,594 km <sup>2</sup>
Population	4,284,889 million inhabitants
Nationality	Croatian
Capital	Zagreb
Population in Zagreb	779 000 inhabitants
Language	Croatian
Currency	Croatian Kuna (HRK)
Government	Parliamentary Democracy
President	Kolinda Grabar-Kitarović was elected for a five-year term in February 2015
Prime Minister	N.N. (after elections on September 11th 2016)
Minister of Agriculture	N.N. (after elections on September 11th 2016)

## 2.2 Economy

Human Development Index (IDH)	0,818 (2014)
GDP growth rate in 2016	+2.7 (real, Q1 2016)
GDP per capita (nominal, 2014)	\$13,493
GDP per capita (PPP, 2015)	\$21,169
GDP (Composition by sector)	
- Agriculture	4,5%
- Industry	26,6%
- Services	68,9%
Inflation Rate	-0,8% (September 2015)
Average Monthly Salary (gross)	7,735 HRK/\$ 1190 (February 2016)
Average Monthly Salary (NET)	5,652 HRK/\$ 870 (February 2016)
Unemployment Rate	15,9% (April 2016)
Exports	\$14.04 billion (2014 est.)
Imports	\$22.90 billion (2014 est.)
Global Competitiveness Index	4.13

Main Commercial Partners	Italy Bosnia and Herzegovina Germany Slovenia Serbia
Currency	Kuna (HRK)
Average Exchange Rate/Euro	7,50 HRK
Average Exchange Rate/Dollar	6,7 HRK

Table 1: Economic Indicators of Croatia

Croatia's economy is service-based with the tertiary sector accounting for 70% of total gross domestic product (GDP). After the collapse of socialism, Croatia went through a process of transition to a market-based economy in the 1990s, but its economy suffered badly during the Croatian War of Independence. After the war the economy began to improve, before the financial crisis of 2007–8 the Croatian economy grew at 4-5% annually, incomes doubled, and economic and social opportunities dramatically improved.

Croatia joined the World Trade Organization in 2000, NATO in 2009 and became a member of the European Union on July 1st 2013. The economy was badly affected by the financial crisis which, together with a slow progress of economic reforms, resulted in six years of recession and a cumulative decline in GDP of 12,5%. Croatia formally emerged from the recession with 3 continuous quarters of GDP growth in Q4 2014 (0,3%), Q1 2015 (0,5%) and Q2 2015 (1,2%). Predictions are that real GDP growth will gradually rise to 2.1% in 2016.

The industrial sector with exports of over € 1 billion annually is dominated by shipbuilding which accounts for over 10% of exported goods. Food processing and the chemical industry also account for significant portions of industrial output and exports. The industrial sector represents 27% of Croatia's total economic output while agriculture represents 6%. The industrial sector is responsible for 25% of Croatia's GDP, with agriculture, forestry and fishing accounting for the remaining 5% of GDP.

Tourism is traditionally a notable source of income, particularly during the summer months, but also more recently during the winter months as well, due to an increase in popularity of snow sports such as skiing. With over 14 million tourists annually, tourism generates revenue in excess of € 8 billion. Croatia is ranked among the top 20 most popular tourist destinations in the world.

Economic growth has been hurt by the global financial crisis. Immediately after the crisis it seemed that Croatia did not suffer serious consequences like some other countries. However, in 2009, the crisis gained momentum and the decline in GDP growth, at a slower pace, continued during 2010. In 2011 the GDP stagnated as the growth rate was zero. Since the global crisis hit the country, the unemployment rate has been steadily increasing, resulting in the loss of more than 100,000 jobs. While unemployment was 9.6% in late 2007, in January 2014 it peaked at 22.4%. In September 2012, Fitch unexpectedly improved

Croatia's economic outlook from negative to stable, reaffirming Croatia's current BBB rating. The slow pace of privatization of state-owned businesses and an overreliance on tourism have also been a drag on the economy.

Croatia joined the European Union on July 1st 2013 as the 28th member state. The economy is heavily interdependent on some of Europe's principal economies, and any negative trends in these larger EU economies also have a negative impact on Croatia. Italy, Germany and Slovenia are Croatia's most important trade partners. In spite of the rather slow post-recession recovery, in terms of income per capita it is still ahead of some European Union member states such as Bulgaria and Romania. In terms of average monthly wage, Croatia is ahead of 9 EU members (Czech Republic, Estonia, Slovakia, Latvia, Poland, Hungary, Lithuania, Romania, and Bulgaria).

Annual average unemployment rate in 2014 was 17.3% and Croatia has the third highest unemployment rate in the European Union, after Greece (26.5%) and Spain (24%). Of particular concern is the heavily backlogged judiciary system, combined with an inefficient public administration, especially regarding the issues of land ownership and corruption in the public sector. Unemployment is regionally uneven: it is very high in eastern and southern parts of the country, nearing 20% in some areas, while relatively low in the north-west and in larger cities, where it is between 3 and 7%. In 2015 external debt increased by 2.7 billion euros and is now around € 49.3 billion.

The industrial production increased with 4.90% in April of 2016 compared to the same month in the previous year. The industrial production in Croatia averaged 1.13% from 1999 until 2016, reaching an all-time high of 11.40% in March 2007 and a record low of -12.40% in June 2009.

Trade plays a major role in Croatia's economic output.

### **3. GENERAL SITUATION OF THE MEAT SECTOR**

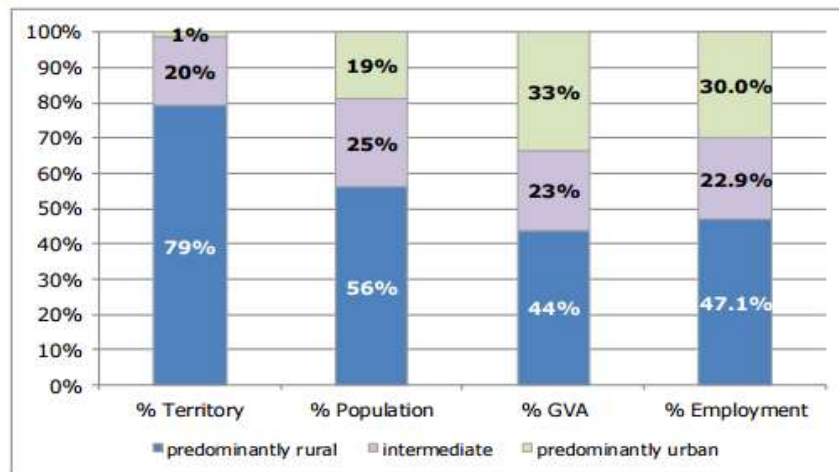
#### **3.1 Farm Structure**

Croatia covers an area of 56 594 km<sup>2</sup> of which 99,24% is rural. Of the total area, around 40% is agricultural land while forests cover 36%. The population amounts to 4.3 million – more than half lives in rural areas. According to Eurostat, the working-age population in 2012 was 2.8 million, of which 1.7 million were active and 1.4 million were employed. Agriculture provides 12.4% of total employment, forestry 1%, the food production and food processing industry 3.4% and tourism 5.7%. The average farm size is 5.6 ha. This is considerably less than the average size in the rest of the EU (14.4 ha). Half of all farms are under 2 ha and the vast majority are below 10 ha (89.4%) The average economic size of a farm, calculated on the basis of total production value, is € 9 064. Based on this criterion, 40% of farms are below € 2.000. Average crop yields are lower than in other EU countries due to outdated technologies and frequent droughts. There is a serious structural challenge in some sectors, including fruit, vegetables and livestock sector, because there is a need for investment, modernisation, preparation of products for the market and the promotion of production and market organisation of farmers, all with the common aim of ensuring stronger productivity growth and the creation of new jobs. Croatia is increasingly

exposed to extreme weather conditions causing droughts and floods. This is attributed to climate change. However, only around 1% of agricultural land is irrigated, which significantly affects productivity. Due to the conflicts between 1991 and 1995, 11 000 ha of agricultural land currently contain land mines. Natura 2000 sites cover nearly 37% of the country. The abandonment as well as the intensification of farming in HNV areas have a negative impact on biodiversity.

	Territory (km <sup>2</sup> )	Population (persons)	GVA (Million EUR)	Employment (persons)
Year	2013	2014	2012	2014
Predominantly Rural Regions (PR)	44 765	2 381 924	16 401	726 400
Intermediate Regions (IR)	11 188	1 068 019	8 424	352 800
Predominantly Urban Regions (PU)	641	796 866	12 441	462 600
<b>Total</b>	<b>56 594</b>	<b>4 246 809</b>	<b>37 266</b>	<b>1 541 800</b>

Source: Eurostat.  
Updated: January 2015





## Structure of agricultural holdings

Holdings		2005		2013	
		Total	%	Total	%
By UAA (*)	< 5 ha	:	:	109 270	69.4%
	5-10 ha	:	:	24 690	15.7%
	10-20 ha	:	:	12 610	8.0%
	20-30 ha	:	:	3 880	2.5%
	30-50 ha	:	:	3 030	1.9%
	50-100 ha	:	:	2 610	1.7%
	> 100 ha	:	:	1 350	0.9%
By economic size (**)	< 4 000 €	:	:	75 950	48.2%
	< 8 000 €	:	:	33 430	21.2%
	< 15 000 €	:	:	22 880	14.5%
	< 25 000 €	:	:	10 530	6.7%
	< 50 000 €	:	:	8 820	5.6%
	< 100 000 €	:	:	3 840	2.4%
	< 250 000 €	:	:	1 600	1.0%
	< 500 000 €	:	:	220	0.1%
=/ > 500 000 €	:	:	180	0.1%	
By LSU (***)	0	:	:	35 500	22.5%
	0-5	:	:	93 060	59.1%
	5-10	:	:	15 200	9.7%
	10-15	:	:	5 880	3.7%
	15-20	:	:	2 570	1.6%
	20-50	:	:	3 900	2.5%
	50-100	:	:	780	0.5%
	100-500	:	:	460	0.3%
	> 500	:	:	90	0.1%
By age of holder	< 35 years	:	:	:	:
	35-44 years	:	:	:	:
	45-54 years	:	:	:	:
	55-64 years	:	:	:	:
	> 64 years	:	:	:	:
<b>Total</b>	:	<b>100</b>	<b>157 450</b>	<b>100</b>	
UAA in 1 000 ha	:		1 571		
UAA (ha) per holding	:		10.0		

Source: Eurostat, Farm Structure Survey 2005 and 2013. Updated: January 2016.

(\*) UAA = Utilised agricultural area.

(\*\*) Economic size: The standard output of an agricultural product (crop or livestock), abbreviated as SO, is the average monetary value of the agricultural output at farm-gate price, in euro per hectare or per head of livestock.

There is a regional SO coefficient for each product, as an average value over a reference period (5 years, except for the SO 2004 coefficient calculated using the average of 3 years). The sum of all the SO per hectare of crop and per head of livestock in a farm is a measure of its overall economic size, expressed in euro.

(\*\*\*) LSU = Livestock units. A LSU is equivalent to a dairy cow. The number of animals (heads) is converted into LSU using a set of coefficients reflecting the feed requirements of the different animal categories.

## 3.2 Livestock

Livestock farming is present on the entire Croatian territory. The largest share of the production structure belongs to small family farms, whereas the importance of large production units, that is, of specialized farms has been rising fast in the last few years. Cattle farming is the most important branch of livestock farming, than pig farming follows as well as the significant poultry production and sheep and goat farming. Milk production forms the basis of cattle farming and meat production leans on it.

Croatia is neither self-sufficient in beef production (self-sufficiency rate is less than 80%) nor in milk production (approximately 85%).

In 2015, as compared to the 2014 final data, the cattle stock increased by 5.2%, but the poultry stock decreased by 4%, while that of pigs and of goats was roughly at the same level. The sheep stock increased by 1%.

The Farm Register is the basis for monitoring the health of domestic animal breeding and selection, classification of carcasses, and future support (Integrated Administration and Control System - IACS) specifically through EU farm subsidies.

In 2015 3.104 farms with 3.146 keepers of domestic animals were entered in the Farm Register. At the moment, there are 156.292 active holdings registered in the Farm Register.

In 2015, for the first time, there was more registered cattle than the year before. Despite the optimistic tone of mentioned facts, which indicates a positive trend in Croatian cattle breeding, unfortunately, the main reason for this increase is the growth of cattle import. However, a great number of imported cattle somehow has a positive impact on the livestock production in terms of export of fattened cattle with economic value added. During 2015 the import of cattle increased by 21.147 units compared to the previous year. Most of that cattle were imported from Romania (72,87%). The number of cows in Croatia has been decreasing for a number of years.

The aim of the Farm Register was to monitor every movement of domestic animals that has to be justified and documented in accordance with the Veterinary and Animal Welfare Act. In this way, it could put an end to the destruction of domestic livestock, especially calves, because the penalty for breaking the law was losing existing incentives. Specifically, within seven days after birth, a calf must be registered on the farm, or get an ear tag. After the cattle, the labeling system was also applied to pigs, sheep and goats.

## LIVESTOCK PRODUCTION, 2015

<i>Total</i>		<i>Indices 2015. in 2014.</i>	<i>Unit of measure</i>	
<i>Production 2014</i>	<i>in Production 2015</i>			
72 335	68 579	94,8	<i>t</i>	<i>Increase of cattle</i>
131 033	130 902	99,9	<i>t</i>	<i>Increase of pigs</i>
10 595	10 693	100,9	<i>t</i>	<i>Increase of sheep</i>
915	913	99,8	<i>t</i>	<i>Increase of goats</i>
99 377	95 356	96,0	<i>t</i>	<i>Increase of poultry</i>
690 643	674 205	97,6	<i>'000 l</i>	<i>Cows' milk</i>
6 874	6 085	88,5	<i>'000 l</i>	<i>Sheep's milk</i>
10 044	6 140	61,1	<i>'000 l</i>	<i>Goats' milk</i>
941	1 031	109,6	<i>t</i>	<i>Wool</i>
572 003	554 932	97,0	<i>'000 p/st</i>	<i>Eggs</i>

NUMBER OF LIVESTOCK AND POULTRY - 1000 head

1. XII. 2014.	1. XII. 2015.	<i>Indices</i>	
		<u>1. XII. 2015.</u>	1. XII. 2014.
441	458	104	<i>Cattle – total</i>
132	148	112	<i>Young cattle under 1 year old</i>
88	88	100	<i>Cattle between 1 and 2 years old</i>
221	222	100	<i>Cattle of 2 years and over</i>
159	152	96	<i>Dairy cows</i>
1 156	1 186	103	<i>Pigs – total</i>
442	521	118	<i>Fattening pigs (including culled ones)</i>
119	138	116	<i>Breeding pigs</i>
10	19	190	<i>Gilts</i>
70	69	99	<i>Sows</i>
605	608	101	<i>Sheep – total</i>
143	142	99	<i>Milk ewes</i>
61	62	102	<i>Goats – total</i>
10 317	10 064	98	<i>Poultry – total</i>

Source: [http://www.dzs.hr/Hrv\\_Eng/publication/2016/01-01-20\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/01-01-20_01_2016.htm)

#### 4. MEAT CONSUMPTION IN CROATIA

The main factors that have a positive effect on the development of the poultry industry are the short production cycle, relatively low cost and the lack of religious restrictions on consumption. Chicken meat has the biggest share in the structure of poultry meat.

The degree of self-sufficiency in the production of poultry meat in Croatia, between 80 and 90%, is higher than in other types of meat. However, a further decrease is expected and in 2016 domestic production would meet 81.17% of the domestic needs.

Pig farming has a very important place in Croatian livestock production. Pig production is a major consumer of agricultural crops and fodder is the most expensive input in pig production representing on average 60-70% of production costs. One of the objectives of Croatia's agricultural policy is to achieve self-sufficiency in those products for the production of which conditions are in place in a specific area. Pork is one such product. Domestic pork production does not meet domestic demand, which leads to a significant

import of pork (about 46% of net production and import of live animals for fattening). In Croatia two processes are simultaneously present: a relatively high demand for pork and a reduction in the number of pig production.

In the period between 2000 to 2012, the number of pigs in Croatia was constantly decreasing, although with some annual fluctuations, and this trend is expected to continue until 2016. The same goes for the degree of self-sufficiency which by the end of 2016 should be slightly above 50%. The lack of domestic production would be compensated by the import of pigs for slaughter and the import of pork and pork products mostly from other EU countries.

Although Croatian consumers tend to be very price sensitive there is a select clientele of wealthier consumers for beef, who are willing to pay for high quality meat. Croatia imports most of its beef from the Netherlands, and in 2015 Croatia exported around € 30 million of beef to its neighbours (approximately € 6,5 million goes to Bosnia and Herzegovina).<sup>1</sup>

---

<sup>1</sup> [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Croatian%20Beef%20Market\\_Zagreb\\_Croatia\\_5-7-2015.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Croatian%20Beef%20Market_Zagreb_Croatia_5-7-2015.pdf)

Table2. Production and supply balance of poultry meat in Croatia from 2010 to 2012 and projections for 2016

Pokazatelj/ Indicator	2000./06.	2007.	2008.	2009.	2010.	2011.	2012.	2016.
Klanje (000 komi)/ Slaughtering (000 head)	47.682,82	48.339,09	48.954,09	48.104,26	45.813,41	43.738,05	42.631,14	44.636,64
Prosječna težina trupa (kg)/ The average carcass weight (kg)	1,96	1,93	1,89	1,73	1,72	1,73	1,72	1,62
Neto težina zaklanih životinja (1.000 t)/ Net weight of the animals (1000 t)	93,29	93,05	92,52	83,08	78,94	75,60	73,46	72,50
Bilanca/Balance (1000 t)								
Domaća proizvodnja mesa/Gross indigenous production	93,15	93,40	93,03	84,57	79,98	76,43	74,43	74,15
Uvoz živih životinja za klanje/Imports of live animals for slaughter	0,26	0,18	0,18	0,19	0,23	0,21	0,23	0,17
- iz EU-iz/ from EU	0,14	0,18	0,18	0,19	0,23	0,21	0,23	0,29
Izvoz živih životinja za klanje/Exports of live animals for slaughter	0,12	0,53	0,69	1,68	1,27	1,04	1,20	1,82
- u EU/in EU	0,05	0,09	0,00	0,003	0	0,01	0,06	0,04
Neto proizvodnja mesa/Net production	93,29	93,05	92,52	83,08	78,94	75,60	73,46	72,50
Uvoz mesa/Imports	4,86	13,21	13,93	16,66	18,04	17,11	20,74	27,18
- iz EU-iz/ from EU	2,92	5,06	4,12	3,67	3,75	4,26	6,12	6,76
Raspoloživi resursi/Available resources	98,14	106,26	106,46	99,74	96,97	92,72	94,20	99,68
Izvoz mesa/Exports	4,25	4,90	5,56	6,06	6,75	8,10	8,77	9,62
- u EU/in EU	1,59	1,96	2,18	0,003	2,99	3,00	3,04	3,204
Početne zalihe/Initial stocks	2,71	3,08	1,15	2,98	2,18	2,70	5,64	5,30
Konačne zalihe/Final stocks	3,04	1,15	2,08	2,18	2,70	5,64	1,22	4,01
Promjene zaliha/Stock change	0,33	-1,93	1,83	-0,81	0,52	2,94	-4,42	-1,29
Domaća potrošnja/Domestic consumption	93,56	103,30	99,07	94,48	89,70	81,67	89,85	91,34
Ljudska potrošnja/Human consumption	93,56	103,30	99,07	94,48	89,70	81,67	89,85	91,34
- Po glavi stanovnika/kg/Human consumption per capita (in kg)	21,83	24,11	23,12	22,05	20,93	19,06	20,97	21,32
Stupanj samodostatnosti/Degree of self-sufficiency (%)	99,73	90,42	93,90	89,51	89,16	93,58	82,84	81,17

Izvor: Iračunato na temelju podataka DZS., projekcija za 2016. račun autora/Source: Calculated on the basis of the CBS, author's calculation of projection for 2016.

## 5. GOVERNMENT POLICIES

### 5.1 Sanitary and phytosanitary requirements<sup>2</sup>

Goods imported into the EU must meet the EU sanitary and phytosanitary requirements to protect human and animal health.

The main requirements can be classified in the sectors: food and feed safety, animal health, plant health and public health.

#### *Official controls*

The EU rules on official controls are divided in two Regulations intended to be implemented by competent authorities, one that sets out the official control principles and obligations and the other one on how official controls are to be organised by the competent authorities, as follows:

- Official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules
- specific rules for the organisation of official controls on products of animal origin intended for human consumption

#### *Food and feed safety*

EU rules on food safety are designed to protect human life and health while the rules on animal feed aim at protecting human and animal life and health.

Imports of foodstuffs must comply with general conditions, which include:

- general principles and requirements of food law - all stages of food/feed production and distribution (Regulation (EC) No 178/2002– Section 4)
- traceability- importers of food and feed products must identify and register the supplier in the country of origin (Regulation (EC) No 178/2002– Article 18)
- general rules on hygiene of foodstuffs and hygiene specifications for food of animal origin
- rules on microbiological criteria for foodstuffs
- rules on residues, pesticides, veterinary medicines and contaminants in and on food
- special rules on genetically modified food and feed, bio proteins and novel foods
- special rules on certain groups of food products (e.g. mineral waters, cocoa, quick-frozen food) and foodstuffs aimed at specific populations (e.g. foods for infants and young children)
- specific marketing and labelling requirements for feed materials, compound feeding stuffs, and feeding stuffs intended for particular nutritional purposes

---

<sup>2</sup>

[http://www.exporthelp.europa.eu/thdapp/display.htm?page=rt%2Frt\\_SanitaryAndPhytosanitaryRequirements.html&docType=main&languageId=en](http://www.exporthelp.europa.eu/thdapp/display.htm?page=rt%2Frt_SanitaryAndPhytosanitaryRequirements.html&docType=main&languageId=en)

- general rules on materials intended to come into contact with foodstuffs.

If a problem likely to pose a serious risk to human or animal health or to the environment arises in a non-EU country, the EU may adopt protective measures, either imposing special conditions or suspending imports of products from all or part of the country concerned.

### *Animal health*

EU health rules on animals and products of animal origin are designed to protect and improve the health of animals (especially food-producing ones). Imports of animals and animal products must meet the applicable health standards and international obligations, including the following general rules:

- the exporting country must be on a list of countries authorised to export the category of products concerned to the EU
- products of animal origin may be imported into the EU only if they come from approved processing establishments in the exporting country
- all imports of animals and animal products must be accompanied by a health certificate signed by an official veterinarian of the competent authority in the exporting country
- every consignment is subject to health checks at the border inspection post (BIP) in the EU country of arrival.

If an outbreak of a disease in a non-EU country poses a serious threat to animal or public health, EU authorities may apply temporary protective measures – including suspension of imports from all or part of the country concerned or special requirements on products from that country.

## 5.2 Residue monitoring<sup>3</sup>

A state programme for monitoring residues is approved annually. Transposition of EU requirements related to veterinary medicinal products requires obligations with respect to the procedures for the approval of veterinary medicinal products.

EU rules affect trading partners worldwide. Non-EU countries wanting to export to the EU must ensure the same level of food/feed safety as that of the EU.

Food-producing animals may be treated with veterinary medicines to prevent or cure disease. These substances may leave residues in the food from treated animals. Food may also contain residues of pesticides and contaminants to which animals have been exposed to. In all cases, the levels of residues in food should not harm the consumer.

### Obligations

- EU countries must implement residue monitoring plans to detect the illegal use or misuse of authorised veterinary medicines in food producing animals and investigate the reasons for residue violations

---

<sup>3</sup> [http://ec.europa.eu/food/safety/chemical\\_safety/vet\\_med\\_residues/index\\_en.htm](http://ec.europa.eu/food/safety/chemical_safety/vet_med_residues/index_en.htm)



- Non-EU countries exporting to the EU must implement a residue monitoring plan which guarantees an equivalent level of food safety.

## 6. IMPORT CONDITIONS

Imports of fresh meat and meat products into the European Union are subject to veterinary certification. Legally legitimate and adequately empowered authorities in the exporting country must ensure credible inspection and controls throughout the production chain, which cover all relevant aspects of hygiene, animal health and public health. All bilateral negotiations and other relevant dialogue concerning imports of meat and meat products must be undertaken by the national competent veterinary authority. All other interested parties and private businesses should contact their competent authority and communicate with the European Union via this channel.

### Specific Key Elements

For meat and meat products from all species, countries of origin must be on a positive list of eligible countries for the relevant product. The eligibility criteria are:

- Exporting countries must have a competent veterinary authority which is responsible throughout the food chain. The Authorities must be empowered, structured and resourced to implement effective inspection and guarantee credible certification of the relevant veterinary and general hygiene conditions.
- The country or region of origin must fulfil the relevant animal health standards. This implies that the country should be a member of the World Organisation for Animal Health (OIE) and should meet that organisation's standards and reporting obligations. Adequate veterinary services must ensure effective enforcement of all necessary health controls.
- The national authorities must also guarantee that the relevant hygiene and public health requirements are met. The hygiene legislation contains specific requirements on the structure of establishments, equipment and operational processes for slaughter, cutting, storage and handling of meat. These provisions are aimed at ensuring high standards and at preventing any contamination of the product during processing.
- A monitoring system must be in place to verify compliance with EU requirements on residues of veterinary medicines, pesticides and contaminants.
- A suitable monitoring programme must be designed by the competent authority and submitted to the European Commission for initial approval and yearly renewal.
- Imports are only authorised from approved establishments (e.g. slaughterhouses, cutting plants, game handling establishments, cold stores, meat processing plants), which have been inspected by the competent authority of the exporting country and found to meet EU requirements. The authority provides the necessary guarantees and is obliged to carry out regular inspections.

- For the import of meat from bovine, ovine or caprine animal species (cattle, sheep and goats), exporting countries have to apply for determination of their BSE status. This status is based on a risk assessment and is linked to specific BSE-related import conditions.
- An inspection by the Commission's Food and Veterinary Office is necessary to confirm compliance with the above requirements. Such an inspection mission is the basis of establishing confidence between the EU Commission and the competent authority of the exporting country.

### **Border Inspection**

Imports of meat or meat products must enter the EU via an approved Border Inspection Post of the EU under the authority of an official veterinarian.

Each consignment is subject to a systematic documentary check, identity check and, when appropriate, a physical check. The frequency of physical checks depends on the risk profile of the product and also on the results of previous checks. Consignments which are found not to be compliant with Community (EU) legislation shall either be destroyed or, under certain conditions, re-dispatched within 60 days. To protect animal health, there is a general ban on personal imports by passengers or travellers bringing meat or meat products into the EU.

For more information, see:

[http://ec.europa.eu/food/animals/animalproducts/meatproducts/index\\_en.htm](http://ec.europa.eu/food/animals/animalproducts/meatproducts/index_en.htm)

### **Technical Assistance**

In accordance with the Agreement on Sanitary and Phytosanitary Measures of the World Trade Organisation (WTO), the European Commission provides technical assistance and facilities for institutional capacity building. These instruments can help developing countries to comply with EU import conditions. In addition to national and regional development programmes, specific horizontal facilities have been established to improve hygiene, safety and animal health in developing countries and to provide training for government officials from authorities worldwide. The delegations of the European Union can provide detailed information on available programmes.

#### **6.1 EU import conditions for fresh meat and meat products**

The European Union is by far the biggest importer of food worldwide. Import rules for meat and meat products are fully harmonised and the European Commission acts as the competent authority on behalf of the 28 Member States. The EU Commission is the sole negotiating partner for all non-EU countries in questions related to import conditions for meat and meat products.

The European Commission's Directorate-General for Health and Consumer Protection is responsible for food safety in the European Union. Our import rules for meat and meat products seek to guarantee that all imports fulfil the same high standards as products from EU Member States - not only with respect to hygiene and all aspects of consumer safety but also regarding their animal health status.

To ensure that imports can take place smoothly and efficiently, interested countries and businesses should understand the fundamental principles and philosophy of the European Food Law, which form the basis for our import rules.

### **Principles of the European Food Law**

EU citizens have legitimate, high expectations regarding the safety and quality of their food. Modern production systems and trade structures are now capable of providing full transparency, not only on animal health and food safety issues but also on environmental standards of production and animal welfare. To meet these expectations and take account of the technical progress made during the past years, the European Union has undertaken a fundamental overhaul of its food safety legislation. This reform process is now largely finalised.

The new food law of the European Union put strong emphasis on process controls - throughout the food chain, from farm to fork. The general food law supports the flow of information and quality management. This philosophy reflects the demands of the consumer and exploits the opportunities opened by technical progress. Checks on the end product alone would clearly not be capable of providing the same level of safety, quality and transparency to the consumer.

### **6.2 EU import conditions for poultry and poultry products**

Import rules in the European Union (EU) for poultry and poultry products are fully harmonised and the European Commission acts as the competent authority on behalf of the 28 Member States. The European Commission is the sole negotiating partner for all non-EU countries in questions relating to import conditions.

The European Commission's Directorate-General for Health and Food Safety is responsible for food safety in the EU. Our import rules seek to guarantee that all imports fulfil the same high standards as products from EU Member States - not only with respect to hygiene and all aspects of consumer safety, but also regarding their animal health status.

Importation of poultry and poultry products into the EU are subject to veterinary certification – which is based on the recognition of the competent veterinary authority of the non-EU country under EU legislation.

This formal recognition of the reliability of the competent veterinary authority is a pre-requisite for the country to be eligible and authorized for import into the EU. Legally legitimate and adequately empowered authorities in the exporting country must ensure credible inspection and controls throughout the production chain, which cover all relevant aspects of hygiene, animal health, animal welfare and public health.

All interested parties and private businesses should contact their competent authority and communicate with the EU via this channel.

### **Criteria**

Non-EU countries of origin must be on a positive list of eligible countries. The main criteria for imports to the EU are:

- The exporting countries must have a competent veterinary authority which is responsible throughout the food chain. The authorities must be empowered,

structured and resourced to implement effective inspection and guarantee credible certification of the relevant veterinary and general hygiene conditions. Health and Food Safety.

- The country or region of origin must fulfil the relevant animal health standards. This implies that the country should be a member of the World Organisation for Animal Health (OIE) and should meet that organisation's standards and reporting obligations. In addition, approved countries have to notify within 24 hours outbreaks of avian influenza and Newcastle disease, including also important changes in their health situation, to the Directorate-General for Health and Food Safety of the European Commission and must submit virus isolates to the EU Reference Laboratory.
- Countries wishing to export live poultry to the EU must have in place adequate avian influenza surveillance programmes. When a country is applying a vaccination policy against avian influenza, under specific conditions certain imports may be permitted.
- Adequate veterinary services must ensure effective enforcement of all necessary health controls.
- Imports are only authorised from approved establishments (e.g. breeding establishments, other holdings, hatcheries), which have been inspected by the competent authority of the exporting country and found to meet EU requirements. The authority provides the necessary guarantees and is obliged to carry out regular inspections.
- The veterinary authorities must have at its disposal one or more laboratories that comply with certain minimum requirements, ensuring sufficient capability for disease diagnosis.
- The national authorities must also guarantee that the relevant animal and public health, as well as hygiene requirements are met. The EU legislation contains specific requirements for holdings, establishments and poultry products. These provisions are aimed at ensuring good health of animals and high standards at preventing any contamination of the product during processing.

## 7. MEAT PROCESSING AND PRODUCTION

### Production of meat: poultry

1 000 t

geo	time	2010	2011	2012	2013	2014	2015
EU28:EU (28 countries)		(cp)	(cp)	(c)	(c)	(c)	(c)
EU27:EU (27 countries)		(cp)	(cp)	(c)	(c)	(c)	(c)
EA18:Euro area (18 countries)		:	:	:	:	:	:
EA17:Euro area (17 countries)		:	:	:	:	:	:
BE:Belgium		404.34	402.75	410.22	388.09	433.27	452.94
BG:Bulgaria		95.02	98.45	99.09	94.71	97.87	101.25
CZ:Czech Republic		188.18	170.08	152.61	148.17	149.41	151.41
DK:Denmark		159.6	159.3	147.2 (b)	148.5	143	134.4
DE:Germany		1,379.56	1,425	1,428	1,456	1,527	1,511
EE:Estonia		(c)	(c)	(c)	(c)	(c)	(c)
IE:Ireland		(c)	128.21	132.41	117.05	125.58	128.02
EL:Greece		178	175.23	181.65	180.47	190.53	189.63
ES:Spain		1,349.43	1,373.61	1,384.24 (p)	1,342.58	1,436.69	1,443.26 (p)
FR:France		1,712 (p)	1,733 (p)	1,709 (p)	1,695 (p)	1,678 (p)	1,718 (p)
HR:Croatia		60.2	60.8	61.3	55.7 (c)	59.1 (c)	63.4 (c)

### Production of meat: cattle

1 000 t

geo	time	2010	2011	2012	2013	2014	2015
EU (28 countries)		(cp)	(c)	7,579.01	7,271.38	(c)	7,590.34
EU (27 countries)		(cp)	(c)	7,532.23	7,224.11	(c)	7,548.09
Euro area (18 countries)		:	:	:	:	:	:
Euro area (17 countries)		:	:	:	:	:	:
Belgium		263.14	272.29	262.28	249.91	257.67	267.88
Bulgaria		(c)	(c)	5.32	5.68	4.8	5.29
Czech Republic		74.26	72.12	65.71	64.83	65.53	68.29
Denmark		131.2	133	125.4	125.2	125.6	120.6
Germany		1,186.72	1,159	1,140	1,106	1,128	1,124
Estonia		8.96	8.37	7.98	7.88	(c)	9.62
Ireland		559	546.76	495.4	517.57	581.81	564.14
Greece		58.03	59.23	56.16	50.12	46.04	41.92
Spain		608.59	604.11 (p)	591.38 (p)	580.84	578.6	633.77 (p)
France		1,521.17 (p)	1,559.35 (p)	1,477.17 (p)	1,407.9 (p)	1,420.43 (p)	1,450.99 (p)
Croatia		55.41	53.75	46.78	47.27	44.42	42.26

## Production of meat: pigs

1 000 t

geo	time	2010	2011	2012	2013	2014	2015
EU (28 countries)		22,097.71 (P)	22,477.58	22,006.46	21,942.48	22,142.45	22,942.84
EU (27 countries)		22,009.21 (P)	22,389.38	21,920.86	21,862.68	22,073.75	22,869.84
Euro area (18 countries)		∴	∴	∴	∴	∴	∴
Euro area (17 countries)		∴	∴	∴	∴	∴	∴
Belgium		1,123.77	1,108.26	1,109.61	1,130.57	1,118.33	1,124.31
Bulgaria		37.35	48.22	48.84	52.06	53.67	60.68
Czech Republic		275.91	262.94	239.75	234.27	235.99	227.74
Denmark		1,666.3	1,718.4	1,603.7	1,589.4	1,593.9	1,598.7
Germany		5,443.17	5,598	5,459	5,474	5,507	5,562
Estonia		31.93	33.04	36.17	36.9	40.55	42.41
Ireland		214.13	233.71	241.49	239.31	254.14	276.4
Greece		113.72	115.12	114.63	108.64	96.24	90
Spain		3,368.92	3,469.35	3,466.32 (P)	3,431.22	3,620.22	3,895.85 (P)
France		2,010.33 (P)	1,998.32 (P)	1,957.36 (P)	1,938.83 (P)	1,943.55 (P)	1,967.61 (P)
Croatia		88.5	88.2	85.6	79.8	68.7	73

## Production of meat: sheep and goats

1 000 t

geo	time	2010	2011	2012	2013	2014	2015
EU (28 countries)		∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)
EU (27 countries)		∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)
Euro area (18 countries)		∴	∴	∴	∴	∴	∴
Euro area (17 countries)		∴	∴	∴	∴	∴	∴
Belgium		2.72	2.44	2.16	2.41	2.66	2.72
Bulgaria		∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)
Czech Republic		0.15	0.16	0.17	0.18	0.19	0.18
Denmark		1.7	1.5	1.7	1.6	1.7	1.8
Germany		20.23	22	22	20	19	21
Estonia		0.09	0.16	0.15	0.11	0.11	0.09
Ireland		47.8	48.12	53.73	57.47	57.6	58.36
Greece		107.05	104.76	99.37	85.71	82.31	76.83
Spain		141.85	141.73	131.69 (P)	127.2	122.84	125.77 (P)
France		90.06 (P)	92.68 (P)	89.33 (P)	86.52 (P)	86.67 (P)	86.94 (P)
Croatia		0.81	∴ (P)	∴ (P)	∴ (P)	∴ (P)	∴ (P)

Source of Data: Eurostat

Last update: 13.06.2016

Hyperlink to the table:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tag00044>

The main players in meat processing are:

- **Agrokor** holding with its subsidiaries **Belje, Pik, Vupik**
- **Vindija** holding with its subsidiaries **Koka** and **Vindom**, market leaders in poultry meat processing
- Family owned holding **Gavrilovic**
- Family owned **Braca Pivac**
- **Podravka** with the brands '**Podravka**' and '**Danica**'

## 8. EXPORTS TO CROATIA

Fresh/frozen red meat and poultry, meat and poultry products, game meat, products for pet food manufacture and pharmaceutical processing, and certain other products intended for export to countries which are members of the European Union must follow the European Union Requirements.

Consignments of fresh meat, including minced meat and mechanically separated poultry meat, can be imported into the EU from third countries and the territories of third countries which are approved by the European Commission for export to the European Union.<sup>4</sup>

## 9. PRICES

Due to different natural and economic conditions, but also budgetary transfers to agriculture, the prices of agricultural products differ in the Western Balkan countries. Although statistics are unreliable and not entirely comparable, some conclusions can be made: the producer price level in these countries is generally high (except in Serbia), and mostly above the EU level.

The prices of beef (live weight) are above the EU level in Croatia; these prices are at half of the EU level. Serbia produces pig meat at the EU price levels, while these prices are the highest in Croatia, Bosnia and Herzegovina and particularly in Albania. Just the opposite, the price of sheep meat is below the EU level in Serbia and especially in Albania. The price of cow milk is below the EU level in all analysed countries, especially in Serbia, where it is at 50% of the EU price. Eggs are more expensive in all analysed countries, but Serbia is the closest to the EU level.

Membership of the EU will certainly have a strong influence on Croatian agriculture, its production structure and competitiveness, measured by producer price levels. So far, different policy mechanisms implemented during the past decade did not result in price competitiveness for the majority of analysed products.

---

<sup>4</sup>

<http://www.veterinarstvo.hr/UserDocImages/Me%C4%91unarnodni%20promet/Uvoz%20svje%C5%BEeg%20mesa%20peradi%20iz%20tre%C4%87ih%20zemalja.pdf>

Until the end of the 1990s, protection for the main agricultural products was high but the WTO agreement (2000) established a more rational and transparent basis for trade and price policy than in the past. However, there were major differences in tariff protection between products, which led to distorted price signals to farmers, and the country's resources not being used for the most economically profitable products from the national perspective. Protection for the first level processing sector (flour, oil, tobacco, sugar, chicken and other meats, jams, juices, wine, cider, animal feed) which does not suffer from the problems of small scale, fragmented production, is also usually higher than for the farm products. This has helped to maintain the inefficiencies in organisation and management, which characterise much of this sector.

From 1995 to 1998, agricultural price policy was based on a combination of producer and input subsidies, and high levels of tariff and quantity-based import protection. The system of floor prices and subsidies were focused on wheat, oilseed crops, sugar, tobacco, and milk production. Price policy reform was initiated in 1998, in conjunction with the reform of trade policy required for WTO membership. To compensate farmers for the reduction of import protection and associated floor (producer) prices, area payments were introduced for most major crops. Direct price subsidies for crops and all input subsidies were terminated. The system of support for livestock production remains much the same, with producer payments for milk and headage payments, plus support to selected livestock breeding and research institutions. This reform removed price distortions to a greater extent, but not completely. They still exist because of the highly variable levels of external protection and the numerous changes associated with the design and implementation of these reforms has inevitably created uncertainty among producers. The intention of the last reform from 2003 was to make the support system in agriculture more simple and transparent, and to gradually adjust the agricultural policies with the policy that is or should be implemented in the EU. The aim was to re-allocate funds in favour of new models of structural support, and partial decreasing of production support.

These reforms still did not result in considerably price competitiveness in comparison to the EU average. In the analysed period (1995-2005), the producer prices for most of the products show absolute growth, especially for fruits, vegetables and wine. A minor increase or even a decrease was registered for livestock products, with the exception of cow milk (where producer prices have considerably increased).

However, in comparison with neighbouring countries, Slovenia and Hungary, Croatian agriculture needs to put additional effort to achieve price competitiveness, especially in fruit, vegetables and meat production. Although Croatia is far away from other Western Balkan countries in adjusting agricultural policies towards the CAP standards, structural changes did not cause yet the absolute price competitiveness in comparison to these countries.

Because of the different CAP mechanisms, and even more because of Croatian incompatible agricultural statistics so far, it is still hard to estimate the effects of Croatian accession to the EU on Croatian agriculture. However, it can be supposed that the predominant influence on the structure and value of production, food prices and consequently farmers' income will have the system of agricultural protection implemented at the moment of entering the EU. However, after the initial shock, it can be expected that



EU membership will result in long-term benefits, such as market enlargement, improvement of the products' quality, more rational spending of agricultural budget and increased agricultural competitiveness on the EU market.

## 10. SWOT ANALYSIS

Croatia's potential in the food sector lies mainly in increasing productivity and competitiveness with the help of new technologies, alongside a continuing merger and acquisitions process, especially amongst the larger companies who have already expanded their network into the neighbouring countries. These large companies/holdings will try to further grow to strengthen their position in the market to avoid being taken over by multinationals/EU companies. The vertically integrated approach of production, processing and retailing could guarantee the market position.<sup>5</sup>

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>- High qualified scientists</li> <li>- Modernization of existing food productions</li> <li>- R&amp;D programs and strategies</li> <li>- Favourable production conditions (climate)</li> <li>- Highly developed tourist market</li> <li>- Food sector is the main sector (20%) within the Croatian processing industry</li> </ul>	<ul style="list-style-type: none"> <li>- Small farms</li> <li>- Low competitiveness of small scale producers</li> <li>- Low compliance with EU safety and quality standards</li> <li>- Insufficient organisation of production</li> <li>- Production costs are relatively high, resulting in high product prices</li> <li>- Low share of EU markets</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>- Membership to the EU (availability of EU funds)</li> <li>- Higher involvement in European research area</li> <li>- Agro-tourism</li> <li>- Establishment of private consultancy services</li> <li>- Improvement of networking between producers, industries, research centres</li> <li>- Domestic market interesting (local demand plus increasing tourism)</li> </ul>	<ul style="list-style-type: none"> <li>- Low priority of the sector in scientific community</li> <li>- Limited financial resources for research</li> <li>- Increased competition resulting from EU accession</li> <li>- Limited resources of financing</li> <li>- Competition from EU countries</li> </ul>

<sup>5</sup> [http://mazedonien.ahk.de/fileadmin/ahk\\_mazedonien/Dokumente/DEG-Food\\_industry\\_study-external\\_version-20-01-2011\\_02.pdf](http://mazedonien.ahk.de/fileadmin/ahk_mazedonien/Dokumente/DEG-Food_industry_study-external_version-20-01-2011_02.pdf)

## 11. REFERENCES

Agricultural Census – Main results and metadata by country:

<http://www.fao.org/docrep/013/i1595e/i1595e01.pdf>

AgriPolicyReports:

<http://www.europartnersearch.net/agri-policy/agri-reports/index.php?partie=11&pays=3>

Croatian Bureau of statistics:

[http://www.dzs.hr/default\\_e.htm](http://www.dzs.hr/default_e.htm)

European Commission, Health and Consumers food:

[http://ec.europa.eu/food/international/trade/poultry/index\\_en.htm](http://ec.europa.eu/food/international/trade/poultry/index_en.htm)

Food Industry Study in Southeast Europe:

[http://mazedonien.ahk.de/fileadmin/ahk\\_mazedonien/Dokumente/DEG-Food\\_industry\\_study-external\\_version-20-01-2011\\_02.pdf](http://mazedonien.ahk.de/fileadmin/ahk_mazedonien/Dokumente/DEG-Food_industry_study-external_version-20-01-2011_02.pdf)

Ministry of Agriculture

<http://www.veterinarstvo.hr/default.aspx>