STUDY ON THE COSTS IN THE ANIMAL HUSBANDRY SECTOR - DIAGNOSIS AND PROSPECTS IN ROMANIA

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Agriculture is a vast field that deserves to be studied and analyzed, being an important pillar in the economy of any country. The plant growth, fish farming, beekeeping, forestry, animal husbandry etc. are self-contained sciences and occupations, parts of the main branch called agriculture; they can be the subject of complex research papers of great interest and importance, through a new approach of themes already considered classics. The accounting in livestock farms has a special character, which requires knowledge of concepts that are not found in other companies. This paper deals with issues related to the accounting regulations applied in Romanian agricultural entities, in correspondence with the applied IFRS referential; funding sources in agriculture, that investors can access; and last but not least, to determine the profitability of raising or buying swine in order to sell them, through a study case.

Keywords: agriculture, animal husbandry, livestock farms, costs, IAS 41, biological assets, biological transformation, financing, system of growth and ramming, intra-Community acquisition

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1. Introduction

Agriculture is a sector with high potential, traditionally occupying an important place in Romania's economy. Both crop production and livestock branch are important factors in social stability; by feeding the population and ensuring a significant amount of raw materials for food and non-food industries, as well as supporting the maintenance of ecological balance, agriculture represents a "vital area" of our socio-economic life.

Animal husbandry is the science which seeks knowledge, reproduction, growth, nutrition, improvement and exploitation of domestic animals. The provided products are multiple and they are resulting from plant products exploitation, thereby increasing economic efficiency in agriculture and hiring rural labor force, combating the unemployment.

Addressing a topical theme, the present paper proposes as main objective benchmarking of costs, in livestock branch - swine, based on the concepts of "opportunity cost" and "cost of a decision". This paper aims to ensure control of the decision-making process in organizations operating in this sector, trough what is called "tensioning the costs", so to answer the question: "It is more cost effective buying piglets, fattening and slaughtering them, or directly purchasing alive fatty pigs in order to slaughter and sell them?"

The topicality of the study lies in the fact that raising pigs is one of the most significant branches of agriculture, both in the European Union, but especially in our national context, given the fact that it is requested to align to the new European regulations, regarding the environmental protection, ensuring comfort and food security of the animals.

2. The reflection of biological assets in the accounts of the livestock farms in Romania – IAS 41 vs. OMFP 3055/2009

The accounting regulations in Romania, according to OMPF 3055/2009, are in line with the European directives and, in many cases, converging International Financial Reporting Standards (IFRS). Accounting referential in agriculture is normalized by the standard dedicated exclusively to agriculture: International Accounting Standard (IAS) 41 Agriculture.

Provisions of IAS 41 are not directly reflected in the Romanian regulations, but with the increase of forest and arable land transactions and foreign investment in animal farms, recognition and measurement of biological assets according to IAS 41 will become a necessity in companies operating in agriculture.

This standard defines notions like biological assets and agricultural products. Biological asset means any living animal or plant. Thus, from this perspective, normalisation of accounts within animal farms, is the subject of IAS 41 Agriculture, and therefore livestock will be generic called biological assets.

Agricultural products are harvested product from the entity's biological assets, only at the time of harvesting. (IAS 41)

Biological assets are accounted differently from the agricultural products; agricultural products are part of the inventory, and so are some of the biological assets, the rest falling into the category of tangible assets, being subjected to the wear and tear process, and therefore will be amortized. (Deaconu, 2012)

The Standard treats the management of transformation of biological assets, including growth, aging, production, and procreation, which results in qualitative or quantitative changes of biological assets. This transformation leads to the appearance of an agricultural product or a change in the biological activity of the asset. (Feleaga, Raileanu, 2012)

The management of biological transformation, by improving or at least stabilizing the necessary conditions for the development process (eg.: nutrient levels, moisture, temperature, fertility and light), distinguishes agriculture from other economic activities.

A qualitative change (eg.: genetic qualities, density, ripeness, fat content, protein content) or quantitative (eg.: number of piglets, weight, volume), determined by biological transformation, is measured and monitored as function of routine administration. (Feleaga, Raileanu, 2012)

A biological asset or agricultural product should be recognised only when (IAS 41):

- the entity is controlling the asset as a result of past events;
- it is probable that future economic benefits, associated with the asset, will flow to the entity;
- the fair value or cost of the asset can be measured reliably;

Biological assets should be measured, on initial recognition and at subsequent reporting dates, at fair value, less estimated costs to sell, unless fair value cannot be reliably measured. In order to determinate the fair value, IAS 41 establishes a hierarchy of approaches. The fair value corresponds to the active market price. In the absence of an active market, the fair value can be estimated in various ways: in relation to the price charged in recent transactions; compared to market prices of similar assets, adjusted to take account of differences; by reference to criteria commonly used in the sector. (IAS 41)

The biological assets, recognized as tangibles, don't have particular regime, the accounting treatment is the one applied to other tangible assets as well. The initial recognition is at cost of acquisition or cost of production, and the recognition in the balance sheet is stated at cost less accumulated depreciation and accumulated impairment provisions. Although the Romanian accounting regulations include alternative valuation rules for tangible assets, animals (used for breeding), plantations and other biological assets are not presented in the balance sheet at their fair value.

The biological assets, wich are recognized as circulating assets, are included in the inventories. It is specified that are considered stocks, the animals and birds purchased or obtained in own production, raised and fattened to be sold, bee colonies and animals for production - wool, milk and fur. Stocks are valued using the historical cost model. According to this model, assets are initially recognized at cost and they are presented in the balance sheet at a minimum of cost and value, that can be obtained from their sale or use.

From those outlined above, in terms of biological assets, there are significant differences between the accounting regulations in Romania and international accounting rules. In a summary form, those differences relate to (Feleaga, Raileanu, 2012):

• the use of different valuation models: historical cost in Romania, and the fair value minus estimated costs to sell, in IAS 41;

• the clarification on the concept and content of biological assets: while IAS 41 clarifies the concept and content of biological assets, Romanian regulations do not contain specific provisions to this asset class. Only in the general chart of accounts are specific accounts for the agricultural activity: the one called "Animals and plantations", for tangible assets, and the stock account, "Livestock and birds".

• the disclosure: IAS 41 makes the distinction between elements that must be presented in the main financial statements and the ones which can be presented in the balance sheet or in the notes. The biological assets represent one of those elements that must be presented in the balance sheet and can be detailed in the notes. In the balance sheet, the information on biological assets are included in two categories: "Animals and plantations in the category of tangible assets" and "animals, goods in progress

and harvest". In Romania, the financial statements are standardized, only in the notes it is possible to present information in a particular manner.

Although the national regulations do not touch issues of IFRS, the international standards can be used as a reference. We believe, however, that although in Romania are large entities engaged in agriculture, they are not interested yet in voluntarily apply the provisions of IAS 41. This attitude can be explained by fiscal considerations, by the small number of Romanian specialists in international accounting in agriculture and by the lack of guidance on valuation techniques.

3. Financing sources in the Romanian animal husbandry sector

Funding livestock sector, like any business financing, is an eminently important factor for its survival and attracting resources, in today's context of the economy, is a complex and complicated process that requires laborious preparation of documentation. The costs of companies operating in this sector will be found in the sales prices to the public and, for that reason, this branch of the Romanian economy should be economic and financial supported by the **national authorities**, by the **European Community**, and also by the **credit institutions**. Money funds are required in this branch because it provides many jobs for the rural population and because the animal products, resulting from specialized slaughterhouses, must be qualitative, fresh, natural.

From its beginning, an economic activity in the animal husbandry sector involves a great financial effort, but absolutely necessary for its proper functioning. Given the fact that is desired the alignment of companies operating in this sector with the EU requirements, this entire process needs sustainable financial aid, which will reduce the production costs and the prices will be competitive with those in the Community.

a) Financing trought the banking system

Romania's agricultural sector and the rural economy have a much lower accessibility to financial services, offered by the banking system, than other sectrors of the economy. Of the three ways of financing presented in this chapter, this one is the only refundable and entails additional costs, but few are the firms that can afford to be financed only from its own resources and subsidies.

Although banks have shown greater openness in financing SMEs (small and medium enterprises) and the agri-food sector, especially due to the opportunities offered by the Romania's EU membership, access to credits remains a major problem for many farmers and rural SMEs, due the recent financial and liquidity crisis manifested worldwide and affecting the Romanian economy. Also, the use of agricultural assets as bank warranties is deeply affected by the price volatility. Those issues emphasize the inaccessibility of this category of applicants for credit to sources of finance, with aggravating effects on the absorption of EU funds.

In 2010, the agricultural loans were below 3% of total non-governmental loans, so that the difficulties encountered by beneficiaries of the rural development programs in obtaining co-financing has been one of the major problems identified in the implementation of the RDNP (Rural Developement National Programme) from 2007 to 2013.

The difficulties of the beneficiaries in obtaining the loans were mostly related to the fact that (MADR, 2013):

-the exploited areas were not economically viable;

-the value of the projects submitted and declared eligible, was at the maximum limit of the measure, beyond their possibilities of indebtedness;

-they had no resources, required by the banks to complement bank lending, and no heritage to cover the difference of warranties, not covered by the Rural Credit Guarantee Fund; and

-start-ups were not able to pay the bank interest on loans during the implementation of the investment projects.

b) Financing from European funds

Funding the animal husbandry, through grants from the European Union, refers to the support for investment in livestock farms (establishment and modernization).

Talking about raising pigs in particular, the programs meant to support this occupation have the following objectives:

- improving swine herds and improving the quality of pork carcass;
- fostering competitive and efficient organizing farms in rural areas;
- improving the dimensional structure of livestock holdings;
- increasing the incomes of pig breeders;
- shift from production for self-consumption to commercial production.

Regarding the investment programs, from the existing measures in the RDNP 2007-2013, the new program includes only those which support investment in farms, that offer extra value, jobs and the ones

assuring the developement and modernization of the Romanian village. The amount approved by the European Union for RDNP 2014-2020 is 8.1 billion euros, plus the co-financing of Romania.

The support consists either in allocating a fixed amount, paid to the beneficiaries, according to the under-funding measure for which they applied, either as a percentage of 90-100 % in the total eligible expenses, representing a combined help (funds provided by the EU and the Romanian government).

The program for the development of livestock holdings - 2014-2020 includes the following sub-measures:

- setting up young farmers - it finances people under 40 who are setting up for the first time as head of the holding;
- the development of small farms - provides funding for investments in agricultural holdings whose economic size is between 8.000 and 14.999 EUR;
- investment in physical assets;
- investments in processing/marketing of agricultural products.

c) Financing provided by the Romanian Government

As a member state, Romania has transposed EU legislation on the welfare and protection of animals, including farm animals.

Support shall be granted only for voluntary commitments taken by the farmers, that go beyond the minimum requirements for animal welfare. Within the framework of the concluded commitments, the beneficiaries must comply with the "eco-conditionality" standards applicable to the agricultural land, belonging to the farm and agricultural activities carried out at the farm.

The commitments refer to one or a combination of sub-packages available for the animal welfare payments. For raising swine, payments are granted for fat pigs, gilts and sows. The sub-packages refer to:

- increasing by at least 10% the available space allocated to each animal;
- ensuring at least 11 hours/day of artificial light, with a value of illumination of 50 lux;
- improving the welfare of pigs during transport;
- correcting the level of nitrites and nitrates in the water;
- reducing emissions by 30% compared to the minimum limits required to maintain optimum microclimate parameters;
- improving the rest areas.

Applying the 6 additional welfare measures (one or a combination of them) will cause a reduction in the number of animals, reported at the holding area or means of transport, which directly affects the integrated indicators of pollution (air, water, soil). It also makes a better management of feed, water, manure, by creating the best protection parameters for soil and waters of Romania.

The State institutions grant subsidies, in accordance with EUROP system for carcass classification, where E is the class with the highest percentage of meat in the carcass, and P the class with the lowest percentage. Thus, farmers receive the highest subsidy for carcass class E, followed by the class U; the rest do not fall in any subsidy.

4. Cost of production in swine breeding farms: acquisition-fattening-slaughter

Raising pigs will remain an activity, as old as profitable, for small and large units, currently influenced by the international competition in this area.

This is due to the advantages of the biological and economic peculiarities of the species, compared to others (Cuc, Rosu, Potecea, 2006):

- pigs are less demanding in terms of feed and climate, and have greater adaptability to various growth and exploitation technologies;
- pigs have the best feed conversion into meat;
- pigs are considered profitability factors for other sectors, due to the conversion into meat of certain waste or byproducts in agriculture (sharps, bran etc.), food industry (whey etc.), restaurants, cafeteria and so on;
- pigs are early animals, quickly reaching physiological and economic maturity, which makes the expenses to be rapidly recovered;
- pigs have a high rate of weight gain;
- the fecundity of sows is very good and their use index is high;
- the swine is the most prolific farm animals species;
- pigs can be slaughtered at any age;
- slaughter yield is very good (75-85 %), meat percentage reaching about 50-60 %.

The main objective of pig breeders is to obtain animals with a carcass containing a large amount of high quality meat, production costs as low as possible, which guarantees food safety for the consumers.

The fattening of pigs and its costs are influenced by a number of factors, such as (Zeneci, 2010): breed, age, gender, health and body strength, quality and administration of the feed, system of growth and ramming.

Breed: influences the duration for fattening, by daily weight gains, different from one breed to another; influences the quality of meat produced.

The Large White, an early breed, easily accomplishes during ramming, daily gains of 600-700 g/day, which requires a consume of 3-4 N.U. (nutrient units), meaning 2.50 to 3.50 kg feed consumption; Mangalita and Bazna are less improved, with a gain of 450-550 g/day, with a consumption of 4.5 to 4.8 N.U. for 1 kg weight gain.

Regarding the meat quality, breeds close in precocity and improvement, Landrace and Bazna, at the same weight, have different productions of meat and fat. If the first one gives, in particular meat and less fat, the second one gives meat and fat in almost equal proportions, this is due to the fact that one has been improved into meat production, and the other into a mixed production.

Practice and experience shows that cross-breeds are more vigorous than pure breeds and have a good appetite and special qualities for fattening, so they achieve higher daily wheight gains with lower feed consumption, than both pure breeds, or at least one of them.

So, a safe way for making fattening pigs effective, is to use swine of improved breeds, but especially cross-breeds, on the basis of which to stand at least one of the improved breeds.

Age of fattening pigs is influencing the feed utilization and the product quality.

Fattening young pigs (3-4 months) is more economical than fattening middle aged (6 months) or adult pigs (12-14 months or when are removed from breeding).

Gender: Castrated males perform daily weight gains larger than females, from its yielding a higher proportion of meat in carcass.

Quality and administration of the feed: the feed must have high digestibility of 80-90% (eg.: barley, maize). This is the basis in the feeding of pigs, while too easily digestible fodder (eg.: potatoes, carrots, whey) and the feed with low digestibility coefficient, under 70 % (eg.: wheat bran) are added in smaller proportion.

Also, the feed should have high biological value, rich in nutrient units and digestible protein, in a small volume of feed. The feed must have good taste, and has to contain 2-3 types of grains, meal, bran etc., unaltered, for it to be consumed with great relish by the pigs.

The system of growth and ramming varies depending on the intended purpose, meaning on the product to be obtained and the age of pigs at the beginning of fattening.

Thus, there are three systems of ramming (Zeneci, 2010):

- Early ramming for meat;
- Ramming for meat and fat (mixed);
- Late ramming - for fat.

The early ramming is the most cost effective of the three systems because, with the growth and development, pigs deposit meat as a result of special feeding, so is no need to first raise the pig and then to fatten it, saving time, labor, and housing; obtained meat has less fat; this system is the most practiced both in Romania and abroad and responds to the current requirement of the consumer.

Calculating the cost of production, in companies active in agriculture, have specific characteristics that require tracking and registration of inputs consumption.

In terms of costs of growing pigs, these features include (Bavita, Dumitru, Calu, 2008):

- mutual transfer of goods between plant growth farms and animal farms;
- obtaining main products and secondary;
- knowing the weight gain and the total weight, by monthly weighing.

The production cost is determined per kg/gain and per kg/live weight. The production expressed in kg/gain finds its value in the direct and indirect costs corresponding to the reporting period. The production expressed in kg/live weight covers the initial weight and the weight gained and it is required to add to the direct and indirect costs established one of the following (Bavita, Dumitru, calu, 2008):

- the value of the existing young and fattening pigs;
- the value of the own production inputs;
- the value of inputs from subunits of the enterprise;
- the value of entries from a lower age category;
- the value of purchasing inputs from other economic units.

The feed costs represent about 60-80% of total costs, so it requires a thorough analysis of the cost of acquisition, processing and distribution of feed. The more the breeder can achieve these processes by himself, the much more he can reduce the costs. In an intensive system, feeding is done with combined feed.

In addition to feed costs, a pig breeding farm also records other expenses:
- medicines and other pharmaceutical products;
- absorbent material;
- disinfection, disinfestation, deratization;
- heating, lighting, ventilation, water;
- workforce;
- common expenses of the farm.

5. Features relating to the *intra-Communitary* acquisition of live animals, for slaughter and marketing

Due to the fact that a company which, in addition to the breeding and slaughter of the pigs, it is also selling their meat in its own stores, and its own production is not enough to satisfy customer needs, it is necessary the purchase of fat pigs to be slaughtered and distributed to be sold.

Often, the pig breeders cannot deliver enough pigs to the slaughterhouses, because at that time the growth cycle of the animals is not ended, or they don`t have the entire quantity requested. Animal growth requires several months, which would create an imbalance between the demand for pork and the supply. This entails customer dissatisfaction, which will search the desired goods from the competitors.

Therefore, companies which owns specialised slaughterhouses get to purchase pigs from neighboring countries. The quantity of pork and live pigs purchased from abroad have decreased in 2013 compared to 2012, but the value have increased.

The recent trend is to purchase pigs from Hungary, especially that from 1 January 2014, VAT on live pigs and pork in this country fell from 27% to 5%, so the prices on this market are very attractive, especially to neighboring border counties, but not excluding the other regions of the country.

This could affect Romanian pork market because the economic agents in Hungary find profitable the sale of pigs in our country, for this type of intra-Communitary deliveries being applied the reverse charge tax regime.

Also, it is expected that this will generate illegal imports from the Hungarian market. Such situations often happens when there are large differences of VAT between neighboring countries. The good news for the agrarian economy is that from 1 January 2014, Romania can export pork to the EU countries, after ten years of intra-communitary restricted deliveries, due to the discovery of cases of swine fever. So far, exports to EU countries were made only from four counties in the west of the country, namely from Timis, Arad, Caras-Severin and Bihor, and from this year all the commercial holdings in the country, accredited for export, will be able to export pork to community space.

Regarding the arising costs of intra-Communitary acquisition of live pigs for slaughter, they are less numerous and much easier to quantify than those of production, and relates to:
- the purchase value of live fattened pigs (including transportation);
- the driver's wage;
- any costs arising from keeping pigs to be slaughtered in a few days;
- costs of slaughter.

6. The comparative analysis of costs in the two situations

Starting from the objective of this paper, to determine and compare the profitability in the two situations described above, the study of costs is achieved for 100 kilo pig in living, and is structured in the following manner:

Case I. Swine production

SWINE PRODUCTION COST CALCULATION

Calculated for 100 kilo living pig

Breed: the Large White
Growth potential: high
Early ramming system

Euro exchange: 4,45 lei

Indicators	Value (lei)	Explanations
A. PRODUCTION VALUE	**750,00**	100 kg * 7,5 lei/kg = 750 lei
B. (+) SUBSIDIES	**135,00**	A fixed annual payment per livestock unit (UVM) (101,10 Euro/ha) – conversion coefficient in UVM: 0,3

Indicators	Value (lei)	Explanations
C. (=) RAW PRODUCT	**885,00**	
D. (-) TOTAL COSTS (I+II+III)	**596,00**	
I. INPUT VALUE	**225,00**	Represent the acquisition cost of the piglet (including transport); weight of the piglet: 30kg; age 3,5 months.
II. DIRECT COSTS	**299,10**	
- feed	259,70	Represent 70 % of the production costs.
- veterinary costs	18,65	In normal conditions, represents about 5% of the production costs.
- absorbent material for bedding	0,70	It is a condition in order for the entity to receive the subsidies; Usually, the absobent material is calcium carbonate.
- disinfection, disinfestation, deratization	2,50	
- electric energy, ventilation, heating, water	9,75	It's the equivalent of the electricity and water consumed to ensure comfort and safety of the animals, according to EU requirements.
- directly productiv staff costs	7,80	This expense includes the wages, as well as the contributions, paid for the animal caretakers.
III. INDIRECT COSTS	**71,90**	
- indirectly productiv staff costs	3,55	Includes the wages and contributions paid for the head of the farm, engineers, technicians, etc.
- amortization, taxes and dues, bank interests	37,00	Represent about 10 % of the production costs.
- costs of breeding animals	7,40	It refers to the distribution of part of the costs with reproduction animals (breeding sows and boars) on the production cost; it represents about 2% of the cost.
- fuel	12,85	
- other common expenses of the farm	11,10	These expenses are related to the maintenance, repairs of the assets in production, and to other outsourced services.
E. (=) TAXABLE PROFIT	**289,00**	
(-) Profit tax	47,00	
F. (=) Net profit + subsidies	**242,00**	

PRODUCTION COST CALCULATED IN WEIGHT GAIN (KG/GAIN)	lei/kg	5,30
PRODUCITON COST CALCULATED IN LIVE WEIGHT (KG/LIVE WEIGHT)	lei/kg	5,96
MARKET PRICE	lei/kg	7,50

The feed consumption is separated in two phases of growth, thus:

PHASE I (2,5 months)	PHASE II (1,5 months)
Total weight gain x 40 kg Average daily weight gain x 550 g 1 kg live weight gain x 2,5 kg feed Total feed consumption Phase I x 90 kg	Total weight gain x 30 kg Average daily weight gain x 700 g 1 kg live weight gain x 4 kg feed Total feed consumption Phase II x 120 kg
Total feed consumption x210 kg	
Average feed consumption per 1 kg of live weight gain x210 kg feed/70 kg total gain x 3 kg feed/kg weight gain	
The 3 kg of feed consumed for getting 1 kg of live weight gain are composed of:	

Feed tipe	Quantity (kg)	Unit cost (lei/kg)	Value (lei)
Corn	0,60	0,60	0,36
Barley	0,40	0,83	0,33
Combined feed RO03	0,25	1,13	0,28
Combined feed RO04	1,30	0,97	1,26
Premix Grower	0,20	4,13	0,83
Milk powder	0,05	4,37	0,22
Soybean Meal	0,20	2,15	0,43
TOTAL	**3,00**	**X**	**3,71**
Total expenses generated by the feed consumption: 70 kg * 3,71 lei = 259,70 lei			

Case II. The intra-Community acquisition of pigs

Country of origin: Hungary
Pig weight: 100 kg
The amount of total fat pig transported: 19.634 kg

Euro exchange: 4,45 lei

Indicators	Value (lei)	Explanations
A. SALE PRICE	**750,00**	
B. (-) TOTAL COSTS	**580,50**	
Purchase price	570,00	1,28 €/kg * 4,45 lei/€ = 5,7 lei/kg
Transport costs (fuel + vigneta)	6,95	- round-trip distance is about 730 km, with a consumption of 38 %; the price of diesel is 4,73 lei/l 38 % * 730 km * 4,73 lei/l = 1312,10 lei (1312,10 lei/ 19634 kg)*100 = 6,70 lei/kg - vigneta for one day in Hungary is: 49 lei (49 lei/ 19634 kg)*100 kg = 0,25 lei/kg
Wage costs	1,55	- includes the driver's salary and contributions for the two days needed for transport, and the daily allowance. Salary: 850 lei/20 working days = 42,50 lei/day * 2 day's = 85 lei Contributions: 85 lei * 27,952 % = 23,75 lei Daily allowance (for one day in Romania and one day in Hungary) x 200 lei Total wage costs = 308,75 lei (308,75 lei/ 19634 kg)*100 kg = 1,55 lei
Other costs	2,00	
C. (=) TAXABLE PROFIT	**169,50**	
(-) Profit tax	27,00	
D. (=) NET PROFIT	**142,50**	

If we add to the production costs calculated, the costs of slaughtering the pigs and the ones with selling the meat, we get the full cost of production. These costs do not make the difference in determining the profitability in the two situations exposed, they are common for both swine production and for the intracommunity acquisition of live pig.

As one can see, the production cost of swine and the expenses incurred for the intra-Community acquisition are very close in value, the selling price is the same, but the profit is higher in the first case, having a crucial role the subsidies received, aid granted for creating extra value in the economy.

7. Conclusions

The animal husbandry includes broader and worth exploring accounting issues.

Even though, in terms of cost elements, Romanian farmers are able to become competitive, especially in farms where investment in technology and genetics are a priority, the great handicap will still be the slow access to all of the financing sources and the capital cost or the "price" of borrowed money from banks.

Another thing is certain: livestock farms will not be competitive as long as there will be no capability to maintain control on the production cost. The cost is influenced by many factors, whose importance should not be minimized and it is required to operate an efficient management system, where the managers are well trained and kept informed of the market movement.

Companies should focus on the animal husbandry in order to satisfy the internal consumption of pork, given that over 50% of the meat consumed in Romania is pork; in this way they create extra value in the economy, and foreign purchases of pork will be discouraged.

Pig farming are a profitable business, with an internal market twice bigger than the domestic production and an export market with huge potential, especially after the European Commission's decision to release pork exports from Romania to the EU.

In the present context, Romania imports 60% of pork required. There is so much room for developing investments in pigs growth, but there must be determination and stringency.

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