

## 2. The veal and young cattle market chain

This chapter describes the main characteristics and trends of the veal and young cattle market chain. First, general data in all the EU-27 Member States are presented. Then a more detailed description is provided for the Member States under examination in this study.

The veal and young cattle meat markets are described through a quantitative data on livestock herd, meat production, trade, prices, and through a qualitative evidence about the dynamics and specifications of this market sector.

The main statistical data have been collected from official sources (DG AGRI, Eurostat, national data). PVE has also been a helpful source for otherwise unavailable data.

### 2.1. General data

In 2012, EU bovine livestock herd numbered 86 million animals. Half of the animals were kept in four Member States: France (23%), Germany (15%), Italy (7%) and Spain (7%). Cow livestock represents 41% of the bovine population and 67% of them are dairy cows.

The meat produced was 7.5 million tonnes: 20% from France, 15% from Germany, 13% from Italy and 8% from Spain. Among the eight Member States targeted in this evaluation, Belgium and Portugal are the smallest producers of bovine meat with 3% and 1% respectively of European production.

European consumers ate 15.5 kg of bovine meat per person in 2012; with consumption ranging from 24.3 kg per person in France to 2.1 kg per person in Poland.

**Table 5 - Bovine general overview in the EU-27 (2012)**

	Bovine livestock (1,000 heads)	Cows livestock (1,000 heads)	Dairy cows	Other cows	Meat production (1,000 t)	Bovine meat consumption (kg/hab.)
FR	19,052	7,757	3,644	4,113	1,477	24.3
DE	12,507	4,863	4,191	672	1,140	13.2
UK	9,726	3,432	1,802	1,630	883	17.7
IE	6,253	2,188	1,060	1,128	495	18.1
IT	6,092	2,391	2,009	382	981	22.5
ES	5,813	2,608	827	1,780	597	12.4
PL	5,520	2,469	2,346	123	371	2.1
NL	3,985	1,643	1,541	102	373	18.0
BE	2,438	945	504	441	262	18.6
RO	2,020	1,215	1,195	20	29	na
AT	1,956	772	523	248	221	na
DK	1,607	678	579	99	125	26.8
PT	1,498	678	237	442	93	15.5
SE	1,444	524	345	178	132	25.2
CZ	1,321	543	367	176	66	8.4
FI	901	336	280	56	80	18.7
HU	753	336	253	83	25	2.8
LT	729	352	331	21	40	na
BG	531	321	292	29	5	na
SK	471	203	150	53	10	na
SI	460	168	111	57	33	20.5
LV	393	190	165	26	16	na
EE	249	113	96	17	7	na
LU	188	74	45	29	8	na
CY	57	24	24	0	5	na
MT	16	6	6,3	0	1	na
EL	Na	na	na	na	56	12.4
<b>EU-27</b>	<b>85,980</b>	<b>34,827</b>	<b>22,923</b>	<b>11,904</b>	<b>7,534</b>	<b>15.5</b>

Source: DG AGRI– Unit C.3 Animal products / Eurostat / GEB- Institut de l'Elevage

The veal market is a segment of the bovine meat market accounting for around 8% of the total beef demand in the EU.

The veal market in the EU is estimated at over 600,000 tonnes cwe<sup>6</sup> per year and concentrated in a few Member States. France, Italy and Germany account for over 80% of the volume consumed. On the other hand, France, the Netherlands and Italy account for 80% of production and slaughter. Thus, the Netherlands is exporting massively to Italy, France and Germany.

**Table 6 - Veal and young cattle general overview in the EU-27 (2012)**

	Bov. < 1 y. (1,000 heads)	for slaughter	Bov. <1y. / bovine livestock	Veal prod. (1,000 t cwe) (2)	Veal carcass weight (kg/cwe)	Young cattle prod. (1,000 t)	Young cattle carcass weight (kg/cwe)	Veal consumption (t cwe) (1)
FR	5,541	635	29%	187	136	30	266	227
DE	3,868	230	31%	47	142	12	182	104
UK	2,891	28	30%	3	49	0	48	na
ES	2,122	1,436	37%	20	171	229	237	26
IE	1,987	6	32%	0	91	1	211	na
NL	1,623	940	41%	178	144	37	193	25
IT	1,598	443	26%	124	163	3	30	198
PL	1,388	121	25%	8	50	0	0	na
BE	733	166	30%	50	163	3	204	14
AT	629	165	32%	7	103	0	na	na
DK	545	265	34%	0	0	29	208	na
SE	476	21	33%	5	156	10	280	na
RO	453	158	22%	1	110	6	181	na
PT	451	120	30%	10	135	14	183	12
CZ	395	9	30%	0	65	0	156	na
FI	301	4	33%	0	60	0	146	na
HU	211	66	28%	0	92	0	153	na
LT	193	56	26%	0	41	0	118	na
SI	147	13	32%	2	96	0	163	na
SK	136	21	29%	0	52	0	0	na
BG	121	49	23%	0	129	1	162	na
LV	108	53	28%	0	52	1	133	na
EE	68	3	27%	0	44	0	162	na
LU	52	5	28%	0	154	0	185	na
CY	21	9	36%	0	87	1	217	na
MT	5	0	31%	0	na	0	na	na
EL	na	74	na	2	108	7	188	na
<b>EU 27</b>	<b>26,061</b>	<b>5 183</b>	<b>30%</b>	<b>646</b>	<b>140</b>	<b>384</b>	<b>212</b>	<b>646</b>

Elaboration AND international - Sources: DG AGRI- Unit C3 (consumption data) / Eurostat / GEB- Institut de l'Elevage/ PVE/ BVK

(1) Estimates based on slaughtering + Dutch and Belgian shipments to the considered Member State.

(2) Slaughtering

<sup>6</sup> Carcasse Weight Equivalent

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According to Eurostat figures veal calves slaughtering in the EU reached 646,000 tonnes cwe in 2012. This volume is distributed as follows:

- France : 29%
- The Netherlands : 28%
- Italy : 19%
- Belgium : 8%
- Germany : 7%
- Spain : 3%
- Portugal : 2%
- Poland : 1%

Veal consumption is mainly shared between France (37%), Italy (29%) and Germany (17%).

Since the implementation of the veal and young cattle meat new marketing standards, young cattle meat is also tracked by Eurostat. In 2012, 384,000 tonnes cwe were slaughtered in the EU-27. This volume is shared as follows:

- Spain : 60%
- The Netherlands : 10%
- France : 8%
- Portugal : 4%
- Germany : 3%

Spain appears to be a special case, first in terms of volume, and second because 'ternera' (young cattle) corresponds to a specific pattern of consumption as well.

## 2.2. Slaughtering data

The table below presents veal and young cattle meat production during the evaluation period. Following the implementation of the new marketing standards, a new segmentation appears in the statistics: since 2009, veal and young cattle meat are separated.

**Table 7 - Veal and young cattle meat production (slaughtering)**

Tonnes cwe (x1,000)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>BELGIUM</b>										
Veal and young cattle meat	50	49	53	54	53	51	53	56	53	53
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	53	49	51	50
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	0	6	2	3
<b>GERMANY</b>										
Veal and young cattle meat	40	46	45	43	40	40	46	48	54	60
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	41	43	45	48
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	5	5	9	12
<b>SPAIN</b>										
Veal and young cattle meat	39	33	34	32	29	29	141	200	245	249
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	19	20	18	20
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	122	180	226	229
<b>FRANCE</b>										
Veal and young cattle meat	243	236	244	239	219	232	221	224	226	217
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	196	197	194	187
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	25	27	32	30
<b>ITALY</b>										
Veal and young cattle meat	147	141	142	142	129	127	136	138	129	127
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	122	125	117	124
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	15	13	12	3
<b>NETHERLANDS</b>										
Veal and young cattle meat	186	198	212	205	212	223	223	222	219	215
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	165	176	181	178
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	58	46	38	37
<b>POLAND</b>										
Veal and young cattle meat	27	9	12	7	14	21	15	11	10	8
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	15	11	9	8
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	1	0	0	0
<b>PORTUGAL</b>										
Veal and young cattle meat	23	23	26	20	13	21	23	20	23	24
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	10	9	10	10
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	13	11	13	14
<b>OTHERS</b>										
Veal and young cattle meat		216	198	174	162	59	74	<i>na</i>	<i>na</i>	78
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	20	<i>na</i>	<i>na</i>	21
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	54	55	61	57
<b>UE-27</b>										
Veal and young cattle meat		950	965	917	870	803	932	<i>na</i>	<i>na</i>	1 031
<i>Veal</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	640	<i>na</i>	<i>na</i>	646
<i>Young cattle meat</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	292	344	393	384

Source: Eurostat Meat production and foreign trade annual data [apro\_mt\_pann] - (NB these data do not include slaughtering other than in slaughterhouses) - na: not available

The main veal and young cattle meat producers are Spain, France and the Netherlands. These three Member States produce 66% of European production. France and the Netherlands are the main producers of veal: 89% of the meat from animals less than twelve months in France and 74% in the Netherlands are sold as veal.

Spain produces mainly young cattle meat (87% of the total veal and young cattle). It is to be noted that the strong increase observed between 2008 and 2009 is due to a modification in the statistical categories: before 2009, only carcasses under 170 kg were included in the statistical series. After the implementation of new marketing standards, the category 'veal and young cattle' corresponds to the animals aged less than twelve months old, with a distinction between veal (animals aged less than eight months old) and young cattle (animals between eight and twelve months old).

A limited number of veal-calves are slaughtered outside the official abattoirs. According to Eurostat ([apro\_mt\_sloth] serie) 283 000 veal calves were slaughtered in the EU-28 in 2012, out of which 100 000 head in Romania, Bulgaria and Croatia. Poland ranks first among the other Member States (96 000 heads). France ranks second (35 000 heads), Latvia ranks third (18 000 heads) and Sweden fourth (8 000 heads). No 'unofficial' slaughtering are recorded in the Netherlands, in Italy in Belgium, in Spain and in Portugal. In Germany 3 000 heads are recorded.

Eurostat data also show the same phenomena's for young cattle. 180 000 heads were slaughtered in the EU in 2012, out of which 142 143 in Romania and 26 200 in Bulgaria.

These data are available from 2008 to 2012 and do not show significant changes over time.

### 2.3. EU consumption

As the data on trade are not available from Eurostat and Comext (except for 2012), we cannot, at this stage, estimate the volume of veal consumed in each MS targeted in this study. Most of the time, the veal consumption is included in the bovine meat consumption.

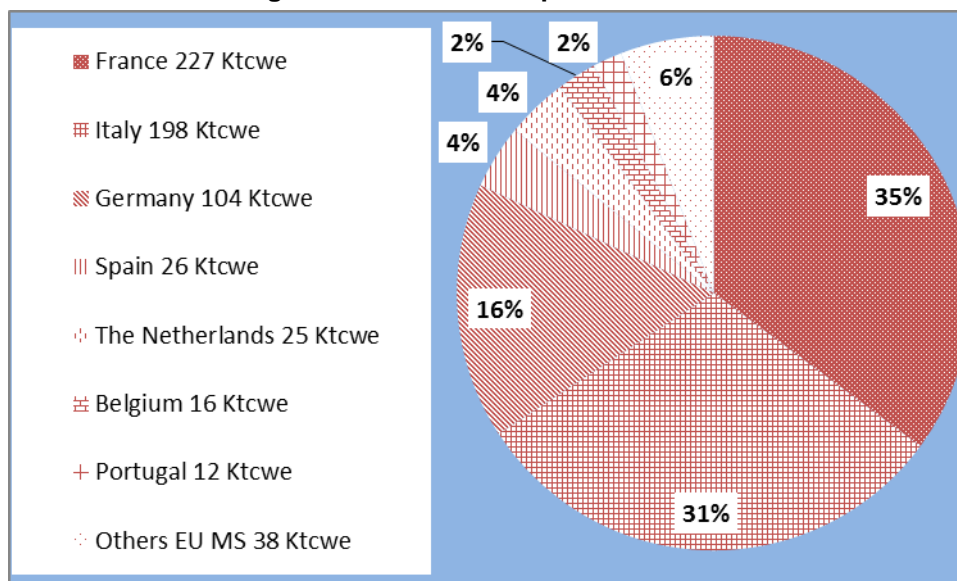
**Table 8 - Beef and veal consumption in EU per MS**

		BE	DE	ES	FR	IT	NL	PL	PT
<b>1000 t cwe</b>	Average 2003/2007	209	1 019	656	1 666	1 424	312	nd	192
	Average 2008/2012	195	1 046	603	1 631	1 339	312	nd	179
<b>Kg per capita</b>	Average 2008/2012	18.8	12.8	13.0	25.3	23.4	18.8	2.9	16.9

Source: DG AGRI – Unit C3 Animal Products

Veal consumption can be estimated by addition of national slaughtering and Dutch and Belgian sales to the purchasing countries. This calculation shows (chart below) that France, Italy and Germany account for 82% of all EU consumption.

Figure 3 – Veal consumption estimates



Source: AND-International from Eurostat, PVE and BKV

Spain, Portugal and Belgium import less than 5,000 tonnes per year from the Netherlands, thus their national consumption is close to their production.

The main domestic markets have evolved differently. The French and Italian markets, characterised by a traditional approach (white veal fed with milk) are declining (with -19% and -17% respectively between 2003 and 2009). The German market is growing, fuelled by domestic production and imports from Belgium and the Netherlands.

Few other Member States have a noticeable consumption and production: Poland, Austria, and Sweden markets size must be between five and ten thousand tonnes cwe; the United Kingdom, Romania, Greece and Slovenia markets are under five thousand tonnes cwe.

#### 2.4. Price analyses

DG AGRI collects prices of calves from eight days to four weeks (newborn calves) and the prices of veal carcasses at the slaughtering stage.

Firstly, we note that price levels are very different from one MS to another.

According to PVE annual reports, Dutch integrators buy newborn calves in many EU countries (Germany, Poland, Lithuania, Belgium, and Ireland). Such a trade leads to moderate prices.

As Spain has a large beef fattening industry and a limited cow herd, it needs to import young calves including a large proportion of cross-herd calves (not only from the milk herd). This proportion largely explains the high prices. These are destined to become 'ternera' or young bulls.

In France and Italy average prices reflect different products: milk calves, crossbred calves, and cattle breed calves.

We will comment on the general evolution of newborn calf prices in chapter 3 (external factors).

**Table 9 - Prices of calves from eight days to four weeks (EUR/100kg)**

	DE	ES	FR	IT	NL	UE27
2003	242.4	267.3	222.1	312.8	160.8	<b>224.0</b>
2004	215.7	256.1	219.8	302.8	163.3	<b>213.2</b>
2005	243.3	246.9	227.9	188.0	180.5	<b>200.6</b>
2006	272.5	275.1	244.0	203.9	189.7	<b>217.0</b>
2007	223.1	233.3	179.7	164.5	133.2	<b>174.4</b>
2008	205.5	200.4	152.5	163.5	124.8	<b>161.4</b>
2009	234.2	223.1	172.7	184.9	152.2	<b>182.0</b>
2010	321.8	209.2	163.2	182.0	136.3	<b>199.0</b>
2011	354.0	206.3	161.9	170.8	143.3	<b>212.8</b>
2012	392.9	225.0	173.8	178.8	140.4	<b>232.8</b>

Source: DG AGRI Unit C3 Animal Products – No data available for Belgium Poland and Portugal

Prices at the slaughterhouse gate have been collected by DG AGRI in Belgium, France, Italy and the Netherlands<sup>7</sup>. German prices are collected by AMI.

Table 10 data shows that the price is always lower in the Netherlands (except in 2012, when Italy surpassed it) and always higher in France. This gap reflects two different approaches to the product: the Dutch production is constituted by rosé veal (grain fed) and white veal (milk fed) whereas the French output is only white veal.

**Table 10 - Price of the veal (EUR/100kg) – Carcasses at the slaughtering stage**

	BE	DE	FR	IT	NL	UE27
2003	512.5	432	539.7	459.7	441.9	<b>491.4</b>
2004	523.2	436	569.6	475.7	460.8	<b>515.3</b>
2005	507.1	430	515.5	439.7	419.8	<b>470.1</b>
2006	579.2	478	579.5	487.2	475.9	<b>528.6</b>
2007	608.6	492	605.3	522.9	497.8	<b>555.7</b>
2008	608.2	448	573.8	435.1	413.3	<b>497.7</b>
2009	604.6	439	557.1	440.4	413.4	<b>493.2</b>
2010	606.8	453	575.3	445.4	436.5	<b>507.5</b>
2011	632.5	488	608.5	492.5	488.2	<b>548.6</b>
2012	631.7	489	622.6	467.9	479.5	<b>546.1</b>

Source: DG AGRI – Unit C3 Animal Products except Germany (Source AMI)

Prices are consistently higher in France and Belgium. Prices in the Netherlands and Germany are quite similar. The Italian price is a slightly higher than the Dutch one. In 2012, for the first time in the period, the Italian price was under the Dutch one.

Only few data are available concerning retail prices:

- In France official series are still available through INSEE dataset; Kantar / FranceAgriMer consumer panel provides also retail prices by channel.
- In Belgium, GFK consumer panel provides retail prices.

Table below shows that, from 2002 to 2012, retail prices have risen sharply.

<sup>7</sup> COMMISSION REGULATION (EC) n°2273/2002 of 19 December 2002 laying down detailed rules for the application of Council Regulation (EC) n°1254/1999 as regards the survey of prices of certain bovine animals on representative Community markets (OJ L 347, 20.12.2002, p. 15).

Table 11 – Available retail prices

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
France (premium sliced veal)	18.25	18,93	19,36	20,29	20,88	22,05	22,17	22,32	22,69	23,13	23,7
Belgium (All cuts)	10.6	11,2	11,4	12,1	12,2	12,9	12,8	13,3	13,3	13,8	14,4
Index France	100	104	106	111	114	121	121	122	124	127	130
Index Belgium	100	106	108	114	115	122	121	125	125	130	136

Source: INSEE and GFK Belgium

## 2.5. Intra-EU trade data

Few data are available concerning calf and veal meat trade. Eurostat give information about 'LIVE CATTLE OF A WEIGHT <= 80 KG (EXCL. PURE-BRED FOR BREEDING)<sup>8</sup>'. This category reflects trade of newborn calves.

Customs categories cannot reflect internal exchanges of calves to be slaughtered as live weight ranges do not correspond with average carcass weight categories.

There is no official data for the veal exchange. The Dutch and the Belgian professional bodies collect data from companies and publish yearly figures.

We present here data on newborn calves and about the Dutch veal exports.

According to Eurostat, 1.2 million of young calves were exchanged within the EU28 MS in 2012.

Table 12 - Major flows of newborn (less than 80 kg) calves in 2012 – in heads –

IMPORTING MEMBER STATES	Number of Heads	%	Cumulative %
<b>EU28</b>	1,238,052	100.0%	
<b>The Netherlands</b>	736,738	59.5%	59.5%
<b>Spain</b>	228,348	18.4%	78.0%
<b>Italy</b>	120,255	9.7%	87.7%
<b>France</b>	89,292	7.2%	94.9%
<b>Belgium</b>	23,206	1.9%	96.8%
<b>Germany</b>	19,892	1.6%	98.4%

Source: Eurostat – (Comext -DS-045409-EU Trade Since 1988 by HS2, 4, 6 and CN8) – Code 0102 2910

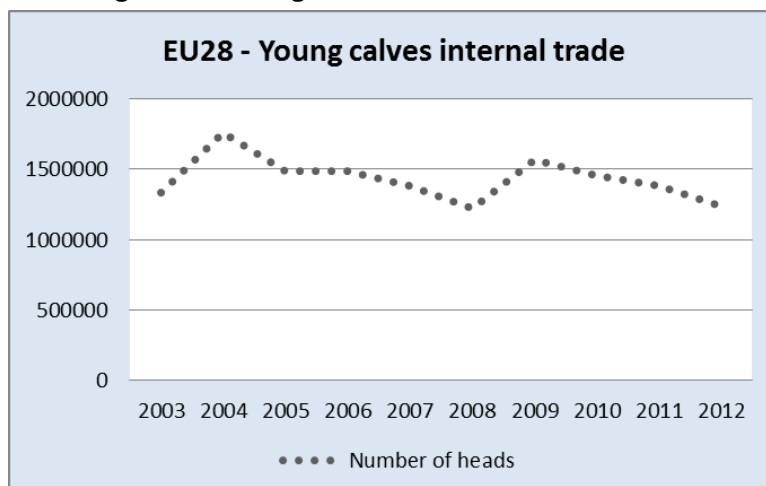
This table shows that the Netherlands is the main destination for young calves. The second destination is Spain (where calves are to be bred as 'terneras' or 'añosos'). Italian breeders have to import a significant part of the calves they need, both for beef and veal production.

During the study period internal trade has fluctuated with the highest point in 2004 which corresponds to the entry of ten new Member States in the Union. Flows have evolved along the national conjuncture of dairy and beef meat industries.

<sup>8</sup> Custom codes used for newborn calves are: 01029005 until 2011 and 01022910 for the year 2012.



Figure 4 – Young calves internal trade evolution



Source: AND-I from Comext – Codes: 01029005 / 0102 2910

According to PVE annual reports, major export flow in Europe is from Germany to the Netherlands, which is a proximity trade, as Lower Saxony is close to the Netherlands.

Table 13 - Dutch veal exports

1,000 t cwe	Italy	Germany	France	Spain	Portugal	Belgium & Lux	Other countries
2003	65.9	42.0	36.1	6.4	7.2	4.1	10.3
2004	74.7	40.3	38.6	6.8	6.6	4.6	12.3
2005	81.3	39.1	37.2	6.0	5.7	4.0	15.7
2006	76.6	38.4	35.3	5.5	5.6	3.8	16.7
2007	77.4	43.1	38.4	7.3	10.0	3.3	17.3
2008	76.8	45.4	38.0	6.6	7.2	3.6	23.3
2009	85.3	46.6	43.7	4.8	2.5	3.9	20.3
2010	77.8	54.1	42.8	4.2	2.5	3.7	22.9
2011	74.0	56.2	40.2	4.7	2.3	3.5	24.2
2012	71.2	58.6	34.2	4.8	2.4	3.2	25.6
<b>Average 03-07</b>	75.2	40.6	37.1	6.4	7.0	4.0	14.5
<b>Average 08-12</b>	77.0	52.2	39.8	5.0	3.4	3.6	23.3
<b>Evolution</b>	2%	29%	7%	-22%	-52%	-10%	61%

Source: PVE annual reports

Concerning the trade of veal, the table above shows that Italy is still the main destination for the Dutch veal, but this flow is slowly declining. The same conclusion can be made for France. Decrease is more important for the secondary export destinations (such as Spain, Portugal and Belgium). Growing markets are Germany and others destinations, including third countries.

## **2.6. General scheme of the veal production in the eight case study Member States**

The scheme presented below represents the three main flows of calves / veal between the eight Member States covered by the study:

- The newborn veal exchanges are based on Comext imports data: 'cattle of a weight <= 80kg excluding pure bred for breeding' (customs code: 01022910);
- The veal exchanges are based on Dutch (PVE) data and estimates for the Belgian shipment flows.
- The Netherlands is at the heart of exchange flows; it is the main newborn calves' importer and the main veal exporter.
- They import significant volumes of newborn calves from Belgium (68 000 heads) and they ship significant volume to France (58 000 heads) and a small volume to Belgium (10 000 heads). These flows are consequences of the optimization of their integration business: the main integrators working in France are Dutch and the geographical proximity of Northern Belgium and the Netherlands facilitates those exchanges.
- Germany and Poland are the key providers of newborn calves to the Dutch industry; Dutch sources can change depending on opportunities; the share of the German market was 44% in 2005 and 50% in 2012; the Polish market share fell from 24% in 2005 to 13 % in 2012. This change reflected the choices made by local breeders. For example, the drop of the Polish share is a consequence of the increase in fattening activity in Poland.
- Veal is exported to Italy (35% of all the veal exported by the Netherlands in 2012), Germany (29%) and France (17%). Dutch companies aim at broadening their market to compensate the decline of traditional consumers and look for selling meat to third countries.

Belgium's profile is very close to the Dutch one, with a production far bigger than its internal market. Belgium exports veal to Italy, France and Germany. Nevertheless, Belgium is not an important purchaser of newborn calves.

France and Italy import veal and newborn calves. France and Italy also ship light calves to Spain (these animals are to become 'ternera' and not veal-calves). Germany also imports veal and is the first supplier of newborn calves to the Dutch industry.

Poland is a particular case. It ships newborn calves to the Netherlands, Italy and Spain. However, the Polish consumers do not buy a lot of beef and veal.

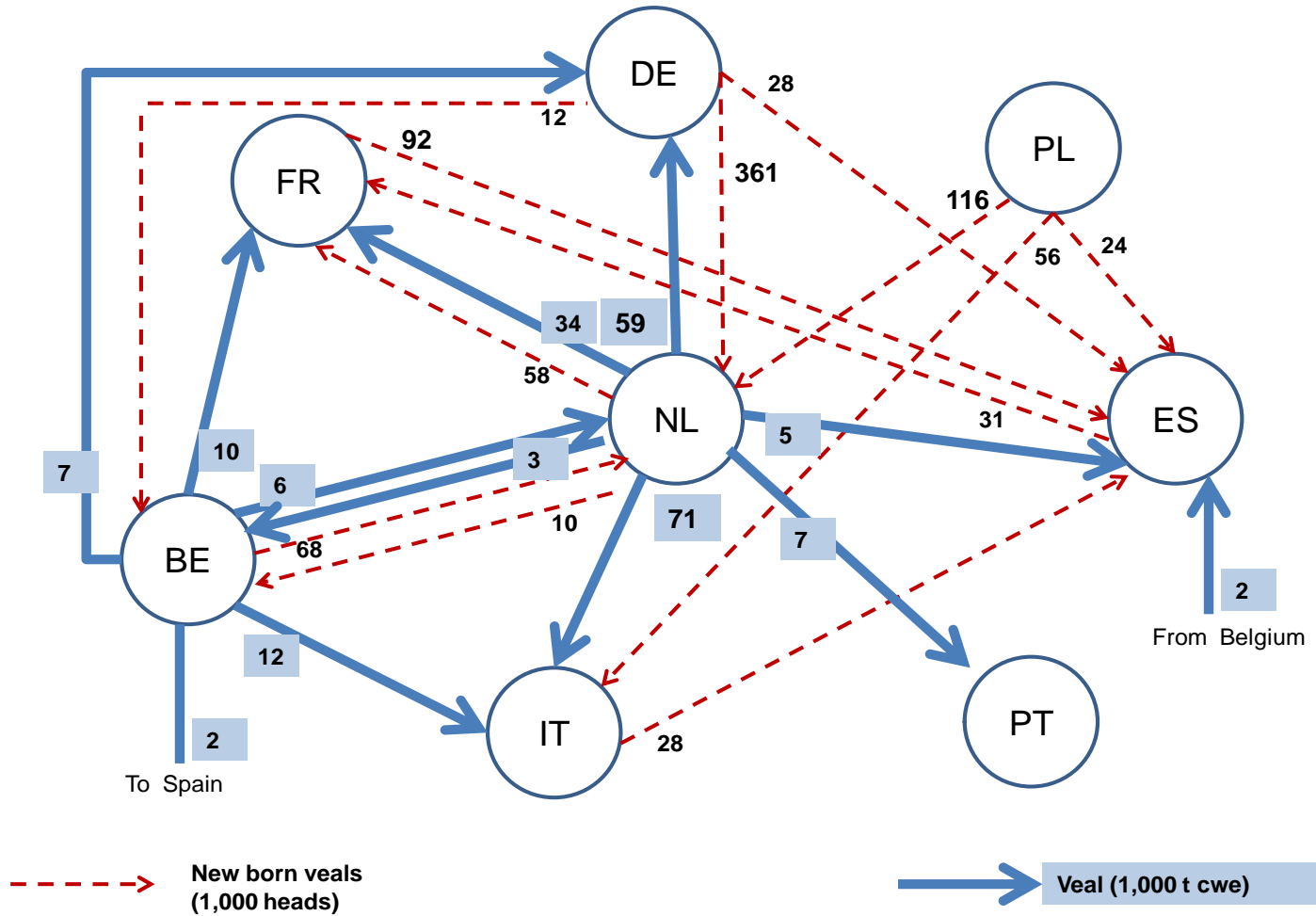
Portugal plays a minor role in this system as it only imports limited veal quantities from the Netherlands.

Spain is a major importer of newborn calves (as well as weanlings) destined to 'ternera' and 'añojo' fatteners. Spain also imports a little tonnage of veal.

This trade description should show the flows of animals ready to be slaughtered, but the customs code is too imprecise. We indicate here the major flows we identified through the field survey:

- Italian and German slaughterhouses buy some veal-calves from the Netherlands and Belgium;
- Spanish companies buy some veal-calves ready to slaughter in Portugal.

Figure 5 – Flows of veal calves and veal between the 8 Member States of the study (2012)



Source: Comext, PVE (the Netherlands), Estimates for veal flows from Belgium

## 2.7. National overviews

### 2.7.1. The Netherlands

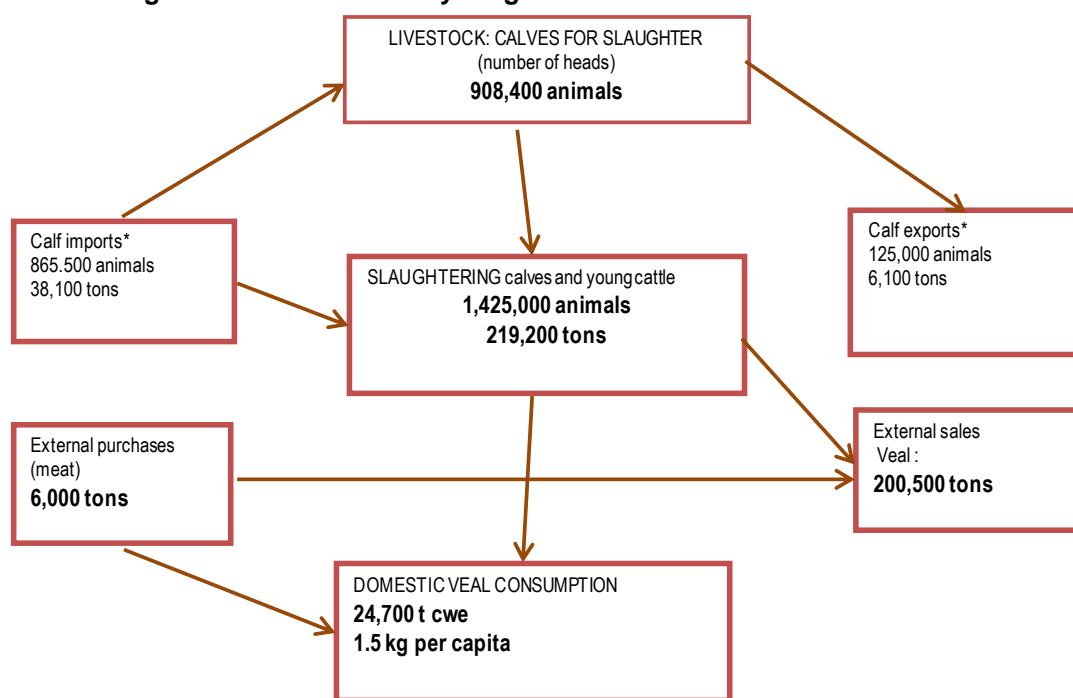
#### -2711-National market sheet

The Netherlands leads the veal industry at European level and worldwide.

It is characterised by:

- A production segmented in three categories: white veal (around 70% of the total number of slaughtered heads), rosé veal (under eight months, 15%) and *rosé kalfsvlees* (over eight months, 15%).
- A production of veal and young cattle meat of 219,200 tonnes in 2012; 90% of the production is targeted to external markets (mainly western EU and occasionally to third countries).
- A stable and relatively small internal market.
- A highly concentrated and vertically integrated industry. Three companies control more than 90% of integration and/or slaughtering and have subsidiaries in France, Belgium and Portugal.

**Figure 6 – Calf / veal and young cattle market chain in the Netherlands in 2012**



Source: PVE, 2013 - (\*): newborn calves

#### -2712-Production system and product characteristics

Two streams of calves enter the veal market: calves (mainly bulls) from dairy farms and calves from specific meat calf farms.

The veal sector is divided into two production and marketing systems: white veal and rosé veal. About 70% of Dutch veal farms are producing white veal calves.

In the Netherlands, integrators and slaughterhouses are combined. Concentration of the industry has accelerated within the evaluation period (Van Drie, the leading Dutch company, took over Alpura in 2010).

The Van Drie Group has the largest market share in the Netherlands with one million heads slaughtered in 2013, representing a market share of 20% in the European market and 73% in the Dutch market. Van Drie is the number one company in both the Netherlands and the EU.

### **-2713-Internal market information (price, consumption)**

Veal consumption in the Netherlands is relatively low and has been floating between 1.3 and 1.7 kg per capita per year for the past 10 years.<sup>9,10</sup> In 2003 average veal consumption in the Netherlands was 1.3 kg per capita, 1.7 kg per capita in 2008 and 1.5 kg in 2012<sup>11,12</sup>.

In 2012, veal consumption was slightly lower than in 2011 because of higher meat prices reflecting higher feed costs and lower meat purchases due to the general economic crisis.

In the Netherlands, no specific consumption data on young cattle are available. The consumption figures of the veal and cattle meat are not divided into specific subcategories.

No statistical data on retail prices are available in the Netherlands.

### **-2714-Trade flows**

In the Netherlands, imports of calves and exports of meat play an important role.

According to PVE (Productshappen Vee, Vlees en Eieren / Dutch meat and eggs marketing board), the Dutch industry purchased a large quantity of newborn calves, mainly from Germany (50.3%) and Poland (13.3%) in 2012. Calves are purchased at three weeks to be fattened to become calves for veal meat or young cattle meat. Dutch companies also ship newborn calves to Belgium and France, where local subsidiaries have contracts with breeders.

The Dutch industry ships 90% of veal and young cattle meat to Italy, Germany, France, Spain and other EU Member States. In 2012, 35.6% of the veal was sold to Italy, 29.3% to Germany and 17.1% to France. Nowadays, Dutch companies are working to develop third-country markets, such as Turkey and China.

### **-2715- Control system organisation**

The official control system of the veal sector in the Netherlands is carried out by the NVWA (Nederlandse Voedsel en Warenautoriteit / food safety authority). The Dutch NVWA is responsible for food safety controls, including farms, slaughter plants and retail stores.

All calves are registered at birth with the public body 'Dienst Regelingen' and are traced throughout the supply chain, including controls at the farm and at the slaughterhouse. These data are available from NVWA.<sup>13</sup>

The veal carcasses are labelled in the slaughterhouse with V or Z to conform to EU legislation. The Regulation stipulates that young cattle (< twelve months) need to be marked with regard to their age group (V: no older than eight months and Z: over eight not older than twelve months).

The Netherlands has two private certification systems which merged on 1<sup>st</sup> January 2014: SKV (Stichting Brancheorganisatie Kalvesector) for controls on growth promoters, and IKB Vleeskalveren (Integrale Keten Beheersing) for animal welfare, hygiene, feeding, transport and food safety (including antibiotics). The control and certification activities conforming to EN 45011 are performed by SKV.

In the Netherlands, almost all the veal is produced according to the IKB quality system (95%). This system provides assurance on animal health and welfare, food safety and quality. The IKB is divided into two systems, one for white meat and one for rosé meat.

<sup>9</sup> Livestock, Meat and Eggs in the Netherlands, annual surveys 2004 t/m 2012

<sup>10</sup> Voorlopig jaarcijfers 2013 sector vleeskalveren, PVE 2014

<sup>11</sup> Livestock, Meat and Eggs in the Netherlands, annual surveys 2004 t/m 2012

<sup>12</sup> Voorlopige jaarcijfers 2013 sector vleeskalveren, PVE 2014

<sup>13</sup> Intakerapportage casus. Toezicht Kalvesector, min EZ 2010

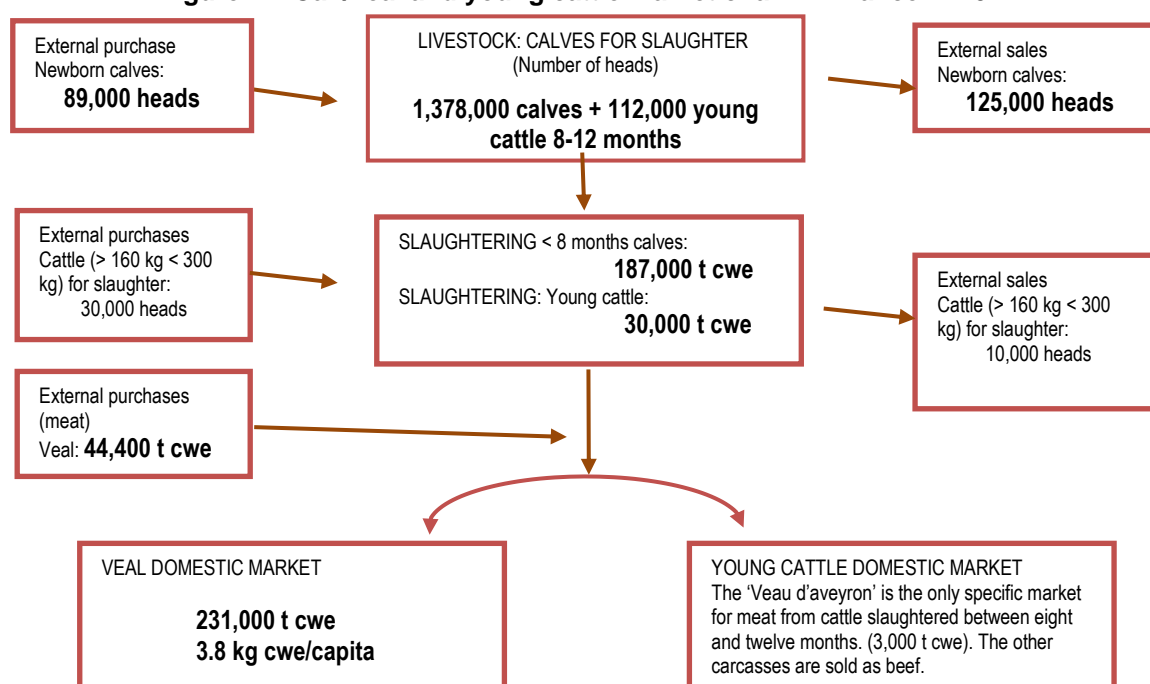
## 2.7.2. France

### -2721- National market sheet

The French veal market is among the largest in the EU. It is characterised by:

- Diversity of production systems (veal calves from dairy herds through the integration system; traditional suckled calves);
- Slight decline of demand, especially for fresh meat sold to households; this market segment is one of the most demanding in terms of the white meat;
- A long-term takeover movement of French specialised companies by leading Dutch groups;
- The young cattle meat market does not exist; the 'Veau d'Aveyron et du Ségala', a PGI product whose specifications allow slaughtering after eight months, is the only case in which young cattle meat is identified, but it is sold as veal.

**Figure 7 – Calf/veal and young cattle market chain in France in 2012**



Source: Eurostat / Comext / Dutch and Belgian professional statistics

### -2722-Production system and product characteristics

Most of the market (over 80%) is white veal, from animals bred through the integration system: calves belong to a company and are given to farmers to be raised with industrial food made from milk powder, whey and cereals.

As French veal production is continuously decreasing, the sector is getting increasingly concentrated. The top five French integrators account for nearly 55% of national veal production (integration and suckling calves). Among these five companies, four belong to Dutch veal companies (Sobeval, Denkavit, Mamellor, and Tendriade).

French consumers prefer white veal; colour is the first purchase criterion. However, the demand characteristics also depend on the final product and where it is sold:

- For secondary processing companies, which are not slaughterhouses, most meat is imported and colour is an irrelevant criteria. The most important is the denomination 'veal' and the price.
- In supermarkets that sell fresh meat, colour, tenderness and price are the main criteria. These stores usually buy the meat of pure dairy calves bred through the integration system.
- In butcher shops and supermarkets, cross-bred veal and suckling calves account for the majority of veal sold, even if the meat is more expensive.

Finally, in the food service sector, price is the main criterion whether the meat is imported (for processed products) or from pure dairy calves bred through the integration system.

### **-2723-Internal market information (price, consumption)**

Veal consumption in France has been steadily decreasing in the last few years. In 2012, average consumption was 3.8 kg (carcass weight) per capita, 27% less than in 2000.

The decline is due to a decrease in purchasing power and changing purchasing habits as new generations of consumers did not grow up eating veal. Veal is one of the most expensive meats in France, alongside with lamb meat. In retail stores, prices have increased by 51% in 22 years, and by 7% between 2008 and 2013.

Young cattle meat from the animals aged eight to twelve months does not really find an outlet in France as the French consumers prefer veal or young bull meat of twelve to twenty-four months old.

### **-2724-Estimate of trade flows**

French exchanges of newborn calves are not very significant: 89,000 heads imported and 125,000 heads exported.

The trade flows of ready-to-slaughter calves are not known with precision. Customs data does not distinguish flows according to the age of animal but the weight. Surveys reveal that few veal-calves come from Belgium or the Netherlands and that French integrators or breeders do not sell veal-calves abroad.

44,400 t cwe of veal were imported from the Netherlands and Belgium in 2012. This flow has fluctuated slightly during the period under analysis. Imports account for 20% of the French market.

### **-2725-Control system organisation**

The General Directorate for Fair Trading, Consumer Affairs and Fraud Control (DGCCRF) monitors the national control plan at national level. There is a specific control plan for traceability and labelling in the bovine meat sector, which includes veal. This is carried out by agents of the DGCCRF through 5,000 annual checks.

The total number of checks is defined at national level, but the choice of operators to control is done at local or regional level. Inspections are conducted all along the market chain, from breeders to distributors:

- In farms - there is no control specific to veal calves. At this point identification rules that apply to all bovines are used.
- In slaughterhouses - FranceAgriMer (FAM) is in charge of permanent controls while the DGCCRF provides the secondary level of inspections (about 100 per year).

Along the veal supply chain, controls are mainly on the labelling of origin and the use of the term 'veal'. The age of slaughtering must also be mentioned on non-processed fresh meats.

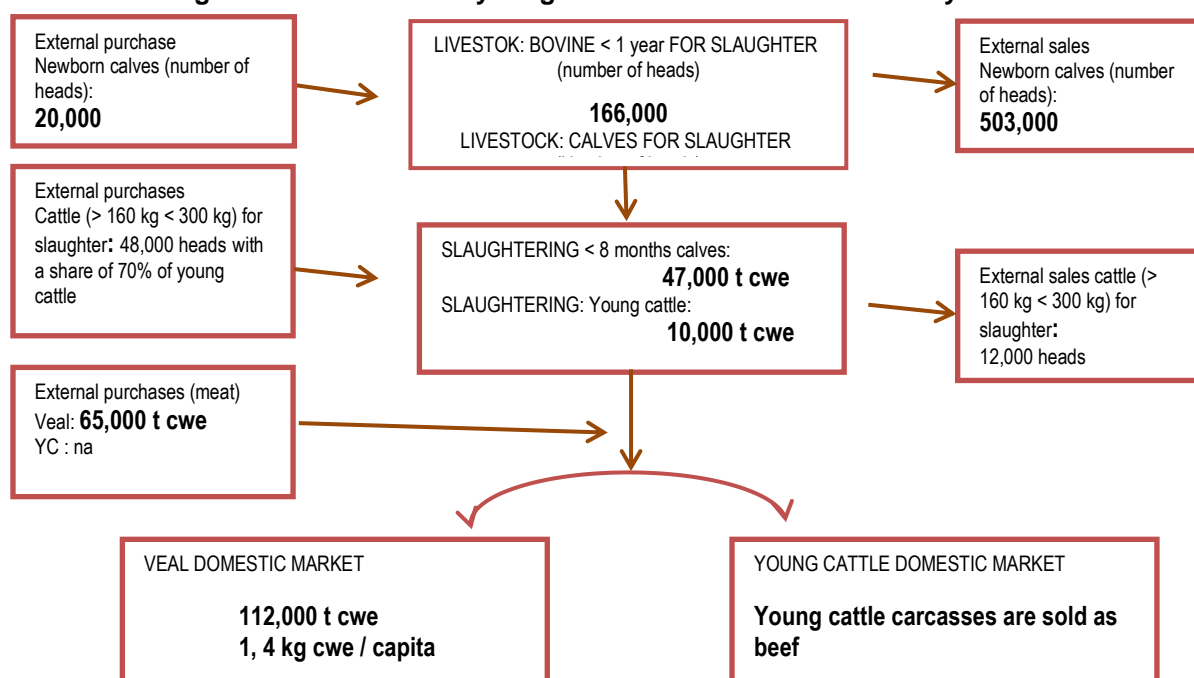
### 2.7.3. Germany

#### -2731- National market sheet

Veal production is small compared to the main stakeholders within the EU. It is characterised by:

- Two production areas: the north-west of Germany, where production is highly specialised and intensive, and the south of Germany with a more extensive production with traditional special dishes made from veal.
- Calf production (integration and slaughtering) is highly concentrated and it is composed of animals largely milk-fed, with light carcass weight compared to the EU average (130 to 140 kg/head).
- Veal meat and young cattle meat represent 5% of bovine meat production (with veal accounting for 4% and young cattle for 1%). Veal consumption is 112,000 t cwe.
- Meat from animals aged from eight to twelve months, i.e. young cattle meat, is sold as beef.

**Figure 8 – Calf/veal and young cattle market chain in Germany in 2012**



Source: AND-I from Eurostats, DESTATIS, and PVE

#### -2732-Production system and product characteristics

The calf-fattening sector is highly concentrated in Germany, with three companies representing the majority of slaughtering. According to the professional association of calf fatteners, two-thirds of fatteners are integrated with feed and/or slaughtering companies via contracts, with one third of fattener farmers being independent.

No statistical data are available on veal processing. According to the association of calf fatteners, most of the calves that have been raised and slaughtered in Germany are sold as fresh meat through the following channels: 50% to wholesalers and retailers; 40% to the processing industry and döner kebabs; 10% to the offal market. Döner production<sup>14</sup> alone is estimated to represent about 20% of the market and it may be the main driver for the overall consumption increase.

<sup>14</sup> Traditional Turkish dishes made with several meats.



Veal in Germany is eaten as a darker meat than in France or Italy. Germany is therefore a good market for rosé veal cuts. According to the organisation of calf fatteners, the fresh veal market is divided between white meat (80%) and rosé meat (20%).

All interviewees agree that traditional veal consumers have a relatively high standard of living. On the contrary, 'döner' kebabs are relatively cheap purchases. Veal is one of its traditional ingredients. It has to be cheap to be integrated satisfactorily into the recipe. This fast-food is Halal meal for Muslim people, who rate this characteristic as important.

### **-2733-Internal market information (price, consumption)**

According to a GIRA report<sup>15</sup>, German veal consumption is stable and relatively low at around 1kg/capita (1.04 kg in 2009). According to the professional organisation of calf fatteners, the market is still growing – but slowly, because of the financial crisis and the high cost of veal for consumers.

According to our interviews, there is almost no consumption of young cattle meat in Germany as fresh meat. There is no specific market or demand for it. The three main slaughterhouses only slaughter calves less than eight months old.

No statistical data are available on veal price. However, according to one retailer interviewed, the retail price for veal rose by 20% from 2007 without any change in market size. This was mainly because of the rise in feed price.

### **-2734-Estimate of trade flows**

German exports of newborn calves are about 503,000 heads, mainly to the Netherlands, which is the most important flow in the EU (a little over 60% of German exported calves in 2007 and 85% in 2012). Germany provides the Netherlands mostly with dairy calves.

German exchanges of calves for slaughter are not very sizeable: 30,000 heads imported and 1,000 heads exported in 2012; 65,000 t cwe of meat were imported from the Netherlands and Belgium, thus German market is highly dependent on imports.

The German imports from the Netherlands have increased over the last five years.

### **-2735-Control system organisation**

As a federal country, supervision in Germany is divided between several authorities at state or federal level. The supervisory authorities of the federal states ('Bundesländer') are responsible for supervising the classification of bovine animals at the slaughterhouse into categories V and Z.

The following authorities are responsible for supervising the labelling of the meat of young bovine animals at all stages of the marketing chain:

- The operators of approved beef labeling systems regarding voluntary labeling system; or approved slaughterhouses and cutting halls; or operators who prepare minced beef.
- In all other cases the competent authorities of the federal states are responsible for labelling.

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<sup>15</sup> Global Veal Market Overview report conducted by GIRA for PVE – May 2011

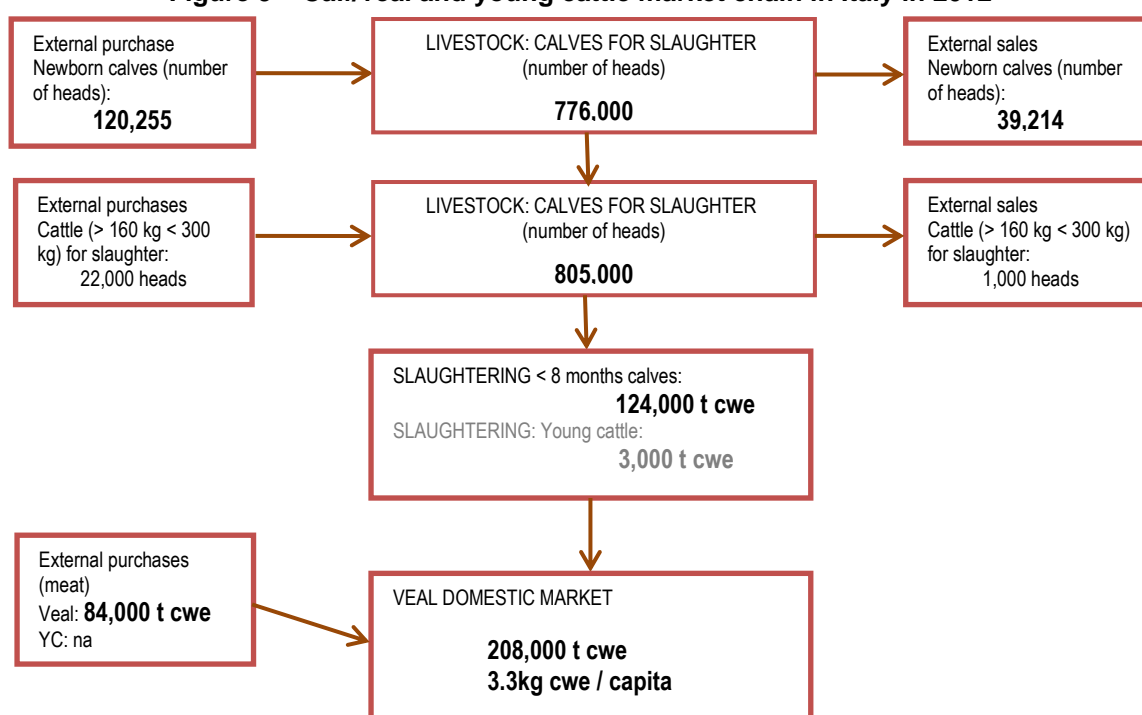
## 2.7.4. Italy

### -2741-National market sheet

The Italian market is characterised by:

- A highly concentrated industry, six companies control around 70% of the production.
- Slaughtering, processing and marketing activities are closely related and often performed by the same companies.
- Veal purchase for domestic consumption decreased by 6.8% between 2009 and 2013. Demand for prepared veal increases compared to demand for fresh veal.
- There is no specific demand for eight-to-twelve-month-old young cattle. Italian consumers prefer white meat.

**Figure 9 – Calf/veal and young cattle market chain in Italy in 2012**



Source: Eurostat / Comext / Dutch and Belgian professional statistics / ISMEA

### -2742-Production system and product characteristics

Veal production is undergoing a process of concentration, with the six leading companies (Inalca, Unipeg, Vercelli, Colomberotto, Olivieri and Stefanini) accounting for approximately 70% of the total number of calves under eight months.

The five biggest companies are integrated meat processing companies controlling the supply chain from farm production to product distribution. Only Stefanini is a pure livestock farmer.

No statistical data are available for processed veal volumes.

Prepared veal still accounted for a small share of the total purchases of fresh veal (less than 3% in both volume and value terms) in 2013.

However, whilst veal purchases show a declining trend between 2009 and 2013 both in total and for natural fresh cuts (-5% and -5.6% respectively), purchase of prepared veal has increased by 22.4% in volume terms over the same period, suggesting the potential for greater market development.

According to industry representatives, consumers choose meat and veal in particular based on the following criteria (in order of importance): price, colour and origin.

The reduced household purchase power due to the economic crisis has made consumers more attentive to meat prices and pushed down meat purchasing.

When buying veal, Italian consumers expect to buy white meat. Part of the consumer market (but this is difficult to quantify) is attentive to where the meat comes from and shows a preference for domestic products.

### **-2743-Internal market information (price, consumption)**

According to the ISMEA Family panel, in 2013 veal represented 26% of total bovine meat purchases. This share has not changed from 2009 to 2013, showing that the relationship between beef and veal consumption has remained stable.

The domestic market for veal was down by 6.8% between 2009 and 2013. The decrease in purchased volumes is, according to industry representatives, mostly due to two concurrent factors:

- Changes in eating habits and increased health concerns (meat is perceived as less healthy than other foods);
- Increased prices in conjunction with the economic crisis.

According to information recorded by the ISMEA-GfK Eurisko survey, veal retail prices have increased overall between 2009 and 2013 (+0.4% per year on average against +0.9% for beef). However, the trend shows a constant increase until 2012 followed by a decrease in 2013.

The observed relative stability of veal prices in the market is, in the opinion of sector representatives, largely due to the high level of competition among food retail chains that increasingly have larger shares of the retail meat market.

### **-2744-Estimate of trade flows**

Imports of newborn calves and calves for slaughter are estimated to account for 13% of the veal market.

Imports of veal meat from the Netherlands account for 37% of the veal market.

Italy is the main client of the Dutch production (71,000 t cwe imported in 2012).

### **-2745-Control system organisation**

Responsibility for the implementation of the Regulation and control is delegated to regional authorities and the 'Ispettorato Centrale della tutela della Qualità e Repressione Frodi dei prodotti alimentari' – ICQRF (the inspectorate for the prevention of fraud). Controls are carried out at all stages of the meat supply chain: slaughterhouses and cutting plants, distribution centres and retail chains.

Inspections are not announced in advance and each slaughterhouse/cutting plant, distribution centre and retail outlet receives two inspector visits every three months.

No sanctions have been applied so far for the labelling of bovine meat under twelve months, only for non-compliance with the SEUROP classification.

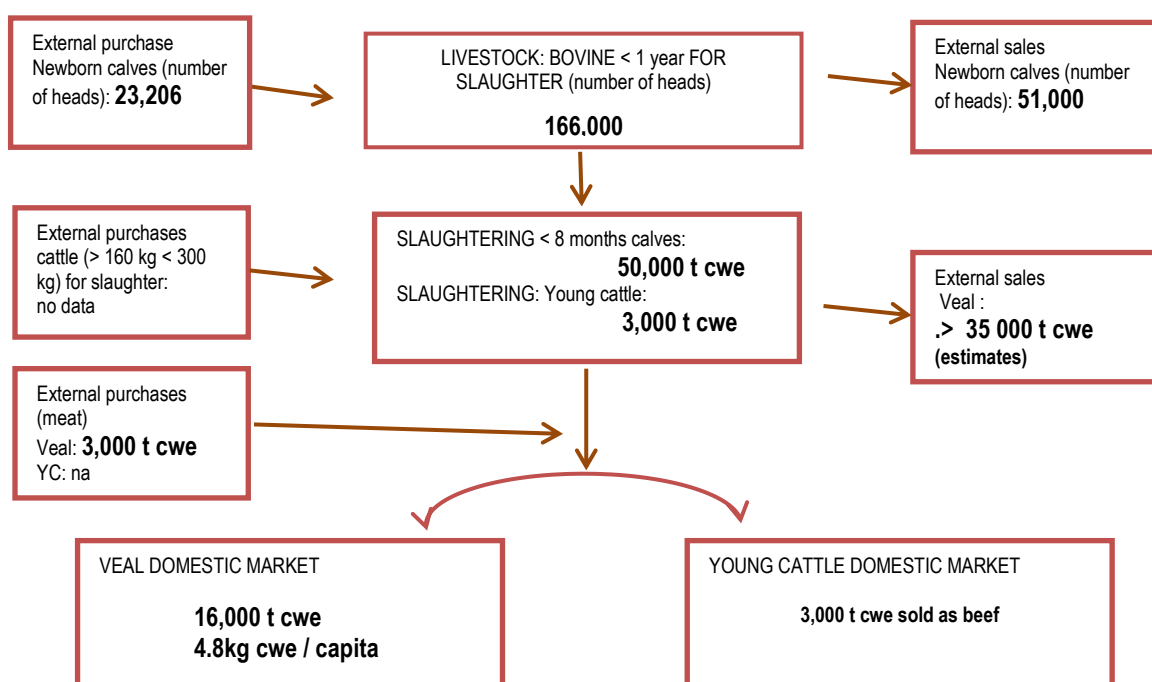
## 2.7.5. Belgium

### -2751-National market sheet

The national market is concentrated on white veal meat. It is characterised by:

- Integration system; mainly milk-fed calves to get white meat.
- A slight decline in demand.
- Three companies concentrate more than 90% of production; one of them is a Dutch group subsidiary.
- No market for eight to twelve months old young cattle meat. Belgian production (veal and young cattle meat) totals 53,000 t cwe, of which 94% is veal meat.

**Figure 10 – Calf/veal and young cattle market chain in Belgium in 2012**



Source: Eurostat / Comext / Dutch and Belgian professional statistics  
Estimates made of the field survey.

### -2752-Production system and product characteristics

Three companies in Flanders account for more than 90% of production and slaughtering: SOPRACO, Vanlommel and Vandrie. Flanders represents 96% of Belgian production. According to our interviews, the use of veal in the secondary processing industry (including cutting and fresh meat packing) is estimated at 40% of national veal production.

More than the half of Belgian households purchased fresh veal in 2013 (53.8%); this decreased by 17% between 2003 and 2013.

Veal is mainly purchased by elderly people (more than 58% of these households are buyers) and households with children. However, because of the high price of this meat, households with children and low income households do not rank among the most frequent buyers.

For Belgian consumers, a white colour for veal meat is important. There is no demand for rosé veal and meat from animals slaughtered between eight and twelve months old.

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### **-2753-Internal market information (price, consumption)**

According to the interviews, there has been an increase of pre-packed meat sales and a decrease of traditional butcher shops sales (both in dedicated butcher shops and in supermarkets). This is due to supermarket strategies (the increasing importance of the self-service section) and to changes in consumer demand.

Veal consumption by households reached 8,500 tonnes and 123 M EUR in 2013. The veal price increased by 36% between 2003 and 2013, alongside a drop in sales volume (-27%) which has been particularly marked since 2007.

Compared to other meats, veal is the most expensive on the market. It reached 14.4 EUR / kg in 2013. In 2013, the gap with beef was +19% and with chicken +89%.

There is no consumption of young cattle meat in Belgium.

### **-2754-Estimate of trade flows**

Two thirds of the production is shipped to Italy, France, Germany, the Netherlands and other EU Member States. 10% of the total newborn calves are imported from Poland.

Veal exports increased, mainly to the French market, while markets in Italy and Spain contracted.

### **-2755-Control system organisation**

National guidelines have been defined by 'SFP Economie' for the labelling of veal and young cattle in the framework of the Regulation.

Two public organisations are in charge of controls in the veal sector:

- Farms and slaughterhouses – FASFC (Federal Agency for the Safety of the Food Chain).
- Retail stage - SFP Economie (Public Federal Service of Economy).

According to SFP Economie, non-compliance mainly concerns the non-labelling of the age of the animal at slaughtering even if the designation 'veal' is properly used.

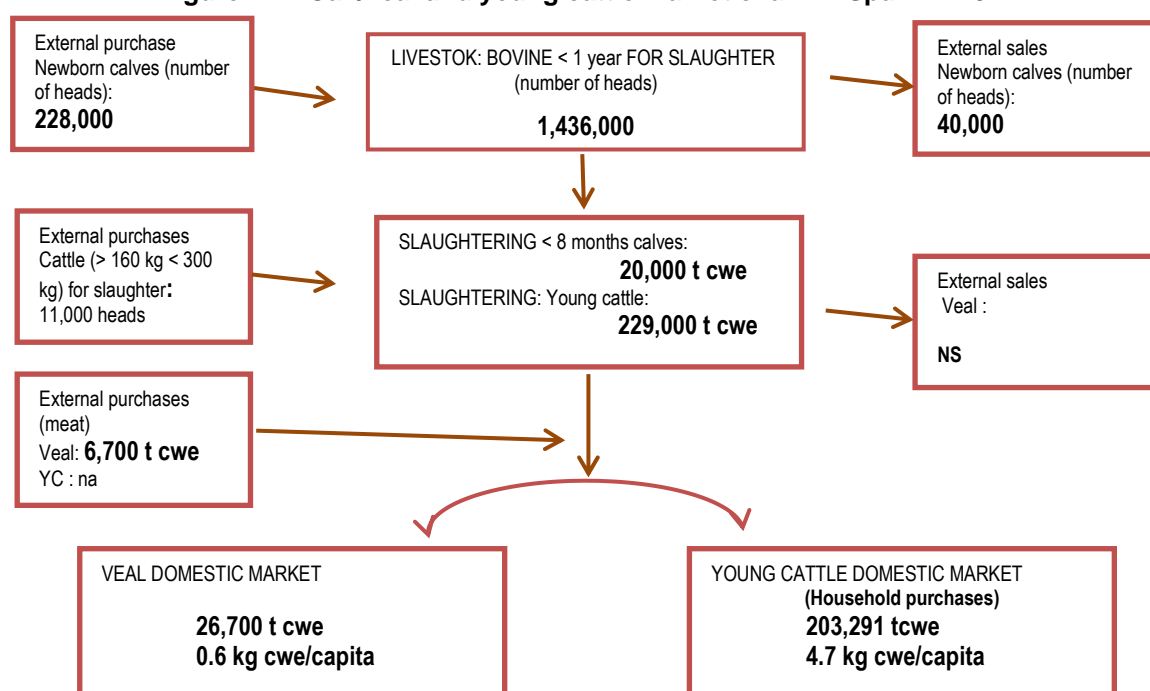
## 2.7.6. Spain

### -2761-National market sheet

It is characterised by:

- Young cattle meat producers are calf fatteners with intensive production schemes whereas veal production is more traditional.
- The demand for young cattle meat with a 'rosé' colour is more important than white veal.
- Contrary to most of the other Member States, there is an important demand of young cattle meat (38% of the bovine meat production). 'Rosé' meat or even red meat has a better health image than white meat.
- Part of the 20,000 tonnes of veal produced is under GIs (five 'ternera' PGIs are registered) but no statistical data is available on this point.

**Figure 11 – Calf/veal and young cattle market chain in Spain in 2012**



Source: Eurostat / Comext / Spanish Ministry of Agriculture

### -2762-Production system and product characteristics

Veal production is concentrated on the Cantabrian coast and slaughtered in small local slaughterhouses, which use all types of bovines. This fed-milk animals can be part of one of the five 'ternera' PGIs registered.

Young cattle meat producers are calf fatteners (calves coming from national dairy farms, suckler cow farms, or imported from within the EU) with intensive production schemes. They are mostly located in Aragón and Cataluña.

### -2763-Internal market information (price, consumption)

Veal is mainly purchased by elderly people and/or to feed children as this meat is tender and has a low fat content. The Spanish production is mainly consumed domestically. Imports are mainly used by supermarkets and specialist restaurants. There has been no major evolution in this market in recent years.

Veal meat consumption is rather limited. It is estimated at 26,700 tonnes cwe, of which 20,000 tonnes is domestic production and 6,700 tonnes are imports. No data on prices are available for veal meat.

Young cattle meat ('ternera') represents more than 70% of total beef consumption with 203,291 tonnes consumed in 2013 (household purchases). Young cattle meat ('ternera'), consumption per capita shows a 17% decrease between 2008 and 2013 (5.42 kg/capita in 2008 and 4.48 kg/capita in 2013).

Prices have risen by 23% between 2007 and 2013 to reach 17.6 Euros/kg in 2013 which means that the rise observed in production prices for young cattle meat has been partly transmitted to retail prices.

### **-2764-Estimate of trade flows**

In Spain, the main trade flow concerns newborn calves imports (228 000 heads in 2012) coming mainly from France. They are purchased by fatteners for young cattle production; 6 700 tonnes cwe of veal meat were imported in 2012 (mainly from the Netherlands). There are no exports of veal meat.

### **-2765-Control system organisation**

The central administration is in charge of the coordination of control plans:

- Farm stage - General subdirection for animal health, hygiene and traceability ('Subdirección general de sanidad e higiene animal y trazabilidad')
- Slaughterhouse stage - General subdirection for animal products ('Subdirección general de productos ganaderos')
- Food retailers - Food Security Agency ('Agencia de Seguridad Alimentaria' – ASEAN)

Controls are carried out by Autonomous Communities and data are centralized by the national administration.

In Spain, for the year 2012: 12,539 controls were performed on the mandatory labelling for bovine meat: 494 irregularities were reported, of which 36 led to penalties.

According to the stakeholders interviewed, irregularities have been decreasing over time, after a period of adaptation for slaughterhouses and retailers.

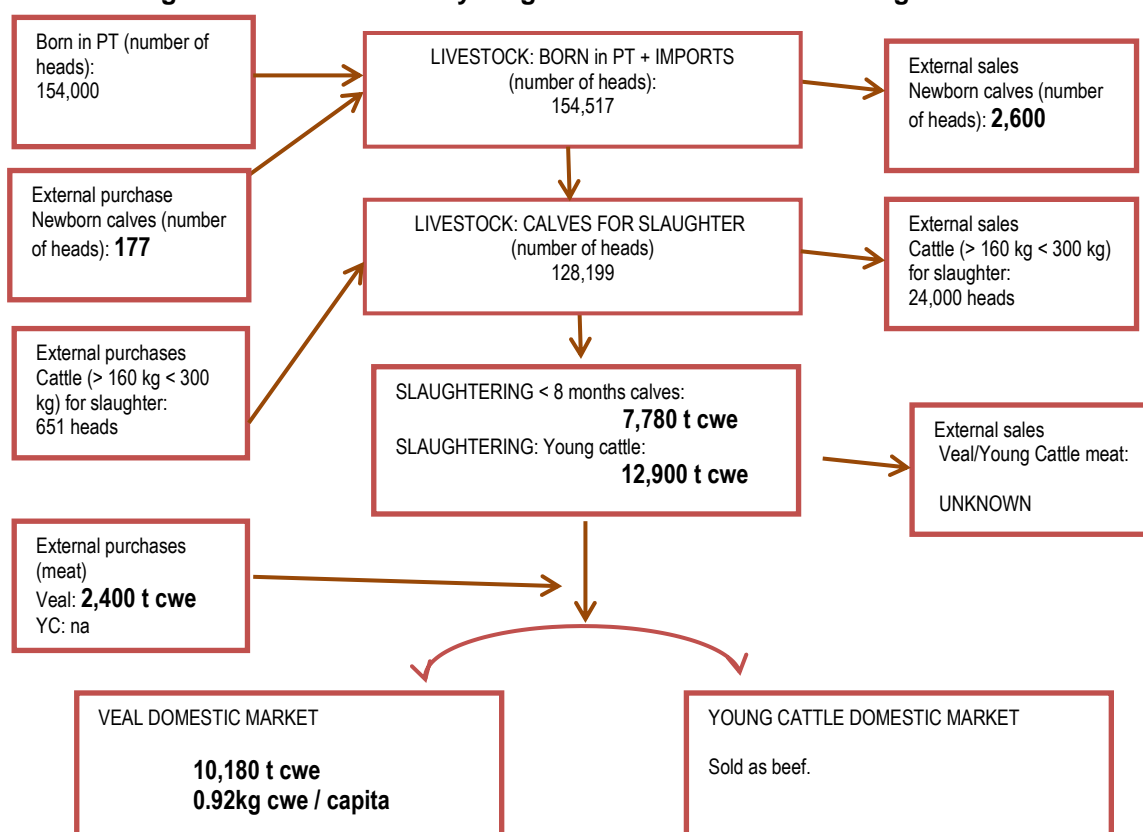
## 2.7.7. Portugal

### -2771-National market sheet

The Portuguese veal and young cattle market is very small. It is characterised by:

- Domestic production is poorly organised, especially among breeders of cows, fatteners, slaughterers and the processing industry. The latter is mainly a service provider and not an integrator.
- Production is performed on two types of farms: dairy production farms where calves are not the main product; farms whose primary purpose is the production of calves, usually for suckler cows.

**Figure 12 – Calf/veal and young cattle market chain in Portugal in 2012**



Source: National Statistics/ Eurostat / Comext /National Authorities

### -2772-Production system and product characteristics

In recent years there has been a growing process of integration through large food retailers: these latter are becoming integrators and are replacing fatteners in buying animals for slaughter. Indeed, farms specialised in the production of calves also perform the fattening (previously done by fatteners) and deliver directly to the large retail chains.



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### **-2773-Internal market information (price, consumption)**

In terms of market demand, the international crisis has caused a reduction of meat consumption as a whole.

According to interviews, however, veal prices are higher compared with other meat prices, such as pork and poultry.

There are no statistical data available on veal meat consumption and young cattle meat consumption.

### **-2774- Estimate of trade flows**

Annual calf production is around 154,000 heads, out of which 24,000 are exported for slaughter - mainly to Spain.

External purchase of newborn calves and calves for slaughter is very low (177 and 651 heads respectively in 2012), whereas imports of veal meat were 21,000 t cwe in 2012.

### **-2775- Control system organisation**

The authority responsible for controls at national level is the Food Safety and Economic Authority.

Provisions on the penalties applicable for infringements of the marketing rules for the meat of bovine animals aged twelve months or less were already within scope of national legislation on beef and beef products labelling.

Penalties are set to the following infringements:

- Absence, inaccuracy or deficiency of the statements in beef labelling;
- Information on the label that is not permitted;
- Alteration, concealment or damage of mandatory information on the label; failure to comply with the rules regarding affixing and presentation of labels;
- Non-compliance with rules concerning the presentation of information to the consumer;
- Lack, deficiency or inaccuracy in records held by the operator, as well as non-compliance with the mandatory period during which registers shall be kept by the operators.

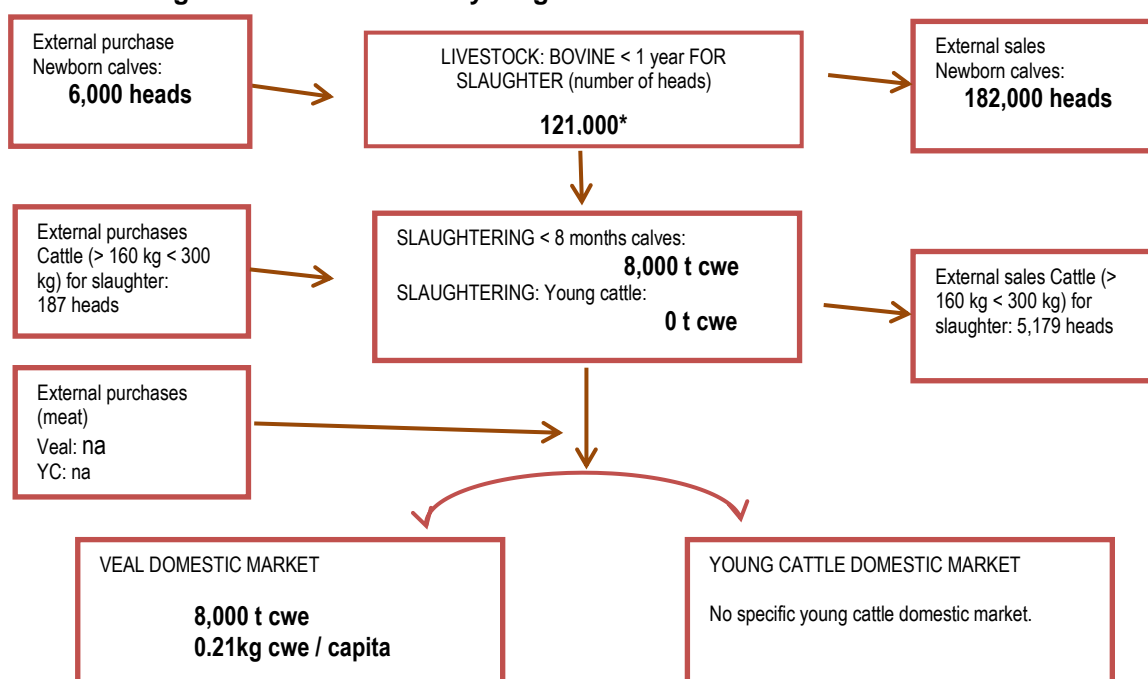
## 2.7.8. Poland

### -2781-National market sheet

The Polish veal and young cattle sector is very small. It is characterised by:

- a low level of integration.
- demand for veal that is limited by relatively high prices and relatively low purchasing power.
- With EU sanitary and veterinary standards, the market is evolving towards a greater concentration of slaughterhouses.
- The young cattle meat market does not exist; young beef is understood as meat from animals aged fifteen to twenty-four months.

**Figure 13 – Calf/veal and young cattle market chain in Poland in 2012**



Source: Eurostat<sup>16</sup> / Comext / Central Statistical Office of Poland

\*These data include calves to be slaughtered in places other than slaughterhouses (around 96,000 heads according to national statistics).

### -2782-Production system and product characteristics

The number of integrators in Poland is very low. The market share of cattle intermediaries ranges from 40% to 70%, depending on the region of the country. However, it seems that the number of farmers interested in such system is increasing as fattening to higher weights is advantageous and intermediaries can be avoided.

EU sanitary and veterinary standards and the compulsory identification and registration of bovine animals have resulted in a higher concentration of slaughterhouses. Consequently, slaughtering activity in industrial facilities has increased.

The most important criteria for consumers are price and colour, followed by information about age and tenderness. In Polish consumers' minds, the white colour of veal is associated with very young animals fed mainly with milk. Most of the demand results from calves up to the age of four months or beef from adult bovines. Consequently, the production of young beef aged eight to twelve months is very low.

<sup>16</sup> Meat production and foreign trade - annual data [apro\_mt\_pann]

Veal is not used for secondary processing in Poland. Veal is expensive and secondary processing would additionally increase the price and consumers would not be interested in such expensive products.

### **-2783-Internal market information (price, consumption)**

From 2002 to 2012 the consumption of beef decreased from 5.2 kg/capita to 1.6 kg/capita - by about 70%. During this period, the consumption of veal declined from 1 kg/capita in 2002 to 0.21 kg/capita<sup>17</sup> in 2012 - by more than 85%. This is the result of a relatively high price and lack of culinary tradition of veal consumption.

According to retailers, prices used to be seasonal, with lower prices in summer and higher prices in winter. Now the price is high and constant through the whole year, which is probably influenced by foreign prices.

Concerning young cattle (<1 year old)<sup>18</sup>, there are no estimates for consumption. Slaughterhouses and processing plants are not interested in young beef from animals aged eight to twelve months since consumers are not aware of the potential better quality of this meat.

### **-2784-Estimate of trade flows**

A shortage of beef in Europe together with relatively lower costs of beef production in Poland and a beneficial exchange rate of PLN to EUR has resulted in higher profitability of beef export from Poland. Indeed, 182,000 heads of newborn calves are exported mainly to the Netherlands (half of the volume), Spain and Italy; whereas imports only number 6,000 heads. The volume of fattened calves ready for slaughter is negligible.

At the moment, Polish breeders produce heavy animals and sell them abroad (about 80% of production is exported). The domestic retail prices of beef and veal are very high for the purchasing capacity of consumers. High domestic prices are mainly responsible for the high level of exports.

### **-2785-Control system organisation**

The following institutions are responsible for controls at different marketing stages:

- Breeding stage - Veterinary Inspection
- Slaughterhouses (V and Z carcasses) – Agricultural and Food Quality Inspection (AFQI)
- Further processing plants – Agricultural and Food Quality Inspection
- Retail stage - Office of Competition and Consumer Protection, Department of Trade Inspection

Inspections in slaughtering and processing companies are carried out by provincial inspectors of AFQI at least once a quarter. In 2010 small discrepancies were noticed in labelling; in 2011, one case of no registration was identified and in 2012, there were no major non-compliance issues.

## **2.8. Main findings of case studies**

<sup>17</sup> Estimates of the Institute of Agricultural and Food Economics - National Research Institute, based on data from the Central Statistical Office.

<sup>18</sup> Source: Statistical Yearbook of Agriculture (Central Statistical Office, Warszawa, 2013)

	National marketing sheet (2012 data)	Production system and product characteristics	Trade estimates (2012 data)	Internal market specification	Control system organisation
NL	World and European leader in the veal industry. Second highest production in the EU: 215 th. T cwe (Veal: 178 / Young Cattle: 37) 90% of the production for external markets (mainly the EU).	There are 3 categories: white veal (around 70% of total slaughtered heads), rosé veal (under 8 months, 15%) and rosé kalfsvlees (over 8 months, 15%). The sector is highly concentrated. Leading producers have subsidiaries in FR, BE and PT.	A large quantity of newborn calves is purchased (mainly from DE and PL). 90% of veal and young cattle meat is sold to IT, DE, FR, SP and other EU MS. Dutch companies work to develop abroad markets (Turkey, China)	A small market with no specific production of processed products. Most meat is sold via the retail channel.	Official controls are realised by nVWA (the food safety authority) from slaughter plants to retail stores. Slaughterhouses (>75 cattle/week) are under the Ministry of Economic Affairs.
FR	The largest national market for veal in Europe. Production: 217 th. t cwe (including 30 th. T cwe of young cattle) Consumption: 231 th. T cwe No specific market for 8-12 months old young cattle. (Except GI Veau d'Aveyron, 3th t cwe)	More than 80% are white veal, bred through integration system until 6 or 6.5 months old. 15-20% of veal sales are processed products (raw material partly imported from NL: 'rosé veal').	20% of veal consumed is purchased in NL and BE. Exchange of newborn calves and calves to slaughter are not significant.	Veal is an expensive meat (24 EUR/kg for escalope in 2013). 75% of veal volume are bought in retail stores and 25% through the catering channel and processed products. White colour is the first purchase criterion for fresh meat by households. In other channels, more coloured meat is used (price is the main criterion).	Agents of the DGCCRF (operators to be controlled are chosen at local or regional level).
DE	Veal production is small compared to the main stakeholders within the EU. Veal and young cattle are 5% of bovine meat production (veal accounts for for 4% and young cattle for 1%). Production: 57 th. T cwe (including 10 th. t cwe of young cattle meat). Consumption: 105 th. T cwe (veal only).	The veal market is much more developed than the young cattle one. Calf production (integration and slaughtering) is highly concentrated and largely milk-fed, with light carcass weights compared to EU average (130 to 140 kg/head).	Exports of newborn calves: 488,000 heads, mainly to NL (the biggest important flow in the EU union) Few exchanges of calves for slaughter. Imports of veal: 57 th. T cwe (from NL and BE), thus the German market is highly dependent on imports.	Most domestic production is sold as fresh meat (50% through wholesalers and retailers and 40% to the processing industry). Purchase criteria: meat quality and tenderness for consumers / price and colour for slaughterhouses. The doner production market share (20%) is growing.	The supervisory authorities of the federal states are in charge of carcass classification at slaughterhouses and its control. The Federal Agency for Agriculture and Food is in charge of labelling control.
PL	Very small domestic veal consumption: 0.13kg/capita. Demand for young cattle meat (category Z) is very low.	No integration in the beef sector. Demand is for calves up to the age of 4 months (milk-fed) or for beef from adult bovines. Main criteria for consumers are price and colour (white meat).	Exports of newborn calves: 182,000 heads to NL (more than 50%) Spain and Italy	Veal is usually a meat from calves aged 2-4 months, milk-fed. Retail price of veal is min. 11EUR / kg.	Veterinary Inspection at breeding stage; AFQI (Agriculture and Food Quality Inspection) in slaughterhouses and further processing plants; Office of competition and consumer protection at retail stage.

	National marketing sheet (2012 data)	Production system and product characteristics	Trade estimates (2012 data)	Internal market specification	Control system organisation
IT	Production: 127 th. T cwe (including young cattle for 3 th. T cwe) Consumption: 208 th. T cwe. No specific market for 8-12 months old young cattle.	High concentration: slaughtering, processing and marketing activities are closely related and often performed by the same industrial companies. Prepared veal accounts for a small share of the total purchase of fresh veal (less than 3%).	Imports of newborn calves and calves for slaughter are estimated to account for 13% of the veal market. Imports of veal meat from NL account for 37% of the veal market.	Purchase criteria: price, colour (white) and origin. Fresh veal cuts represent 75% of total veal sales and processed/prepared products account for the remaining 25%. Veal retail price was 10.8EUR / kg in 2012.	Controls are delegated to regional authorities (controls of slaughterhouses and cutting plants) and the ICQRF (Inspectorate for prevention and fraud) for the retail sector.
BE	Production (veal and young cattle meat): 54 th. t cwe (94% is veal meat). Mainly milk-fed calves to get white meat. No market for 8-12 months old young cattle meat.	Production of white veal, slaughtered at six or seven months old. Three companies have more than 90% of the production; some are Dutch groups' subsidiaries. Two thirds of production is shipped to Italy, France, Germany, the Netherlands and other EU MS.	Veal exports have increased, mainly to the French market (no link with the reform). 10% of the total newborn calf livestock is imported from Poland.	Sales by retailers (75% of the consumption) - mainly supermarkets and discounters - and food services (25%). Retail price of veal is increasing (14.4EUR / kg in 2013), mainly due to the feed cost increasing.	Two public organisations are in charge of controls: FASFC in farms and slaughterhouses and SFP Economie at retail stage. National guidelines have been implemented for the labelling of veal and young cattle.
ES	Very little veal production: 20 th. t cwe. Veal consumption estimated: 26 th. t cwe. Production of young cattle meat ('ternera'): 230 th. t cwe (38% of the bovine meat production).	Young cattle meat producers are calf fatteners with intensive production schemes. 'Ternera' represents more than 70% of beef consumption.	Imports of newborn calves: 228 th. heads. Imports of calves for slaughter: 11 th. heads. Imports of veal: 6 th T cwe (from NL and BE).	Most bovine meat comes from animals slaughtered just before 12 months old ('ternera') or between 12 and 14 months old ('anojo'). Butchers account for 45% of total purchases (in value) of bovine meat.	Farm level: controls by the General Subdirection for animal health, hygiene and traceability (Ministry of Agriculture). At slaughterhouse level: controls are made by the General Subdirection for animal products and the Food Security Agency. At retail level controls are by the Food Security Agency.
PT	Very small sector. Production: 7.8 th. t cwe of veal and 13 th. t cwe of young cattle. Veal domestic market estimated at 31 th. t cwe	Large food retailers are increasingly becoming integrators and replacing fatteners. Farmers deliver directly to retailers.	2 400 t of veal is imported from NL 24 th. calves for slaughter exported, mainly to SP.	The main products are fresh meat or pre-packed meat for the catering sector, butchers and retailers. No processed products are produced.	ASAE (Portugal Food Safety and Economic Authority) is in charge of the national bovine meat control scheme (which includes veal).