



Weekly Briefing

Romania Social briefing:
Romania latest social development
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Romania's livestock is confronting a serious epidemic of African swine fever, being one of the most affected countries in the European Union. The social and economic impacts are high and difficult to be estimated at present, since the epidemic continues to spread from the beginning of this summer. While the immediate negative effect is the massive job cuts in the affected farms and commercial holdings, followed by the increase of imports and thus further worsening the trade balance and raising inflation, on the long term there hover the risks of diminishing exports and of serious difficulties in the normal resumption of activity of the affected farms. The problem is that, if the outbreaks will continue to appear in the future, Romania will have to decide on its policy of raising these animals. At present, there is the practice of raising pigs in households, which makes difficult the control and prevention of the disease. While the affected farmers will be compensated by the Government, the support of the European Commission was requested for limiting the negative consequences on the economic growth.

Several countries in the European Union, plus Ukraine, Russia and China are confronting a serious epidemic of African swine fever (ASF) in pig farms. While Romania is facing the biggest outbreak of the disease since World War II, seven other EU countries are affected and the epidemic also hit the Western Europe recently, threatening the activity of important pig farms, where the main EU exporters of pork are located. Still, until now, the most affected countries in the EU are Romania, Poland, Hungary and Bulgaria.

The presence of the ASF virus in Romania was first reported on 31 July 2017 in the North-Western part of the country. Since then, it has spread especially during this summer in 13 counties (out of a total of 41), affecting 227

localities, in which almost 1,000 outbreaks were identified. More than 310,000 pigs were affected by the disease and therefore slaughtered, according to the statistics provided by the National Sanitary Veterinary and Food Safety Authority (ANSVSA). According to the legislation, the owners are compensated by the state for their loss. Up to present, 3.142 owners have been compensated, the total amount of payments being 14,296 million lei (almost 3,074.4 million euro).

The Minister of Agriculture stated that the source of the virus are some infection outbreaks in Ukraine (as the first affected county is at the border with this country, in North-West) and the contact between wild and domestic animals that was facilitated by the specificities of the environment in the Danube Delta, which caused the virus to spread to this area of the country (as a large part of the affected counties are in the South-Eastern part of Romania).

Even if the virus is not producing damages to other species, being deadly only for the pigs, without affecting humans or other animals, the social and economic impacts are high and difficult to be estimated at present, since the epidemic is not ended yet.

The ASF also hit the largest pig farm in Romania and the second largest in Europe in the Braila county, affecting almost 140,000 pigs. The immediate effect of the epidemic is the job cuts for the workers at the farms and the increase of the unemployment. In Braila county, the confirmation of the virus outbreaks at two large farms signified 600 job cuts. A representative of one of the closed farms stated that the lost is worth millions of euro and the entire personnel got unemployed. The effects are severe for commercial holdings due to the fact that the activity is currently suspended and months or even years are needed until a possible normal resumption of activity. Under these conditions, an important indirect damage is the loss of market share. The aggressiveness of the virus has the potential to completely affect the livestock, with a huge impact on the economy of the counties whose main activity is agriculture, namely those in the South-Eastern part of the country.

Another effect is the increase of the imports, thus exacerbating the already high deficit of the trade balance. For example, in farms that also have meat processing units and where the animals were slaughtered, new quantities of safer meats will be imported, for the activity of the farm to continue only with the meat processing for avoiding a total bankruptcy. In addition, other difficulties are arising due to the restrictions on the movement of the pigs and the trade conditions for the meat, imposed by the regulations related to monitoring or protected areas.

The fear is that the imports of meat will further raise the rate of inflation, which was the largest in the EU in the last seven months, according to the last Eurostat statistics in August. The representatives of National Bank of Romania mentioned that the ASF was not taken into account when calculating the inflation forecast, but the prognosis could be affected by the massive imports of pork registered after the triggering of the crisis.

On the other hand, there is the risk of decreasing or even suspending Romania's pork exports, even in the case of the farms without virus infection problems, due to the possibility of losing the public confidence and the trust of foreign partners. This risk is mainly depending on the capacity of Romanian institutions to control the current crisis.

Romania has a specific sensitivity in the activity of pig farming that could cause consequences on the longer term for the economy. In Romania, as compared to other countries of the EU, a large number of pigs are raised in households. The practice of raising pigs in farms, as in other EU countries, where such epidemics are easier to control and prevented due to the easier enforcement of targeted measures, is not a habit for the Romanian agriculture. About 75% of the pigs in the EU households are raised in Romania, according to representatives of the European Commission. According to the specialists, the ASF affected especially the pigs in the households, which could be a long term problem, as the virus of the disease could resist in different parts of the country, without being completely neutralized. In fact, the ASF has been in Europe for

about 50 years, in Spain and Portugal, and it reached the Baltic countries and Ukraine in the last five years. The preventive measures taken until now have stopped the spreading of the disease. Once the infection outbreaks appeared, it becomes more difficult to control the situation. The measures invoked for completely eliminating the disease regard the complete cessation of the practice of raising pigs in households, as in the case of Spain and Portugal, and the measure to implement only the industrial system for raising these animals. Such a measure would affect a large part of the population in Romania, therefore it should be a high-level political decision. However, there are not yet political discussions on this topic, as the efforts for reducing the infection outbreaks are still under development and their outcomes have to be evaluated in the following period.

The problem is that there is no treatment or vaccine for eradicating the disease. Under these conditions, the only preventive methods are related to the use of tight biosecurity measures and the rapid and effective management of possible outbreaks of disease through reporting, restrictions and control on movement of animals and specific products, and finally slaughter of the animals in the farms or households where there are suspicions of infection.

Several measures were taken for the compensation of both persons and commercial holdings that are affected by ASF. The Ministry of Finance has allocated 200 million lei (almost 43 million euro) at the last budgetary rectification. All farmers will receive compensation for at least 100 pounds of pork.

In addition, the Prime Minister Viorica Dăncilă asked for the full technical and financial support from the European Commission to reduce the impact of swine fever, due to its negative consequences at economic, financial and social levels. The European assistance is very important for Romania, given the share of agriculture in the Romanian economy and its consistent contribution to the economic growth.

Another intervention to the European Commission was made earlier, through two amendments to the EU's draft budget for 2019 calling for a total allocation of 110 million euro to compensate farmers in the EU Member States affected by African swine fever, including Romanian farmers. This will be realized through the allocation of 100 million euro to the European Agricultural Guarantee Fund for specific measures for farmers affected by ASF and through the increase by 10 million euro of the allocations to the Animal and Plant Health Emergency Fund under the Animal Health and Animal Management Program managed by the European Commission.

The main condition for receiving the EU funds and compensating the affected Romanian farmers is the authorities' efficient management in stopping the ASF. The Minister of Agriculture stated that the swine fever spreads very quickly, now being propagated by the human factor that disperses the virus due to a misunderstanding of the phenomenon. The Minister is pleased with the way the authorities acted for applying the contingency plan and consider that the local authorities and the ANSVSA have demonstrated the needed diligence. Technical measures should continue to be taken for stopping the spread of the disease, for allowing the lifting of the restrictions in the movement of the animals and the meat and for granting the compensations to the affected farmers.