

## **The Income of Meat Products in Galati County**

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**Abstract:** The work has proposed to study the supply and the demand of the production from on sale Galati County, starting from the requirements of population consumptions, from the existing funds for the growth of animal production and from the requirements and the potential that can be expected. The sale of meat products is low enough, due to the reduced number of animals, small productions and the reduced production average on hectare. Weak economical and productivity performances are resistant by minimization of the self-consuming through the limit of surviving.

**Keywords:** meat, production, economic advantages, producers, consumers.

**Jel Classification:** M41, H42

### **1. Results and Research**

Obtaining certain income, that would allow a competitive profitability, represents a fundamental objective of every agricultural farm organized on economical basis in an economical competitive market. Among the productivity activities income, a deeper analysis is required for business affairs of the stock production and the production subventions. The income in the last 3 years of the total agricultural societies with judicial personality is presented in the following table (Table 1).

On our market, some meat products are capitalized: bovine meat, pork, chicken in carcasses (grilled chicken, reform chicken), breast chicken and hen, breast chicken

and hen without bones, the calves of the chicken and hen, mutton and other meat products.

**Table 1 Production and income of the main provisions of meat in Galati commerce (2005)**

The provider	Bovine meat		Sheep meat		Pork meat		Chicken meat	
	tons	LEI	tons	LEI	tons	LEI	tons	LEI
SC. PRISACA SRL MUNTENI	8,8	110	0	0	23	333,5		0
SC. AGRIMAT SRL	12,4	155	0	0		0		0
AVICOLA - MATCA		0	0	0		0	177	1327,5
CARNIPROD		0	0	0	9,82	142,4		0
FULGA		0	0	0	13,2	191,4	120	900
AGRICULTORUL MUNTENI	24,1	301,3	0	0	22,4	324,8		0
Total	45,3	566,3	0	0	68,42	992,1	297	2227,5

The main beneficiaries from Galati in meat and its derivate are the merchants from Galati. These beneficiaries contract almost 80-85% from the offer, the difference of 15-20% is valorised by different occasional beneficiaries. A small part from the meat and meat derivates is valorised through the proper shops net. Between, 2005-2007, the sales had a rising tendency in the main meat products and meat derivates.

**Table 2 The evolution of total income realised on company with legal status**

Provider	U.M	Bovine meat		Sheep meat		Pork meat		Chicken meat	
		2004	2006	2004	2006	2005	2006	2005	2006
AVICOLA - MATCA	LEI	0	0	0	0	0	0	955,8	1328
SC. AGRIMAT SRL	LEI	143	155	0	0	0	0	0	0
AGRICULTOR UL MUNTENI	LEI	277,1	301,3	0	0	257,6	324,8	0	0
CARNIPROD	LEI	0	0	0	0	112,9	142,4	0	0
FULGA	LEI	0	0	0	0	151,8	191,4	648	900
SC. PRISACA SRL MUNTENI	LEI	101,2	110	0	0	264,5	333,5	0	0
Total	LEI	520,9	566,2	0	0	786,8	992,0	1604	2227

The largest income were achieved by AVICOLA MATCA, of 1327,5 lei. The sale of chicken meat (Avicola Matca) on the external market was achieved by SC Prodexport SA Bucharest and since 2003 the unit has renounced in favour of the external market because of the low prices offered by foreign partners (through intermediary) which did not cover the production expenses.

Between 2005-2007 the medium sale prices on the external market was between 5,4 lei/kg, an insignificant rise compared to the inflation index achieved on the internal market. In the near future, SC AVICOLA SA Matca has to establish as target the permanent prospect of external political policy, both in chicken meat and eggs, to get on new markets and especially on traditional markets.

Thus, the direct export system adoption is required and also the existence of a proper distribution network adapted to specific marketing logistics conditions on the economical global market.

**Table 3 The analysis of income situation from farms profiled in the meat production from Tecuci town**

Specification	M.U	2004	2005	2006	(+/- %) 2006 over 2004
Number of associations	number	6	6	6	0
The total meat productivity	tons	338,55	387,5	410,72	+21,32
Income of the total associations from the meat sale	lei	2911,58	3456,7	3785,8	+30,03
Income from an association	lei	485,26	576,12	630,97	+30,03
Income on kg of meat	lei	8,60	8,92	9,22	+7,18

*Processing dates after statistical information from D.A.D.R Galati*

Analysing the evolution of the income in the last years in Galati County a rise is noticeable for the agricultural farms with legal status; it is an important role to have the sale prices in meat, which in certain periods, due to inflation, has a significant rise. Obtaining larger profits using this method is not the result of a performing economic-financial activity of the economic agents.

It can be observed that for agricultural farms the income achieved by an association is between 485,26 lei and 630.97 lei; this fact indicates that for some associations the income value is quite low. In this case, without sufficient income the agricultural farm will live from one day to another, through shifts, being marked by a level of risk and permanent vulnerability at the external changes.

The business affair average represents the total sum of the income achieved by an economic agent in a certain period of time, as main and secondary activity. This index does not include the financial income. The target of each farm is to obtain a business affair sum as large as possible or a moderate sum, but with a very secure future. The calculation of the business affair sum at the level of farms is a complex action which requires more elements in their evolution such as the income from the production sale, the income from different services, the income from interest etc.

**Table 4 The evolution of income situation from farms profiled  
in the meat production from Galati county**

Specification	U.M	2004	2005	2006	2007	(+/- %) 2007 over 2004
Total income	lei	3330,94	3620,29	3851,60	4441,05	33,33
Income from exploiting	lei	3330,94	3620,29	3851,60	4441,05	33,33
Business affair sum	lei	2911,58	3123,35	3456,7	3785,84	30,03
The stock production	lei	133,37	258,66	53,65	275,99	106,93
The exploiting subventions	lei	285,98	238,28	341,24	379,22	32,60
Income from the financial activity	lei	0	0	0	0	0,00
Income from the exceptional activity	lei	0	0	0	0	0,00

Thus a certain obtained quantity from the products was for sale for different beneficiaries in order to cover some productivity expenses, another part was for the association members on their contribution to achieve the agricultural farm, another part was for the animals food (where it was necessary) and another part was still in the stock so as to be sold later at a more convenient price.

From the above table it can be noticed that the total income from 2007 was raising compared to those in 2004, especially on the exploiting activity income, which corresponds to a better selling line both to more ascendant market and the necessities of a farm specialised in meat production and in a rising competition. The values of financial income are inexistent which means a low activity of the agricultural households on the exchange market.

Between, 2005-2007, the evolution of the income obtained from the meat products and meat derivates sale (en gross and en detail) was in a permanent rising even for the rising quantities or for the inflationist process which led to the fast rise of the prices.

**Table 5 The evolution of income from meat products sale between, 2004-2007 to the level of researched region**

Years	Total income from selling	From which:							
		En detail		En gross					
				Total		Out of which			
				thousa nds LEI	% of total	On the internal market		On the external market	
				thousa nds LEI	% of total	thous ands LEI	% of total		
2004	17790	733	4,12	17057	95,8	17351	97,5	427	2,4
2005	26316	1895	7,2	24421	92,8	26316	100	0,00	0
2006	26400	2677	10,1	23723	89,8	26400	100	0,00	0
2007	30026	3069	10,2	27195	90,5	30026	100	0,00	0
Media	25133	1991	7,92	23192	92,3	24978	99,4	151	0,6
% 2007 comp are 2004	68,78	318,6	148	59,43	5,54	73,05	2,53	-100	-100

*Processing dates after statistical information from D.A.D.R Galati*

From this information we can observe that the sale from 2007 have risen with 68.78% from those in 2004, being different on the two systems of valorisation, the dominant is the en gross system (92.27%) while the en detail sale through proper shops represents 7.92% and in 2005 its majority rose from 4.12% (in 2004) to 10.22% (in 2006).

From the obtained economical results in an agricultural house-hold in Tecuci town with a total of 15 bovine (11 milk cows) 4 pigs, 14 sheep and 30 chickens, it can be observed that the largest achieved income is: at pigs – 464.8 lei representing 44.27% from the total income of meat production selling.

**Table 6 The economic result getting in one agricultural household in Galati County**

Specification	Total income of a year		Total expenses		The net income of a year	
	lei	%	lei	%	lei	%
Total from wich:	3976	100,00	2926	100,00	1050	100,00
Bovine meat	1282,4	32,25	1075,2	36,75	207,2	19,73
Pork meat	1570,8	39,51	1106	37,80	464,8	44,27
Sheep meat	602	15,14	431,2	14,74	170,8	16,27
Chicken meat	520,8	13,10	313,6	10,72	207,2	19,73

*Processing dates after statistical information from D.A.D.R Galati*

A financial – economic synthesis indicator represents the expenses on which very important aspects can be prognoses and solved especially aspects regarding the quality of the whole economic-financial activities from the profitable farms in processing the meat production.

The expenses of fixed production represent the agricultural farm expenses, and its size does not depend on the expenses or depends only unimportant by the production volume (for example, the wear, the maintenance expenses and those for buildings and the equipment, etc). The necessary information for this analysis can be synthesised in the table 7.

**Table 7 The expenses evolution from farms profiled in the meat production from Galati**

No crt	Specification	2005		2006		(+/- %) 2006/2005
		lei	% din total	lei	% din total	%
	<b>Total expenses</b>	<b>2875,68</b>	<b>100</b>	<b>4132,54</b>	<b>100</b>	<b>43,71</b>
A	Variable expenses	1958,91	68,12	2665,48	64,50	36,07
	Weighting index from the total	68,12	0,01	64,50	0,01	-5,31
1	Raw materials and materials	657,09	22,85	913,29	22,10	38,99
2	Supplying expenses and transport	104,96	3,65	159,10	3,85	51,58
3	Agricultural works	1015,40	35,31	1388,95	33,61	36,79
4	Labour	119,63	4,16	164,47	3,98	37,49
5	Other expenses	61,83	2,15	39,67	0,96	-35,84
	<b>The brut approximation</b>	<b>1272,19</b>	<b>44,24</b>	<b>1875,77</b>	<b>45,39</b>	<b>47,44</b>
B	Fixed expenses	916,77	31,88	1446,39	35,00	57,77
	Weighting index from the total %	31,88	0,00	35,00	0,00	9,79
1	The paid rent	169,09	5,88	267,37	6,47	58,13
2	Gasoline, electric power	243,57	8,47	456,64	11,05	87,48
3	Paid bank interest	372,40	12,95	607,48	14,70	63,13
4	Different expenses	85,70	2,98	48,76	1,18	-43,10
5	The payment of fixed equipment	46,01	1,60	66,12	1,60	43,70
	The brut approximation	355,42	12,36	429,37	10,39	20,81

*Processing dates after statistical information from D.A.D.R - Galati*



Analysing the total expenses structure it can be observed that the expenses majority is different in the total exploiting expenses. The decreasing order regarding the majority of the expenses is the following: the expenses with the agricultural works and the services done by intermediaries, with materials, banks interest, energy and water.

Different stages of rising the types of activities, there were recorded towards the total of expenses in the variable expenses especially for the agricultural works (35,31% in 2002 → 58,13% in 2005).

Because the fixed expenses do not influence directly the volume of the production, the main objective should reduce a part of these such as: the buildings and equipment payment, general interests and expenses of agricultural exploitation. If their value is high compared to the size of the forms and the value of productivity, these must be reduced until they will have a low effect over the production level. The rise of the fixed expenses can be appreciated as “being positive” depending only on the elements of expenses which caused this rise and in the same time the objectives.

The brut profit is an economic indicator to determine the performance and the contribution of every sector of production in the total profit of the farm specified on the meat production. The brut profit can be used to compare the performances of the same sector of the farm specified on meat production over the same years. Using the brut profit information of a farm specified in meat production a comparison can be made with similar sectors of other exploitations.

To simplify the profit obtained, the following situation regarding the brut interest was drawn. In the table it is presented the total profit level on an agricultural farm as well as on meat kg.

Analysing the situation of the brut profit and the brut profit instalment on total farms specified in meat production, it can be noticed that in 2007 and in 2005 was in a bad situation with the profit instalment around 15, 83% in 2005 and 7.47% in 2007 which represent a decreasing of the way in which the resources from the agricultural farms for the sold meat production brought profit.

The increasing of the brut profit in 2007 compared to 2005 (with 33.33%) was obtained almost exclusively on the quantity factors, fact which sustains the direction and the proportion of the efforts of brut profitability increasing the meat production.

**Table 8 Profit evolution on farms profiled in the meat production from Galati**

Specification	U.M	(+/- %) 2006/2005		
		2005	2006	%
Number of associations	Nr.	6	6	0,00
The total meat production	tone	338,55	410,72	21,32
The total income from the meat sale	lei	3330,94	4441,05	33,33
The total expenses from the meat sale	lei	2875,68	4132,54	43,71
The brut profit on a total of associations	lei	455,26	308,51	-32,23
The brut profit instalment	%	15,83	7,47	-52,84
The brut profit on an association	lei	75,88	51,42	-32,23
The brut profit on a kilo of meat	lei	1,34	0,75	-44,14
% in comparison to 2002	%	100	55,86	-44,14

## 2. Conclusion

The sale of meat products is low enough due to the reduced animal number, small productions and surfaces and reduced average production on hectare. Weak economical and productivity performances are resistant by minimization of the self-consuming through the limit of surviving. The main source of the food self-consuming formation of the individual exploitation it is constituted by self production, which is reflecting the accentuation of self-consuming and subsistence state. The lack of the production specialization and activity profile diversifying of small exploitation determine the obtaining of small quantity of different products and of different quantities which are making selling difficult. The most part of the households incomes are coming from some quantity of animal products on market selling.

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