p-ISSN 0044-1600
e-ISSN 2392-3458

Problems of Agricultural Economics

www.zer.waw.pl

1(350) 2017, 179-197

Translation from Polish

TOMASZ PAWLONKA
Warsaw University of Life Sciences
Warsaw

DOI: 10.5604/00441600.1233010

THE SPECIFICITY OF MEAT PROCESSING SECTOR IN THE EUROPEAN UNION – CONDITION AND PERSPECTIVES

Abstract

The main objective of the article was to identify the major barriers to development of the meat processing sector (PKD 10.1), and to indicate the directions of action allowing to overcome the identified problems. Meat processing sector is characterised by high fragmentation, low level of vertical and horizontal integration, and low profitability. As a result, European companies have become less competitive against global competitors.

Keywords: meat industry, meat processing, profitability, consumption, development barriers, globalisation.

JEL Cods: L11, Q11, Q13, Q17.

Introduction

The European Union is a strongly differentiated region, composed of 28 democratic states functioning in political and economic union. A strength, but simultaneously a weakness of the European Union is great differentiation of its members. The countries forming the union are in many cases different as regards cultural, historical, economic, religious or climate issues. There are of course many more differences between the respective countries, but a set of politically and economically justified ideas and objectives allows for many years of functioning under a continually developing association (Rysz, 2005).

The significance of the meat industry in the global economy may be evidenced by the fact that as much as 28.3% of food expenditures is allocated to meat and its products, which is approx. 8% of total consumer expenditures. It should be emphasised that the European meat processing sector is strongly

differentiated as regards the size and functioning specificity of businesses operating on the market, but also preferences of the final recipients of its products – consumers (Kanp-Stefaniuk, 2010). Despite a number of differences between respective Member States, the European Union as a whole, is a vital player in the global structure of competition economies. According to the Eurostat data, in 2013 Member States of the European Union (EU-28) accounted for 13.69% of the global production of meat and meat products ranking third in the global economy (behind China and the United States) (Eurostat, 2016). Nonetheless, according to Pejsak major fragmentation of production and processing, and the small scale of activity of respective meat processing plants cause that the meat processing sector in EU-28 systematically losses shares on the global market of red meat processing (Pejsak, 2016). Eurostat data confirm these observations, pointing to a slowdown in growth dynamics of products of red meat processing in 2005-2013 (Eurostat, 2014). It sometimes happens that it is not profitable for meat processing plants to buy domestic raw materials, as meat import is much more cost-effective. Also meat producers, especially pork producers, aiming at a growth in production profitability increasingly more often decide to import rearing piglets. As noted by the participants of the conference entitled "Challenges in the pork market in Poland against the background of the EU", the European Union becomes a global fattening house for slaughter animals, resigning, all together, from comprehensive domestic production of meat and stock reproduction (Stępień, 2016). The main reason for the observed trend is unfavourable age structure of a herd, following largely from functioning of small farms. As a result, the costs of piglet import are clearly lower than the inputs necessary for independent herd reproduction. Therefore, European pork becomes uncompetitive in terms of price in the global structure of pork producers. The problems of meat producers (especially red meat) are transferred directly to meat processors, who – because of small scale of operations – are largely dependent on the current business cycle on the market of meat producers.

Analysis and assessment of the specificity of meat processing sector in the European Union have to be conducted taking into account the differentiated culture of meat consumption (both as regards species, quantities, and quality and sensory characteristics of the meat itself) and structure of industry in respective states. The meat processing sector at the level of respective states has an individualised character, which has properties clearly differentiating it from other sectors of the economy. Thus, this "set of differences" allows to see some analogies even in so differentiated group of states.

The difficulties of the meat processing sector are under the academic discussion about the competition strategies (with special consideration to the fragmented and global sectors) as well as issues linked to the optimum management of the supply chain. According to Eurostat data, in 2007 and 2008 there were major fluctuations in prices within the food supply chains. The situation improved

only in mid-2009, when the consumer prices of food stabilised (Lesisz, 2013). In case of high consumer prices of food, consumers get very concerned, as the prices exercise a pressure on household incomes. In this context, functioning of the supply chain joining three important sectors of the economy: agriculture, food processing and distribution, takes on an additional meaning (Kraciuk and Piekutowska, 2014). In the long-term perspective, it is thus necessary to take up measures aiming at improvement of the functioning of the food supply chain – especially in the aspect of sustainable allocation of the value added between respective items of the chain. According to Stępień, an optimum direction of changes taking place in the supply chain of the meat processing sector is greater integration of the producers and processors and taking over of subsequent stages of the food supply chain – together with chain stores. This will enable to capture the margin of intermediaries (Stępień, 2016). As noted by Ziętara, integration in the meat processing sector requires sensible analysis of the possible directions and methods. The researcher noted also that largely the administrative issues limit the possibilities of increasing the scale of action (Ziętara, 2016). Further development of the meat processing sectors is linked to considering the potential benefits and costs following from the use of the new competition strategy. As Porter notes, the decision on integration (especially vertical) requires – apart from superficial analysis of benefits and costs – also consideration of strategically broader issues linked to alternatives for integration using market transactions as well as troublesome issues linked to administrative difficulties, including management of vertically integrated unit. According to Porter, it is also not possible to forget about the potential illusions accompanying the process of making a decision on integration, e.g. the conviction that independent (additional) production will also be less cost-intensive than the inputs necessary to buy a given product from an external producer. Omission of these issues can result from too narrow consideration of the integration economics (Porter, 1992). The meat processing sector is an extremely sensitive economic area. The final consumers, apart from an attractive price, expect to be offered high quality meat products, the highest manufacture standards linked to safety and hygiene, consideration of the local and regional culinary traditions and a number of other factors. Replacement of the traditional and local small-scale production with mass production can thus, despite the economic reasons, face opposition of the consumers.

Research methodology

The main objective of the research was identification of the major development barriers for the European meat processors and manufacturers of meat products, and identification of the directions of action allowing to overcome the identified problems.

The scope of the research covered entities, which according to the Polish Classification of Activities [*Polska Klasyfikacja Działalności, PKD*] (2007),

mainly run activity that consisted in processing and preservation of meat and meat products (10.1). For the needs of this paper, these operators were jointly termed as the meat processing sector. The author is, however, aware that this is a major simplification of the very broad term. The paper does not differentiate companies into stages of meat processing, e.g. slaughtering, cutting, processing of raw meat, processing of offal, manufacture of cold cuts and meat products. In many cases, it was also impossible to separate the meat processing sector into companies dealing with red meat processing and companies dealing with poultry meat processing. In many companies these activities are conducted in parallel (PKD-2007 10.13). Moreover, the paper does not analyse separately horizontally integrated companies that have their own raw materials and/or fodder and/or distribution background.

This paper compares the results of the national, European and global research which indicate certain megatrends and trends at the level of respective economies as regards companies from the meat processing sector. On this ground, the author draws conclusions and formulates possible directions of further development.

The specificity of meat processing sector in the European Union

The meat processing sector is distinguished against the background of many sectors of the economy, including also the food sector, by high value of microbiologically active raw material, which – in case of failure to meet the due diligence standards at the stage of its manufacturing and processing – can be dangerous to consumer health and life. Meat processing is, additionally, highly susceptible to temporary crises and growth in disease among animals, which is perfectly exampled by the current crisis involving the ASF virus (Choiński, 2014). In the sector – which is typical of most of the food industry sectors – raw material is the major cost-formation factor. Another factor is costs of remuneration for the employees. The very work in meat processing is linked to major involvement of the human factor, which requires employment and maintenance of trained and qualified staff (Morkis, 2006).

The structure of the meat processing sector in the European Union points to its major fragmentation and dispersion and also to excessive production capacities. This favours the price pressure on the part of the consumers that can substitute the European products with their cheaper foreign counterparts. As a result, the European meat processing sector is characterised by low and unstable margins, which contribute to unsatisfactory profitability of respective companies and consequently – the entire sector.

One of the features differentiating the meat processing sector in the European Union and largely determining its specificity is a continuons high pressure on reduction in costs linked to global (mainly Brazilian and Thai) competition. In some cases, even the high production standards constituting a specific guaran-

tee of the highest quality of products manufactured by the EU countries are not able to compete with much cheaper products from Asia and South America. The entire EU meat processing sector, manufacturing approx. 40 million tonnes of products over a year, employs approx. 1.2 million people[1] (excluding breeders).

Consumption of meat and meat products

A key factor having a fundamental impact on the meat sector is demand on the part of consumers. In 2000-2013, the global structure of meat consumption and meat products changed significantly. The observed drop in the quantity of consumed meat concerned mainly the regions, where because of poverty of the society (or its major part), the living standard was determined as low. The consumers having too low level of disposable income resigned from consumption of meat and meat products, substituting them with other, cheaper food products (although not always satisfying substitutes). The impact of the level of income on the quantity and quality of consumed meat and meat products justifies the treatment of the meat consumption factor as an indicator of social standing (Maillard, 2013).

The clear growth in income in the poorest regions of the world (China, Middle East) contributed to better living standards and thus to an increase in the consumption of meat and meat products in the areas. According to experts from EFFAR, this trend will continue in the coming decade (Wiedenhofer, 2012). At this time, the consumption of meat in the EU stayed (and according to the forecast will stay in the next 10 years) at a rather stable high level of approx. 40 million tonnes annually (Kwasek, 2010).

A growth in meat consumption in other than the European Union regions of the world, sets out further perspectives of development for export of European products. New markets will be especially interested in meat production chains characterised by the lowest costs. Thus, the development of these markets will be beneficial mainly to processors able to compete on the global market where price is the main criterion. New development perspectives can be thus aimed at countries such as the United States or Brazil, where the lower production costs are affected by favourable natural conditions and lower than in Europe labour costs (Brazil, Thailand). In 2011-2020, it is expected that the European Union will lose its share in the global trade in meat and meat products in the amount of 0.69% against the current level of export. Probable 18.15% growth in the global export of meat and meat products will concern mainly: Brazil (32.64%), USA (27.59%), Thailand (11.26%) and Argentina (8.51%). The decreasing demand for the European meat on the global scale is not only linked to the lower costs of labour and cheaper fodder (contributing to a drop in the price for the raw material), but also with insignificant scale of activity of European producers and their major separation (Brown, 2013).

[1] This is approx. 1.5% of people employed in the entire industry of the European Union.

The global assessment of meat and meat products points to a growth in popularity of poultry meat, primarily given the lower costs of its production (translating into acceptable by the consumers prices for ready products) as well as sensory, functional and health properties. Positive forecasts concern also the demand for pork. In 2011-2020, it is also expected that the demand for meat in total will also increase to the level of 14.1%, whereas the main component of the trend will be growth in demand for poultry meat (approx. 25%). It is also expected that pork consumption will increase by over 10% and mutton by 7%. Beef consumption will increase the least (only 5.5%). According to 2011 data, the share of beef in the structure of consumed meat and meat products equalled 21.5%, and in 2020 it is possible that the share will decrease to 19.9% (Brown, 2013).

The consumption of meat and meat products in the European Union rather decreases, from approx. 43.2 million tonnes in 2007 it decreased by approx. 4.58% in 2012, which is presented in Figure 1.

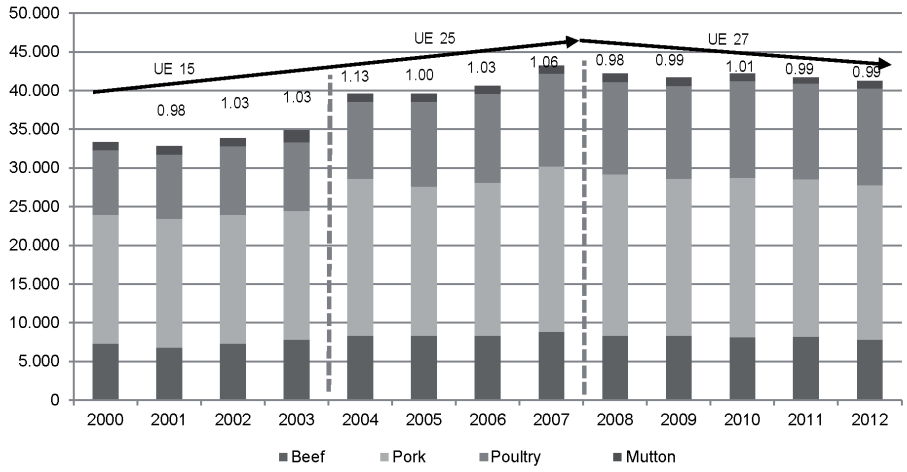

Fig. 1. Structure of meat consumption in the European Union in 2000-2012 (thousand tonnes).
Source: own calculations on the basis of Wiedenhofer (2012, p. 25).

According to 2012 data, the dominating share in the structure of consumption of meat belonged to beef (approx. 48.5%) and poultry (30.5%). There was also a visible drop in the consumption of beef by approx. 12% between 2007 and 2012. Consequently, the share of beef in meat consumption in 2012 decreased below 20% (18.9%). Mutton is treated on the European Union market as a niche product, although in some regions it is clear that there is a high demand for this type of meat (mainly southern European countries). The drop in meat con-

sumption in the European Union visible since 2007, is not the best prognosis for the future of the EU meat industry. According to experts the key reason for this are the continually growing costs of meat production (translating largely to a growth in its price for the consumers) and unfavourable economic atmosphere. Other reasons for the existing situation include also a change in consumer preferences, development of new trends in nutrition and substitution of red meat (mainly beef) with much cheaper poultry meat. The development of poultry market in the European Union is favoured not only by lower price of poultry but also its health properties and functionality (ease of preparation) (Jakubowska and Radzymińska, 2009).

The meat processing sector in the European Union is largely dependent on the largest commercial retail chains, which, leading an aggressive price competition in the field of key food products, force the meat producers and processors to gradually reduce margins. This takes place despite increases in prices of raw materials caused by growing costs of fodder. In spite of everything, the EU is seeing an upward trend in real consumer spending on meat and meat products which peaked in 2007-2008 and 2011. Although the observed raise in prices of meat and meat products has mainly affected the consumers, also meat producers and processors were forced to significantly reduce margins in order to neutralise price increases on the consumer side. As a result, in 2007-2012 the difficulties in the EU meat processing sector aggravated, due to the low profitability of the business. These observations are also confirmed by the 2016 CSI Market data, according to which the meat processing sector in the European Union is characterised by profitability of net sales at the level of 1.71%, and among small-sized companies – 0.86% against the profitability of the food processing sector amounting to 4.98%. Low profitability of small and medium-sized companies in the meat processing sector is, however, an immanent feature of small and medium-scale activity not only in Europe but also in other countries, e.g. in the United States (McCann, 2014). In 2005-2010, the main factor influencing the increase in the EU demand for meat and meat products was the growth in its consumption in the new Member States, such as Poland. Such countries, aiming at levelling the living standards with the average EU level by a growth in the wealth of the community, increased the level of social welfare to a greater extent (Mroczek, 2015; Rycombel, 2005).

The european meat processing sector in the perspective of global competition

The overcapacity of meat processing companies in the European Union, the continuously declining demand for meat among European consumers, price conditions and the opening up of new markets contribute to the growth in export of the EU meat products. However, high production costs can in the future lead to a decrease in the competitive position of the European producers.

Additionally, respective outlet markets introduce some limitations and divisions concerning the imported products and their producers. An example of the Russian economic policy since 2014 points to unequal treatment of the European producers, which consists in imposing an embargo on some of them (e.g. Poland and Lithuania), favouring others at the same time (Bartosińska, Wykowski and Nalewajk, 2014).

Cost advantage of the global producers of meat and meat products endangers the European meat industry on the import side. In the countries exporting their meat products to the European Union there are clearly lower costs of fodder, less strict social policy, lower level of remuneration (also in real terms) and much lower requirements and standards of livestock breeding (but they have to meet the European standards). As a result, the meat imported to the European Union (especially pork and poultry) is very often characterised by lower price. One of the forms of protection against the inflow of cheap raw materials is the system of tariff rate quota (TRQ) which, to some extent, conflicts with the WTO agreements. Despite it, the European Union is still the net exporter of meat and meat products in total. The advantage of export over import concerns mainly pork and poultry (import relates to beef, imported mainly from South America). One of the difficulties in the export of ready products is the scale of production. Distribution of meat and meat products requires full quota of uniform products (1 container is approx. 20 tonnes of product), which from the perspective of small scale of activity of the European processors is somewhat difficult (Węglarczyk, 2014).

The modern economy, operating in a globalised world, requires the European meat processing industry to compete not only with its domestic processors, but also with global market giants. This competition takes place at two levels – keeping a high competitive position on the domestic, European market, and competition for attractive and prospective world outlet markets. According to the 2011 data, the top 10 largest meat processors account for approx. 15% of the global production. Ten next companies (in terms of production size) have only 3% of meat production and processing worldwide (Maillard, Dewulf and Postma, 2013). Figure 2 presents a comparison of the largest global meat producers and processors.

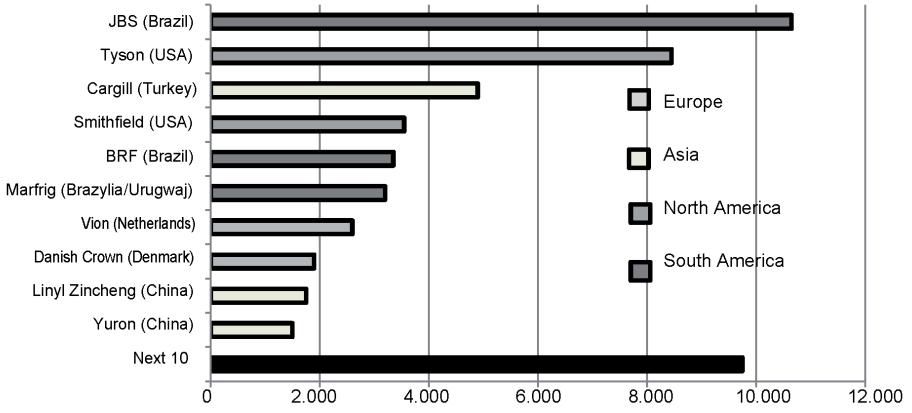

Fig. 2. The largest global meat processors (thousand tonnes – by 2011 data).
Source: Wiedenhofer (2012, p. 9).

Operation on a global scale, on such diversified market, is very difficult; thus only few companies are able to meet this challenge. Only two European companies are in the top 10 of global producers, and their total production is below the production value of the third company in the ranking – the Turkish Cargill. Both companies manufacture their products only in the area of the European Union, having, at the same time, only a minor global sales network (Brown, 2009).

An example of a country in which the meat processing sector developed dynamically within the last decade on an international scale is Brazil. The main factor determining such dynamic development was policy implemented by the Brazilian companies as regards takeovers and mergers. It was based on a rather inexpensive acquisition of fixed assets, which in a longer timeframe allowed for achievement of economy of scale (e.g. in the field of international marketing), but also to broaden the productive offer and gain access to new prospective markets. The activities of the Brazilian companies were implemented with the support of the government (Wiedenhofer, 2012). Taking up such attempts, with the support of the governments, on the European market could help the integration process and increase the competitiveness of meat processing companies. But given the complicated legislative process and undercapitalisation, this would have been a rather time-consuming procedure. Despite the slow pace of the process and still high production fragmentation, the European meat processing sector in the last decade saw some consolidation actions, though.

Integration of the meat industry in the European Union

Integration of the European meat processing sector is slow, in various branches of the sector and across different sections. There is a rather minor level of vertical consolidation. Backward vertical consolidation was especially unpopular direction of integration. It consisted in involvement of producers and processors of meat and meat products into the fodder business. This model is especially rare among producers and processors of red meat. Slightly more often it appears in poultry production and processing which is evidenced by Van Drie company. An equally rare consolidation direction is progressive vertical integration, which consists in involvement of breeders in the business linked to meat processing. One of few European examples of this type is Tulip Foods. Involvement of meat producers into progressive vertical integration enables them to participate in business characterised by higher margins. This integration model also ensures higher security of raw materials sales. In the long-term perspective it can be expected that consolidation of these type will become more popular. However, in the EU reality much more common is horizontal integration consisting in extension of the current activity, usually by mergers and takeovers of other plants (O'Shaughnessy, 2013). Certainly an important criterion is efficiency assessment of this type of integration, because the common process is to take over the bankrupt companies. This allows the company being taken over to maintain employment and get benefits of scale.

The European model of business in the meat processing sector points to widespread separation of meat production from slaughter, cutting and processing. As a result, the production chain extends, which contributes to the functioning of many intermediaries under the structure of the company.

A rather small scale of operation of European meat producers and processors translates directly into a low competitive position against large chain stores, which sell products (especially raw meat, more rarely processed meat products) under their own brand in order to develop it. Thus, retail chains have greater control over the sources of meat supply, and meat processors remain anonymous according to final consumers. Consequently, the meat producer or processor brand is not the key selection criterion for most of the European consumers (Janczys, 2008).

So far the consolidation in the EU processing industry was slow and characterised by differentiated scale and scope in respective countries, which is evidenced by 2012 data: 15 largest EU companies from the meat processing sector had approx. 29% of market share against 21% in 2007.

Figure 3 presents fifteen of the largest European companies of the meat processing sector and production size in the field of processing of respective types of meat.

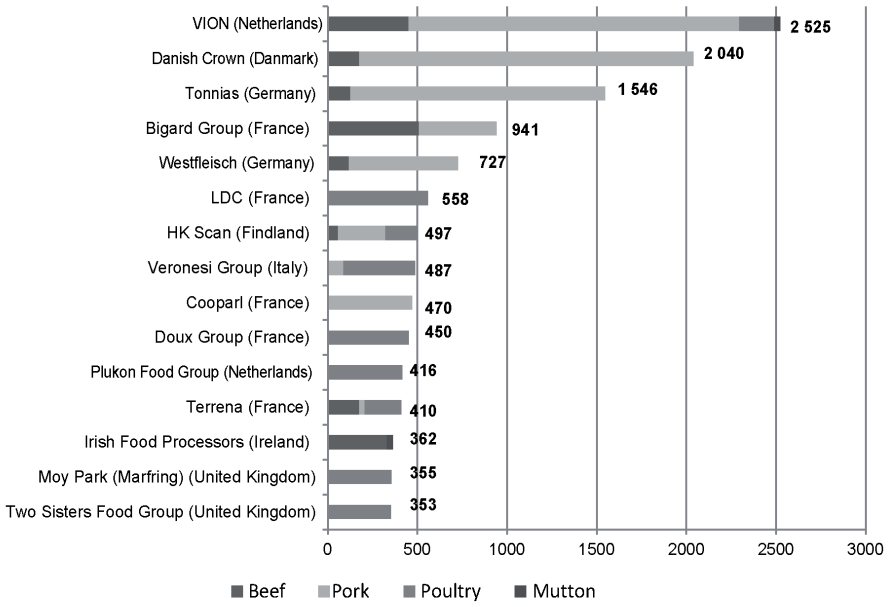

Fig. 3. The largest European meat processors (thousand tonnes – by 2011 data).
Source: Wiedenhofer (2012, p. 11).

Data on Figure 3 show a major disproportion between 3-5 leading companies and the rest of the ranking. Most of the processing plants operated in a traditional, local and highly independent manner. The domain of European companies is the production and processing of pork and indirectly – beef. A major part of poultry, whose share in the structure of consumed meat products continuously grows, comes from import. Given the low level of concentration, the share of companies simultaneously dealing with production and/or processing of red meat and poultry is clearly reduced. Among the largest companies only the Dutch company Vion, Finnish HK Scan, Italian Veronesi Group and French Terrena combine these types of activities. Such a broad scope of activity in practice turned out to be inefficient, which is exemplified by the financial results of the company Vion. The majority of the EU companies from the meat processing sector lead their activity (sometimes in many segments) only in the domestic country. Their products are distributed to other countries, mainly via external, international chain stores. Only individual companies run activity in the area of two or three countries (solely within the limits of the European Union). In most cases, the operation of the European companies of the meat processing sector run in such a dimension and such scale has its rational justification going beyond the area of interest of the economies of scale. Operation on a relatively small

area – a country or a region – enables to meet the expectations of the consumers and provide them with products matched to their local customs, traditions and culinary tastes. European consumers are more likely to expect a personalised product than a bulk product. This interdependence is observed especially as regards food products. The business meeting the expectations of consumers should thus be characterised by individual character and regional range. These entities have, however, problems with relevant use of the synergy effect as regards production and marketing (Knecht and Środoń, 2013).

Most of the few pan-European meat processing companies operate under two types of strategies. The former assumed large-scale production of generic products and consists in cheap and mass processing of low-processed products – mainly with a view to the poorer market segment, e.g. discount stores. The second strategy assumes establishment of a number of processing companies in respective countries, which are tasked with manufacturing local products to the internal market under known brands. This strategy is used by the Spanish company Campofrio Food Group, for example.

The traditional Western European model of the structure of the meat processing industry shows a different model of business than the one for manufacturers of raw materials. These enterprises are not vertically integrated backwards, they have a different culture, specificity and dynamics. The countries that have joined the European Union after 2004 are characterised by higher levels of vertical consolidation, with insufficient level of horizontal integration (mainly due to lack of capital). The level of integration of meat processors on a European scale must be, however, assessed as low, especially in the perspective of global competition. The largest European company (Vion) has only 5% of market shares, and the top 15 – only approx. 34-35% (Wiedenhofer, 2012).

Specificity of business models of the European companies from the meat processing sector

The ownership structure of the leading European companies from the meat processing sector points to a dominating share of the private sector (including family companies) – 47% among the largest 15 companies and 74% among the top 100. The main reason for such situation is highly operational and unstable character of the business, the significance of personal and local relations in the field of supply in livestock and low profitability and growth rates. From the perspective of the stock exchange investors, involvement in this type of business is unprofitable, therefore their share in the ownership structure of the 15 largest European companies from the meat processing sector is only 20% (8% among the top 100 companies). Additionally, the potential administrators of borrowed capital (bank loans, bonds), mainly banks, are reluctant to finance the European meat processing sector. Equity is thus the dominating part of capital resources of these units.

One of the key factors affecting the condition of the European companies from the meat processing sector is costs linked to purchase of raw materials. The need to reduce costs and increase efficiency in the present conditions is associated to growing prices of livestock, growing costs of breeding and international prices of raw materials and goods. The European consumers, still suffering from the effects of recession affecting most of the European countries, do not accept increases in basic prices of goods, especially of staple foods. Their dissatisfaction finds manifestation in the policy implemented by the largest retail chains, which unwillingly transfer price increases of manufactures onto the consumers. This also complies with the policy of large retail chains, which earn mainly on the scale of sales and not on high margins. Consequently, the European companies from the meat processing sector are forced to strict cost reduction, the more that there still is the risk of changing the meat supplier by a large retail network in case of failure to reach an agreement with the producer. This risk increases looking at the possibility of import of cheap meat products, e.g. from Brazil, Turkey or Thailand (Michalczuk, 2013).

In the European realities, the food industry, including the meat processing sector, has a tendency to obtain a dominating part of revenues on sales from a small number of contractors. This is exacerbated by the significant internationalisation of retail chains, often having joint purchasing centres for their international outlet markets, which significantly increases their purchasing power and competitive position. According to the author, the strong impact of the contemporary retail chains on the European meat supply chain follows from some key issues:

- The share of retail chains in meat sales increased mainly as a result of fast collapse of the traditional channels of distribution.
- Most of the supermarket chains selling meat and meat products decide to sell packed fresh meat. Discount chains, through regular and dynamic growth in the number of stores across Europe, gained major market shares in the sales of fresh meat. Their aggressive price policy forces response from competitive retail chains.
- Modern retail chains commonly develop strategies of rationalisation of meat supply chains. As a result, they get meat supplies from a small number of suppliers and thus they participate in the benefits following from economies of scale of production. Elimination of "unnecessary" links, such as wholesalers, allows to shorten the chain, which in turn allows for greater pressure on meat producers and processors.
- It is common among European retailers to import meat products from other than current sources, so as to exert more pressure on existing suppliers to reduce margins, which in turn allows them to obtain additional quantities of goods needed during promotional periods.
- Policy run by retail chains also has a clear impact on the level of employment in respective segments of the meat supply chain.

In the European meat processing industry one of the more important factors affecting the financial condition of enterprises is production overcapacity linked, above all, to cyclicality of meat (raw material) production. The sector is characterised by a strong drive at gradual increase in production – mainly due to high fixed costs and major dispersion, limiting the possibilities of noting benefits resulting from the scale effect. This situation leads to functioning of most of the meat plants in the conditions of limited efficiency. In addition, they have to compete between each other for availability of livestock which generates additional costs.

It is expected that in the perspective of subsequent years, the competition between small meat processing plants and much more efficient companies benefiting from the scale effect will strengthen. As a result small companies will probably collapse, although the process will be slow and will result in a long and difficult period in the European meat industry (Szymańska, Hamulczuk and Dziwulski, 2012).

The diagnosed problems of the EU meat processing sector and specificity of its functioning is not a novelty to Polish meat processors. These barriers affect the domestic meat industry with varied strength, though. Poland is ranked as the fourth European Union meat producer, having almost 11% of the EU market shares. Against the background of nearly twice higher production in Germany and by half higher production in France, Poland is one of the EU leaders when production is calculated per capita. Higher production per capita was noted only in Ireland and Denmark. Both Germany, France and Spain have by approx. 15-20% lower production of meat and meat products per capita than Poland. Despite the low level of integration of the meat processing sector in Poland, the domestic production is characterised by one of the highest levels of concentration in Europe. Also as regards the efficiency of labour, the Polish meat processing sector occupies the leading position among European competitors (Urban, 2005; Drewnowska and Zienkiewicz, 2013). Higher efficiency it typical only of meat processing industries in: Italy (approx. 85%), Spain (approx. 45%), and France and the United Kingdom (approx. 24%). Poland is also a country with one of the highest rates of production growth. In 2000--2012, the value of production sold in the EU-27 increased by approx. 46%, while in Poland, Romania and Bulgaria by approx. 250%. At the same time, in Germany and Spain, the value of production sold increased by approx. 75% and in France, Italy and Denmark by approx. 20%. As a result, Poland strengthened its position among the largest EU meat producers by approx. 4.5 percentage points (Mroczek, Drożdż, Tereszczuk and Urban, 2014). However, this extremely positive statistics should also consider the so-called "base effect" resulting from many years of stagnation of industry growth and development in countries like Poland, Romania and Bulgaria.

Conclusions

The important challenges facing the European meat processing sector cover key factors, such as low margins and pressure exercised on the meat processing sector by chain stores, suppliers of raw materials, producers of fodder or consumers. The European meat processing sector functions in the conditions of capital shortages, and low profitability of business additionally hinders increases in capital base of these units. As a result, changes in the European meat processing sector will be distributed in time and will require decisions linked, e.g. to consolidations, mergers and takeovers. Concentration and internationalisation of retail chains with simultaneous rationalisation of their supply chains is a challenge, which the meat processing sector will have to tackle in the coming years. Functioning in such conditions can require from meat processing plants to increase the scale of activity and range of products to a small number of recipients (chain stores). This undiversified portfolio of contractors generates the so-called risk of excessive concentration. In this situation, the probable resignation from cooperation of one of the contractors can have a major impact on the level of sales of respective companies. To neutralise the unfavourable relation between large chain stores and clearly smaller meat processors, it is justified in the next years to intensify the process of vertical and horizontal consolidation. This process will enable them not only to improve the competitive position but also to benefit from scale effects allowing meat processors to reduce costs. This approach seems to be justified especially in the perspective of continually growing costs of fodder, labour force and fuels, and regulatory and currency costs. The consolidation process of the meat processing sector should take into account the preferences of the consumers linked to the readiness to purchase and consume local products taking into account their preferences and culinary tastes. Thus, it might be justified to run business as separate processing plants, operating on local markets but functioning under a larger capital group. This would allow for integration of supplies in raw materials (at least in the area of a given region), fodder, distribution and know-how. However, it needs to be remembered that in case of the meat processing sector the simple economic account concerning benefits following from the process of consolidation can be insufficient. Therefore, it seems necessary to consider the specificity of functioning of the sector and expectations of the consumers.

References:

Bartosińska, M., Wykowski, G., Nalewajk, T. (2014). *Ocena skutków regulacji – branża mięsna*. Warszawa: Departament Bezpieczeństwa Żywności i Weterynarii, Ministerstwo Rolnictwa i Rozwoju Wsi, pp. 1-11.

Brown, R. (2009). *Global Meat Consumption, Production & Trade Policies: Strategic & Structural challenges in the Global Meat Industry*. Ave Expo, GIRA Consultancy & Research Prospective et Strategie, France, pp. 3-46.

Brown R. (2013). *Supply and retailing of raw meat in EU-28, The new dynamics of the sharp end of the beef, pork and poultry chains 2004-2013/2014-2020*. GIRA Consultancy & Research Prospective et Strategie, France, pp. 5-21.

Choiński, W. (2014). Sytuacja w branży mięsnej w aspekcie zakazów wynikających z wystąpienia na terytorium Polski ASF u Dzików. *Polskie Mięso, Informator Masarski*, No. 5/2014, Wydawnictwo Masterpress, pp. 20, 22-26.

CSIMarket (2016). *Food Processing Industry Profitability – Meat Processing*. Retrieved from: www.csimarket.com/Industry/industry_Profitability_Ratios.php?ind=505 (access date: 09.11.2016.

Drewnowska, B., Zienkiewicz, K. (2013). *Nasze mięso w kryzysie ratuje się eksportem*. Retrieved from: www.ekonomia.rp.pl/artykul/978148.html?print=tak&p=0 (access date: 22.07.2015).

Radermacher, W. (2016). *The EU in the world*. 2016 edition, Eurostat, Statistical Books, Belgium, pp. 141-142.

Jakubowska, D., Radzymińska, M. (2009). Postawy i zachowania nabywcze konsumentów wybranych narodowości wobec ryzyka związanego z konsumpcją produktów mięsnych. *Zeszyty Naukowe Ostrołęckiego Towarzystwa Naukowego*, No. 23, pp. 245-252.

Janczys, W. (2008). Branża mięsna na Litwie – przeddzień kryzysu? *Kurier Wileński, Dziennik Polski na Litwie, No. 95*(15891), pp. 1, 3.

Jortay, M. (2014). *Agriculture, forestry and fishery statistics*. 2014 edition, Eurostat, Statistical books, Belgium, pp. 104-105.

Knap-Stefaniuk, A. (2010). *Polska branża mięsna*. Cz. I, Analiza wybranych zagadnień. Retrieved from: http://www.wszpou.edu.pl/biuletyn/druk.php?p=&strona=biul_miesoknap (access date: 21.07.2015).

Knecht, D., Środoń, S. (2013). Sytuacja wybranych elementów sektora produkcji mięsa wieprzowego w Polsce na tle najważniejszych producentów w Unii Europejskiej. *Journal of Agribusiness and Rural Development*, vol. 27, no. 1, pp. 119-131.

Kraciuk, J., Piekutowska, A. (2014). Zmiany globalnych łańcuchów wartości w sektorze rolno-spożywczym. *Stowarzyszenie Ekonomistów Rolnictwa i Agrobiznesu, Roczniki Naukowe*, vol. XVI, issue 5, pp. 128-132.

Kwasek, M. (2010). *Tendencje w spożyciu żywności w krajach Unii Europejskiej, Ekonomiczne i społeczne uwarunkowania rozwoju polskiej gospodarki żywnościowej po wstąpieniu Polski do Unii Europejskiej*. Program Wieloletni 2005-2009, No. 180, Warszawa: IERiGŻ-PIB, pp. 66-69.

Lesisz, T.J. et al. (2013). *Przetwórstwo mięsa na poziomie gospodarstwa*. Centrum Doradztwa Rolniczego w Brwinowie, Oddział w Radomiu, Radom, pp. 5-7.

Lindel, D. (2015). The Food & Beverage Industry in Germany. *Industry Overview, Germany Trade & Invest*, issue 2014/2015, Berlin, pp. 2-14

Maillard, R. (2013). Czy mięso jest znowu dobrem luksusowym? *Biuletyn Informacyjny Belgijskich Dostawców Mięsa*, wiosna 2013, Meat News, Belgian Meat Office, p. 1.

Maillard, R., Dewulf, J., Postma, M. (2013). Trendy na rynku globalnym. *Biuletyn Informacyjny Belgijskich Dostawców Mięsa*, wiosna 2013, Meat News, Belgian Meat Office, pp. 2-4.

McCann, N. (2014). *Improving profitability for small and very small meat processors in Iowa*. Leopold Center Completed Grant Reports M2012-16, Digital Repository, Iowa State University, Paper No. 471, pp. 1-3.

Michalczuk, L. (2013). Perspektywy rozwoju polskiego przemysłu spożywczego w świetle badań foresightowych. *Innowacyjne Mleczarstwo, No. 1*(1), pp. 32-36.

Mikinovic, S. (2009). *Future of Meat Consumption*. AMA Marketing Strategies, AMA Agramarkt Austria, 05.06.2009, pp. 14-23.

Mroczek, R. (ed.), (2014). *Polski przemysł spożywczy w latach 2008-2013*. Program Wieloletni 2011-2014, No. 117, Warszawa: IERiŻ-PIB, p. 20.

Mroczek, R. (2015). Determinanty i perspektywy rozwoju przemysłu mięsnego i drobiarskiego w Polsce w warunkach integracji z Unią Europejską. *Zeszyty Naukowe SGGW w Warszawie. Problemy Rolnictwa Światowego*, vol. 15(XXX), issue 1, pp. 58-67.

Morkis, G. (2006). Stopień wdrożenia GHP, GMP i HACCP w przemyśle spożywczym. *Żywność. Nauka. Technologia. Jakość*, No. 3(48), pp. 129-145.

O'Shaughnessy, C. (2013). *Wstępne badanie określające branże przemysłu spożywczego oraz podsumowujące wyniki badań krajowych i międzynarodowych, a także efekt synergii z wcześniejszymi i bieżącymi projektami i inicjatywami*. Pakiet roboczy 2, D 2.1, Projekt "GREENFOODS", IEE/12/723.SI2.645697, Campden BRI, Great Britain, pp. 3-33.

Pejsak, Z. (2016). *Uwarunkowania produkcji żywca wieprzowego*. Państwowy Instytut Weterynaryjny, Wyzwania na rynku wieprzowiny w Polsce na tle UE. SGGW w Warszawie, dyskusja podczas konferencji, Warszawa.

Porter, M. (1992). *Strategia konkurencji. Metody analizy sektorów i konkurentów*. Warszawa: Państwowe Wydawnictwo Ekonomiczne, pp. 313-315.

Rasz, H. (2005). *Przemysł spożywczy przed i po integracji Polski z Unią Europejską*. Kancelaria Sejmu, Biuro Studiów i Ekspertyz, Wydział Analiz Ekonomicznych i Społecznych, Informacja, No. 1124, pp. 1-8.

Rycombel, D. (2005). *Przemysł mięsny – wołowina i cielęcina – informacja dla przetwórców*. Seria: Polska wieś w Europie, IERiGŻ, Fundacja Funduszy Współpracy, Biuro Programów Wiejskich, Warszawa, pp. 1-9.

Stępień, S. (2016). *Zmiany na rynku wieprzowiny, Uniwersytet Ekonomiczny w Poznaniu, Wyzwania na rynku wieprzowiny w Polsce na tle UE*. SGGW w Warszawie, dyskusja podczas konferencji, Warszawa.

Szymańska, E. Hamulczuk, M., Dziwulski, M. (2012). *Analiza na temat funkcjonowania sektora wieprzowiny w latach 2004-2010 wraz z prognozą do roku 2020*. Ekspertyza dla MRiRW zgodna z umową nr 139/2012, Wydział Nauk Ekonomicznych, SGGW, Warszawa, pp. 63-79.

Urban, R. (2005). Polski przemysł spożywczy w Unii Europejskiej – konkurencyjność i szanse rozwojowe. *Roczniki Naukowe Stowarzyszenia Ekonomistów Rolnictwa i Agrobiznesu, nr 7*(7), pp. 240-247.

Wiedenhofer, H. (2012). *Mięso dużej wagi, Raport na temat struktury i dynamiki europejskiego przemysłu mięsnego*. Projekt realizowany przy finansowym wsparciu Komisji Europejskiej, EFFAT, pp. 1-36.

Węglarczyk, M. (2014). *Branża mięsna w Hiszpanii*. Wydział Promocji Handlu i Inwestycji w Madrycie, Ambasada Rzeczypospolitej Polskiej w Madrycie, pp. 2-9.

Ziętara, W. (2016). *Uwarunkowania produkcji żywca wieprzowego. IERiGŻ-PIB. Wyzwania na rynku wieprzowiny w Polsce na tle UE*, SGGW w Warszawie, dyskusja podczas konferencji, Warszawa.

TOMASZ PAWLONKA
Szkoła Główna Gospodarstwa Wiejskiego
Warszawa

SPECYFIKA SEKTORA PRZETWÓRSTWA MIĘSNEGO W UNII EUROPEJSKIEJ – STAN I PERSPEKTYWY

Abstrakt

Głównym celem badania było wskazanie podstawowych barier rozwojowych w sektorze przetwórstwa mięsnego (PKD 10.1) oraz kierunków działania pomagających przezwyciężyć zidentyfikowane trudności. Sektor przetwórstwa mięsnego charakteryzuje się znacznym rozdrobieniem, niskim poziomem integracji pionowej i poziomej oraz niską zyskownością. W rezultacie europejskie przedsiębiorstwa stają się mniej konkurencyjne względem światowych konkurentów.

Słowa kluczowe: branża mięsna, przetwórstwo mięsne, rentowność, konsumpcja, bariery rozwojowe, globalizacja.

Accepted for print: 28.04.2017.