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To:

EBRD  
One Exchange Square  
London EC2A 2JN  
United Kingdom

Strasbourg, 16/04/2019

### **EBRD capital allocation to MHP SE - project no. 50764**

Dear Commissioner Katainen, dear Governor Stubb, dear Director Reichenbach, dear Director Avarello, dear Director Bello, dear Director Freeman, dear Director Treppel, dear Director Offer, dear Director Sanderud, dear Director Weekers, dear Director Havas, dear Governor De Croo, dear Governor Le Maire, dear Governor Gramegna, dear Governor Hammond, dear Governor Löger, dear Governor Scholz, dear Governor Orpo, dear Governor Hoekstra, dear Governor Marić;

On May 22, 2019, the EBRD Board is to decide on a capital allocation of EUR 100 million to MHP SE (project no. 50764). The purpose of this capital allocation is to enable MHP to acquire and invest in Perutnina Ptuj, headquartered in Slovenia. The EBRD's project goal is to "support MHP Group's strategy to expand its operations in the EU and other countries with the aim to become a multinational producer"<sup>1</sup>.

MHP is by far the largest chicken producer in Ukraine with a market share of 64% in 2017. In 2015, MHP's share was 61%.

MHP is the sixth largest European poultry producer in terms of slaughtered animals (312 million broilers in 2017). The production volume of chicken meat is set to increase by around 100,000 tonnes in 2019 due to the expansion of the Vinnytsia poultry complex in Ukraine and by around 80,000 tonnes due to the recent acquisition of Perutnina Ptuj in Slovenia. For 2019, the company expects to export around 320,000 tonnes of chicken meat. In 2018, MHP accounted for 88.2% of Ukrainian poultry meat exports, with export sales of USD 449 million.

On February 21, 2019, MHP announced that the transaction for the acquisition of Perutnina Ptuj had been completed, and that MHP now controls more than 90% of Perutnina Ptuj's shares. Yuriy Kosyuk, CEO of MHP, said: "This partnership confirms MHP as Europe's fastest growing poultry producer and represents a major strategic step in making the company a significant player in the global poultry business."<sup>2</sup>

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<sup>1</sup><https://www.ebrd.com/cs/Satellite?c=Content&cid=1395279719629&d=Mobile&pagename=EBRD%2FContent%2FContentLayout>

<sup>2</sup> <https://www.mhp.com.ua/en/media/press-releases/details/mhp-agreed-deal-to-acquire-perutnina-ptuj>

Enver Šišić, President of Perutnina Ptuj Management: "With the help of the new strategic owner [...] our company will surely go beyond the regional dimension."<sup>3</sup>

Shortly after MHP acquired the shares of Perutnina Ptuj, five of the nine members of the Supervisory Board were replaced by four MHP managers and Ljubljana-based lawyer Uroš Ilić, who was appointed Chief Supervisor. The Supervisory Board has appointed a new management consisting of a mix of senior Perutnina and MHP employees.

**As Members of the European Parliament, we ask you: Why would the EBRD want to finance such a project?**

Article 2 of the EBRD's policy documents obliges the EBRD to promote in particular small and medium-sized enterprises and demonopolization. When the EBRD carried out the first capital allocation to MHP in 2010, the company was twice as large as the next largest competitor in the Ukraine. Seven years and four EBRD capitalisations later, this difference has increased six-fold and MHP has achieved a monopoly-like position in Ukraine with a market share of 64%.

If the capital allocation is intended to increase MHP's business in the EU, we would like to draw your attention to the fact that this can have far-reaching implications for the development of agricultural production in many EU Member States as well as in other countries worldwide. Already, there are concerns about MHP's announcement that it "will also continue [...] to develop export market opportunities worldwide from our cutting facilities in the EU"<sup>4</sup>.

This may apply to all markets for which poultry meat exports from the EU can be duty-free, such as the SADC countries. An international development bank should seek to prevent rather than promote such developments.

We would also like to remind you that under Article 13 of its policy documents, the EBRD may not provide funding if the applicant can otherwise obtain sufficient funding on terms that the Bank deems reasonable - which is undoubtedly the case with MHP. MHP has already acquired more than 90% of Perutnina's shares (EBRD funding would be retrospective in this respect) and has recently shown in other investments that it does not struggle to obtain private funding.

The fact that MHP „is able to obtain sufficient financing or facilities elsewhere"<sup>5</sup> is also underpinned by a EUR 120 million loan, which MHP recently received from ING Bank N.V.

**We, Members of the European Parliament, therefore ask you to cancel or reject project 50764.**

**For the Greens/ EFA Group**

MEP Thomas Waitz

MEP Karima Delli

MEP Pascal Durand

MEP Romeo Franz

MEP Bas Eickhout

MEP Rebecca Harms

MEP Martin Häusling

MEP Heidi Hautala

MEP Maria Heubuch

MEP Yannick Jadot

MEP Philippe Lamberts

MEP Tilly Metz

MEP Michèle Rivasi

MEP Molly Scott Cato

MEP Davor Škrlec

MEP Bart Staes

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<sup>3</sup> see footnote 1

<sup>4</sup> [https://www.mhp.com.ua/library/file/mhp-financial-rep-2018\\_1.pdf](https://www.mhp.com.ua/library/file/mhp-financial-rep-2018_1.pdf)

<sup>5</sup> Art. 13 [Agreement Establishing the Bank](#)