



A call to EBRD Directors to refrain from granting another loan to Ukrainian poultry producer MHP

Dear EBRD Executive Director,

The European Bank for Reconstruction and Development (EBRD) has funded Myronivsky Hliboproduct PJSC (MHP), a vertically integrated business model controlling all aspects of the poultry production chain, with four separate investments since 2010. Nowadays, with overall public support¹ of over EUR 500 million, this agribusiness giant is a monopolist in poultry production and has become one of the largest land bank owners in Ukraine. Now this major exporter to the EU has requested another EUR 100 million loan from the EBRD, which should be discussed on 22 May by the EBRD Board of Director.

But the company has a whole track record of adverse impacts on people, environment and animal welfare, which makes its further funding from public sources, especially from the EBRD, unreasonable.

Communities in regions where MHP operates underlined that consultation processes have involved pressure from MHP representatives to support past projects and still lack adequate information disclosure around of comprehensive impact assessment studies. Since 2015, local activists raising concerns about MHP operations have been subject to various forms of pressure, intimidation and even violence. The known and clear common thread among the physical attacks and other intimidation measures is that each of the victims were prominent activists in movements critical of the Ukrainian agribusiness company MHP. More on the human rights abuses can be found in the attached infographic.

There are ongoing re-negotiations of the EU-Ukraine trade deal that concern the alleged exploitation of a legal loophole in the agreement and led to duty-free imports of poultry products bypassing quota in 2017 and 2018. It is important to note that MHP is responsible for approximately 90%² of all exported poultry meat to the EU. The current EU-Ukraine trade deal granted Ukraine substantial trade preferences on animal-based products while committing the country to align its rules, notably on animal welfare, with the EU's³. As the EBRD has the strongest requirements on animal welfare among international banks, impelling its clients to respect EU standards, it should make sure MHP's entire value chain respects the animal welfare standards contained in the EU Broiler Directive (EC 2007/43).

The new EBRD project proposed for financing to the Board of Directors will cover the "Acquisition by MHP SE ("MHP Group") of a majority stake in the holding company of Perutnina Ptuj group of companies ("Perutnina") and subsequent capital investments in it." This new project would be located in Slovenia.

MHP has opened meat processing plants in the Netherlands and Slovakia in 2016 and 2017 respectively, and since then has been looking for new acquisitions in other EU countries

¹ Since 2003, MHP has received more than half a billion dollars in loans from the IFC, the EBRD, and the EIB.

² <https://biz.nv.ua/markets/kury-poleteli-ukraina-voshla-v-troyku-glavnyh-postavshchikov-kuryatiny-v-es-50003105.html>

³ <https://www.eurogroupforanimals.org/wp-content/uploads/Eurogroup-for-Animals-Letter-on-Ukraine.pdf>

(unsuccessfully in Poland and France in 2017-2018). We see that these acquisitions are directly connected to the MHP's ongoing expansions of its operations in Ukraine and foreseen export growth. And with limited information on the Slovenian project we fear that the export of poultry meat from Ukraine to the new facility within Perutnina Ptuj companies will continue.

An evaluation of MHP made after initial loans in 2010 stated that improvements had to be made in terms of animal welfare. However, there is no report on what has been achieved to correct this situation. Action plans drafted by the EBRD have not covered animal welfare so far. More than 93% of EU consumers want imported products to respect animal welfare standards equivalent to those applied in the EU and 89% want the EU to do more to promote animal welfare in third countries⁴. Therefore, public funds derived from European taxpayers should not fund inhumane practices that they reject at home.

We call upon you, as Director at the EBRD, to seriously re-consider granting such a loan to MHP, taking into consideration the record of MHP in the field of human rights and engagement with the neighbouring communities, environment impact and animal welfare standards respected throughout the entire value chain owned by MHP.

Yours sincerely,

Xavier Sol

Director of Counter Balance

A handwritten signature in black ink, appearing to be 'Xavier Sol', written in a cursive style.

⁴ Eurobarometer 442 – Attitudes of Europeans towards Animal Welfare – March 2016