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## **Report Name:** Poultry and Products Semi-annual

**Country:** Brazil

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**Report Category:** Poultry and Products

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### **Report Highlights:**

Brazil is the second-largest chicken meat producer in the world after the United States, and the largest chicken meat exporter in the world. Post forecasts chicken meat production will increase one percent in 2024 due to strong external demand, socio-economic performance, and improved costs of production. Brazil continues to maintain its status as free from Highly Pathogenic Avian Influenza (HPAI) in commercial plants. This report considers current status quo for its forecasts. Post forecasts consumption levels stable from 2023. Chicken meat exports are forecast to increase four percent in 2024, as Brazil opens new markets and consolidates and diversifies exports to existing markets. Brazil is diligently negotiating regionalization clauses to its current health certificates.

# EXECUTIVE SUMMARY

## Production

Brazil is the second-largest chicken meat producer in the world after the United States. Chicken meat production in 2024 is forecasted at 15.1 million metric tons (MMT), a one percent increase. This is a record high for Brazil and the forecast is based on strong external demand, socio-economic performance, and improved costs of production. Brazil's commercial plants continue to be free from Highly Pathogenic Avian Influenza (HPAI); these projections assume they will continue to be so.

## Consumption

Post forecasts domestic chicken consumption in 2024 at 10.13 MMT, relatively stable from 2023, as increased consumption of other animal protein sources is expected. Post anticipates that around 67 percent of the Brazilian chicken production will be consumed domestically in 2024. Per capita consumption will remain over 46 kilos/year.

## Trade

Brazil is expected to remain the world's largest exporter of chicken meat in 2024 forecast at 4.97 MMT, an increase of four percent. These values do not include chicken paws. Government of Brazil is working to open new markets, increase product diversity in existing markets, and negotiate regionalization clauses to its current health certificates to avoid market closure should HPAI hit a commercial operation. Brazil continues to focus exports to halal markets. Post forecasts chicken meat imports 4at 1,000 MT in 2024, coming from Argentina and Chile.

**Figure 1***Chicken Meat Production, Supply, and Distribution*

<b>Meat, Chicken Market Year Begins  Brazil</b>	<b>2022</b>		<b>2023</b>		<b>2024</b>	
	<b>Jan 2022</b>		<b>Jan 2023</b>		<b>Jan 2024</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	14465	14465	14900	14900	15050	15100
<b>Total Imports</b> (1000 MT)	5	5	2	2	1	1
<b>Total Supply</b> (1000 MT)	14470	14470	14902	14902	15051	15101
<b>Total Exports</b> (1000 MT)	4447	4447	4770	4767	4925	4975
<b>Human Consumption</b> (1000 MT)	10023	10023	10132	10135	10126	10126
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	10023	10023	10132	10135	10126	10126
<b>Total Use</b> (1000 MT)	14470	14470	14902	14902	15051	15101
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	14470	14470	14902	14902	15051	15101
(1000 MT)						

Source: Not Official USDA Data

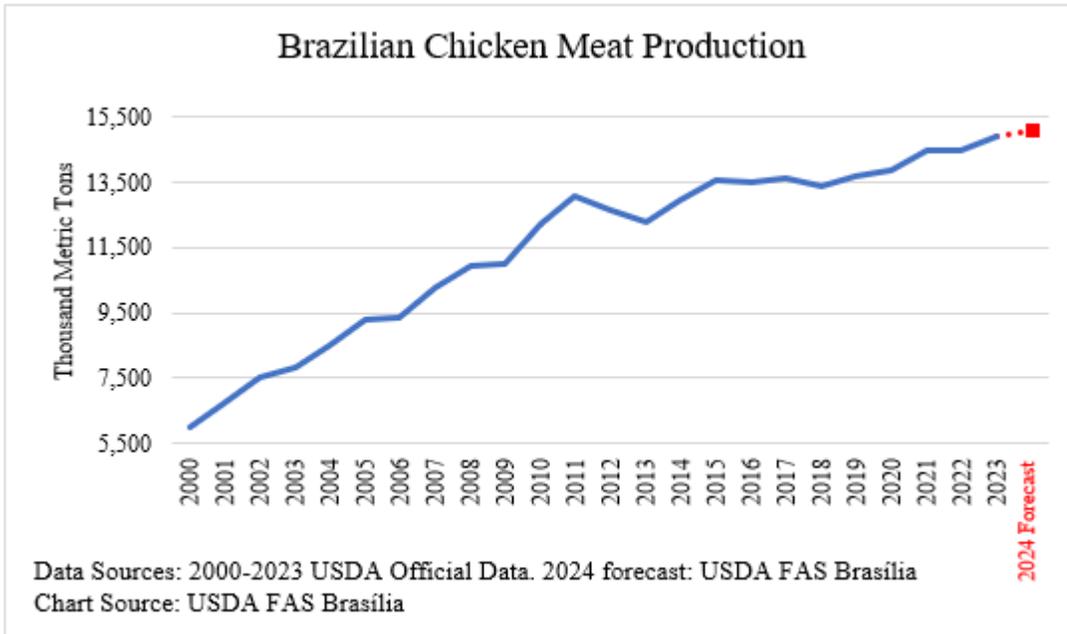
## POULTRY

### 1. Production

Brazil is the second-largest chicken meat producer in the world, behind the United States, per official USDA data. Post estimates chicken meat production increased three percent in 2023, reaching 14.9 million metric tons (MMT). For 2024, Post forecasts chicken meat production will reach 15.1 MMT, a one percent increase from 2023. This forecast represents a historical high for Brazil. Post forecasts are based on strong external demand, the socio-economic performance expected for the country, and improved costs of production. Post forecasts that production in 2024 will reach record levels, as presented on the following graph.

**Figure 2**

*Brazilian Chicken Meat Production, 2010-2022 and Projections for 2023 and 2024*



### 1.1. Socio-Economic Factors to Weigh on Production

Post forecasts sluggish economic performance in 2024 based on the Brazilian Central Bank (BCB) forecast that GDP will grow 1.68 percent and in 2025 by two percent. The Central Bank Focus survey published on February 16<sup>th</sup> anticipates inflation at 3.81 percent for 2024 and 3.52 percent in 2025. The exchange rate from Brazilian Reais to U.S. dollars is forecasted at R\$4.93 for 2024, and R\$5.00 for 2025 to US\$ 1.00.

The Institute of Geography and Statistics (IBGE) latest data reports that Brazil had 8.1 million unemployed people in the fourth quarter of 2023, which represents a 7.4 percent unemployment rate. However, there are an additional 3.5 million people that have stopped looking for a job. The total underutilized rate for the third quarter of 2023 is 17.3 percent.

#### *Brazilian Central Bank Assessment*

On February 6<sup>th</sup>, the Brazilian Central Bank Monetary Policy Committee (Copom) published the minutes of its January meeting and noted that “the recent set of economic activity indicators remains consistent with the economic deceleration scenario expected by the Committee. Economic growth has moderated, but household consumption has been resilient”. This resilience in consumption is “due to

increase in household income, as a result of the rise in the minimum wage, social benefits, and the more resilient labor market”. Furthermore, the Committee “reinforced its view that the lack of commitment to structural reforms and fiscal discipline, the increase of earmarked credit granting, and the uncertainties about the stabilization of the public debt have the potential to raise the neutral interest rate of the economy, with harmful impacts on the power of the monetary policy and, consequently, on the cost of disinflation in terms of activity”.

### *Brazilian Tax Reform and Implications to the Agricultural Sector*

On July 7<sup>th</sup>, the Brazilian Chamber of Deputies approved a major tax reform seeks to simplify the Brazilian federal and state tax codes. The idea is that the federal, state, and local taxes – which often overlap – will be replaced by a simplified value added tax (VAT). The bill was promulgated on December 21, 2023, and the government has 90 days to propose draft bills to fully implement the reform. As previously mentioned on the Livestock Annual Report [BR2023-0017](#), in general the agricultural sector was concerned about the measure, as it currently benefits from certain tax exemptions that were in the line to be removed with the establishment of the VAT. On December 28, 2023, President Luiz Inácio Lula da Silva signed a Provisional Measure, [MP 1202/2023](#). The measure’s effects would enter into force as of April 1<sup>st</sup>, 2024.

On February 28<sup>th</sup>, however, President Lula revoked part of the Provisional Measure which would increase taxes for the animal protein sector. This will now be addressed by a new bill, which will go to Congress as an urgent measure. The bill, however, does not go into force as soon as it is published, but rather, requires prior approval and Presidential sanctioning before going into force. There is no deadline for when the bill will be drafted or sanctioned. Post will continue monitoring the situation and the possible impacts to the agricultural sector.

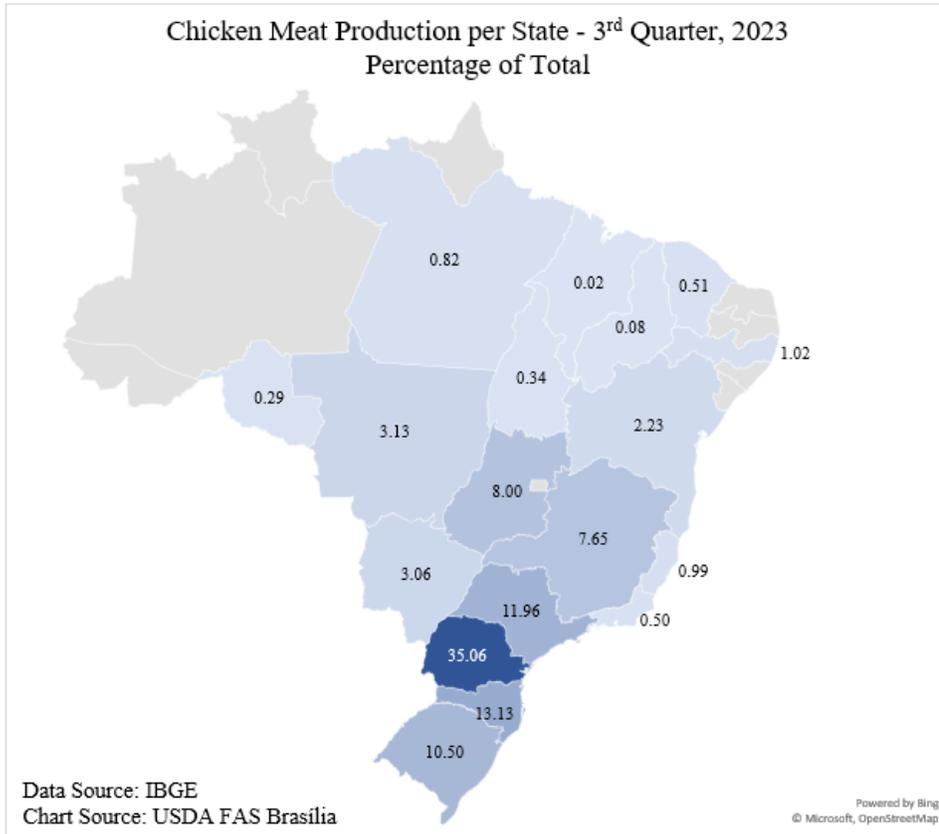
Overall, the economic scenario in Brazil is in deceleration, which may impact companies’ capacity and willingness to make larger investments and consumers’ consumption patterns. The pending clarification bills on the tax reform may also impact the sector globally in its hiring and expansion capacities.

## 1.2. Production by States

The following map shows chicken meat production across Brazil for the third quarter of 2023, latest official IBGE final data available. States marked in gray mean there was no chicken meat production in that quarter. Preliminary data for the last quarter of 2023 available at the time of publication of this report does not split data by states. The South region of Brazil – composed of the states of Paraná, Santa Catarina, and Rio Grande do Sul – continue to lead the country in chicken production, representing almost 60 percent of the national production. Paraná state is the single largest producer, responsible for 35 percent of total chicken meat coming out of Brazil in the third quarter of 2023, followed by Santa Catarina, São Paulo, Rio Grande do Sul, and Goiás.

**Figure 3**

*Brazilian Chicken Meat Production by State –Third Quarter of 2023 – Percentage of Total*



In 2023, São Paulo state took over Rio Grande do Sul’s position as the third largest chicken meat producer in Brazil. As explained, the decrease may be related to a taxation issue in the state that negatively impacted the animal proteins sector because of the lack of feed available in the state to fully supply the needs of these industries. Post will continue to monitor the case to see if production in the state resumes to normal levels after this measure has been lifted.

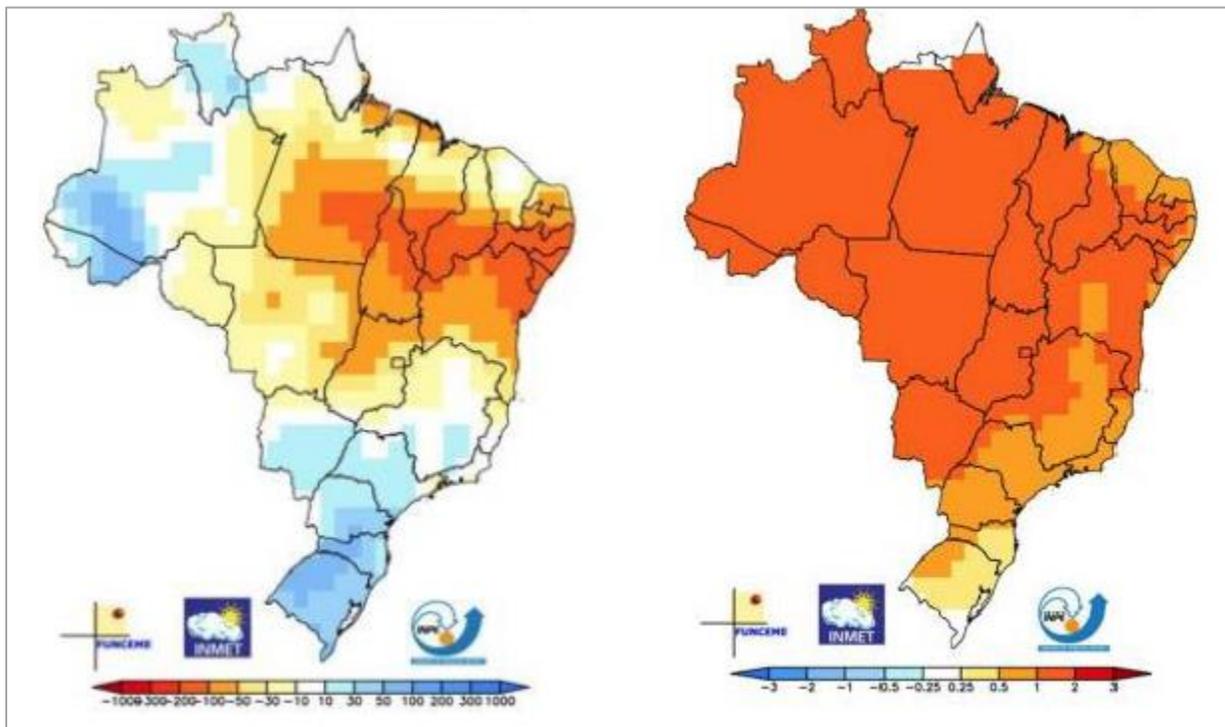
### 1.3. Weather Conditions

Climate is an important factor in chicken production. The ideal temperature for chicken production varies between 18°C to 28°C (64° to 82°F). Temperatures outside of this range impact the chickens’ thermal balance. Subject to higher temperatures, chickens tend to drink more water and eat less feed – hence gaining less weight and producing fewer eggs. Subject to lower temperatures, chickens tend to pile up, not eating or drinking enough to gain adequate weight for slaughter and becoming more susceptible to respiratory diseases.

Forecasts from the National Meteorology Institute (INMET) show that rainfall in the South region of Brazil will be above average in the months of February, March, and April 2024, especially in the northeast region of Rio Grande do Sul, west of Santa Catarina, and south of Paraná states. Temperatures are also forecasted above average for the period in the entire region, mainly in eastern Santa Catarina and center-west of Rio Grande do Sul. As these are the states with the largest poultry production in Brazil, careful attention should be given to temperature changes, due to the possible impacts highlighted above.

**Figure 4**

*Rainfall (L) and Temperature (R) Abnormalities Forecast – February to April, 2024.*



Data Source: INMET Monthly Agri Climatological Report February 2024.

The National Oceanic and Atmospheric Administration (NOAA) has reported that the El Niño has restarted in Brazil. Forecast points to 90 percent assurance that the conditions imposed by the El Niño will continue until the end of 2023. Consequences of the phenomenon in Brazil could include excess rainfall in the southern region of Brazil, diminished rainfall in the north and northeast regions of Brazil. The higher temperatures during the southern hemisphere autumn and winter makes frosts less likely but the thermal stress on chickens could affect productivity. The APEC Climate Center, a research center

based in South Korea, points to 82 percent probability of the El Niño conditions continuing until April 2024, and 60 percent probability of the effects lingering until June 2024. NOAA predicted that the phenomenon La Niña has a 65 percent likelihood of returning in the period of August to October of 2024, which normally impacts producers in the South of Brazil, producing droughts that can compromise crops – and hence, feed availability.

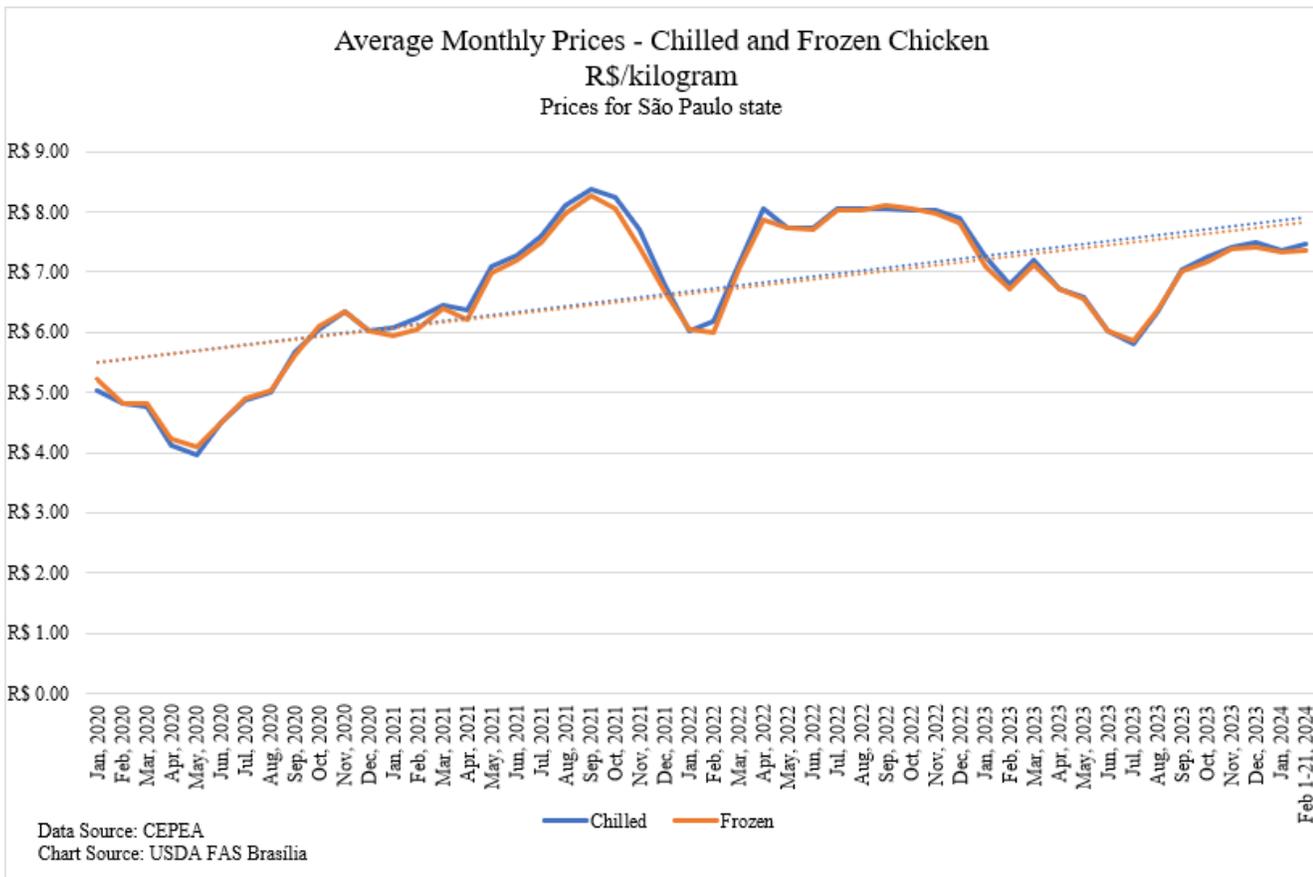
#### 1.4. Price and Profitability Outlook

Post forecasts poultry prices will be moderate in 2024 due to high supply. The forecast is based on overall decreased input costs, domestic inflation, and foreign demand. The average price per kilogram of chilled chicken in 2023 was R\$6.83 (US\$ 1.37), and frozen chicken was sold at an average price of R\$6.79 (US\$ 1.36). In 2024, from January 1<sup>st</sup> to February 21<sup>st</sup>, the average price of chilled chicken was R\$7.42 (US\$ 1.50) and frozen chicken was R\$7.35 (US\$ 1.49). In comparison, the average prices seen in the first eight weeks of 2024 are over 8 percent higher than in the previous year, but on trend from the last quarter of 2023.

The following graph shows the average monthly prices for chilled and frozen chicken since January 2020. The graph demonstrates a recovery in prices, which was intentional as production decreased in the last months of 2023 to force an adjustment in prices paid to the producers.

**Figure 5**

*Average Monthly Prices – Chilled and Frozen Chicken*

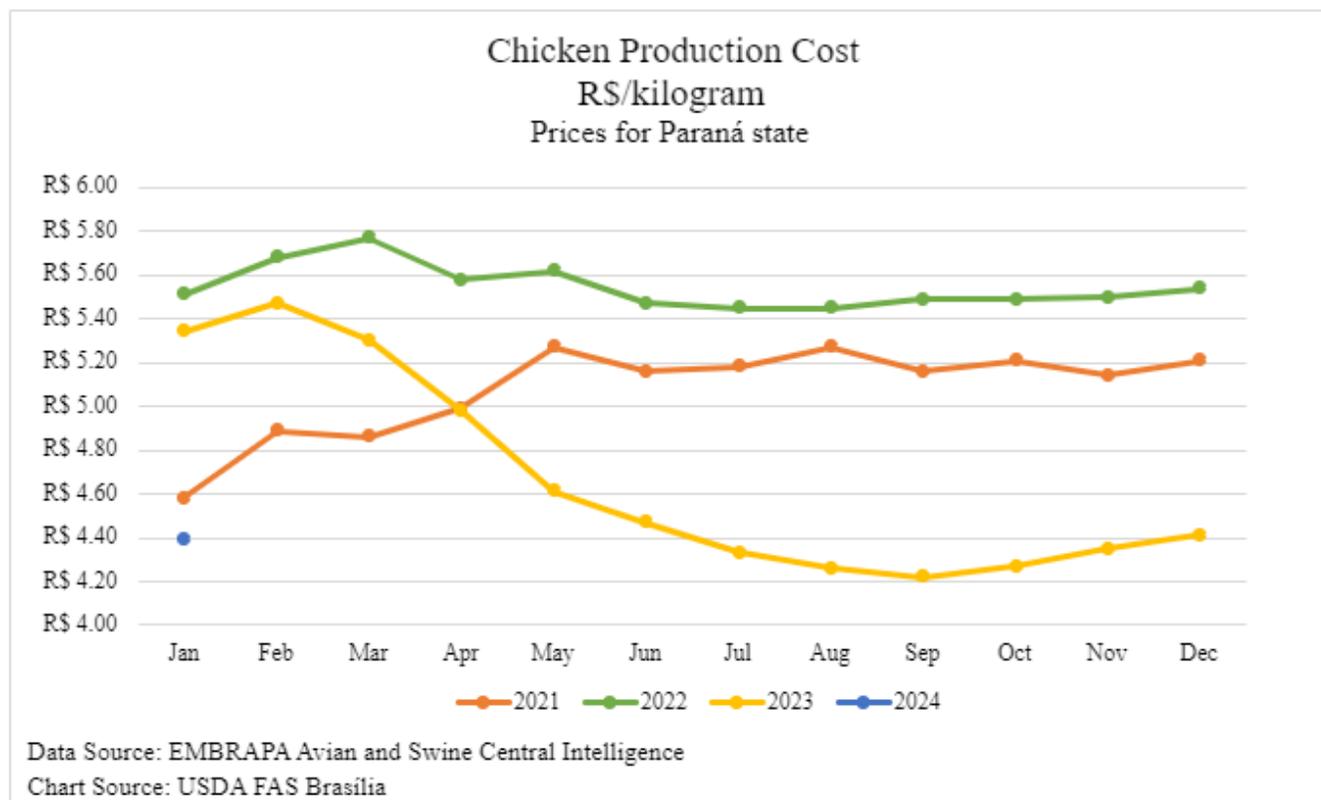


As previously noted by Post in its 2023 Poultry and Products Annual Report – [Report BR2023-0022](#), for 2024, the tendency is for producers to adjust production levels, and therefore, their profitability should be corrected up. Given the short lifecycle of chicken, it makes it easier for producers to balance demand and production levels more quickly than other animal protein producers – such as cattle and swine, whose life cycle is much longer than that of chicken.

The state of Paraná serves as a national reference for poultry costs, due to size of its operations, as demonstrated in the previous subsection 1.2. Production by States. The table below shows that Paraná producers saw production costs decrease in the 2023, particularly in the second, third, and fourth quarters, reaching levels below 2021, when production was a record – See more details on Figure 9 Poultry Production Costs. For January 2024, production costs have started off the year at about the same level as December 2023.

**Figure 6**

*Chicken Production Cost for Paraná State*



## 1.5. Production Costs

### 1.5.1. Cost of Feed

The National Union for Animal Feed Industry (Sindirações) forecasts a 2.5 percent increase in feed production in Brazil for 2024. For both broilers and layers, the top macro ingredient used for feed is corn, followed by soybean meal. The feed industry is highly dependent on the animal protein sector – specially poultry and swine production. It is important to note that sources point to idle capacity in the feed industry, meaning they could ramp production up if needed.

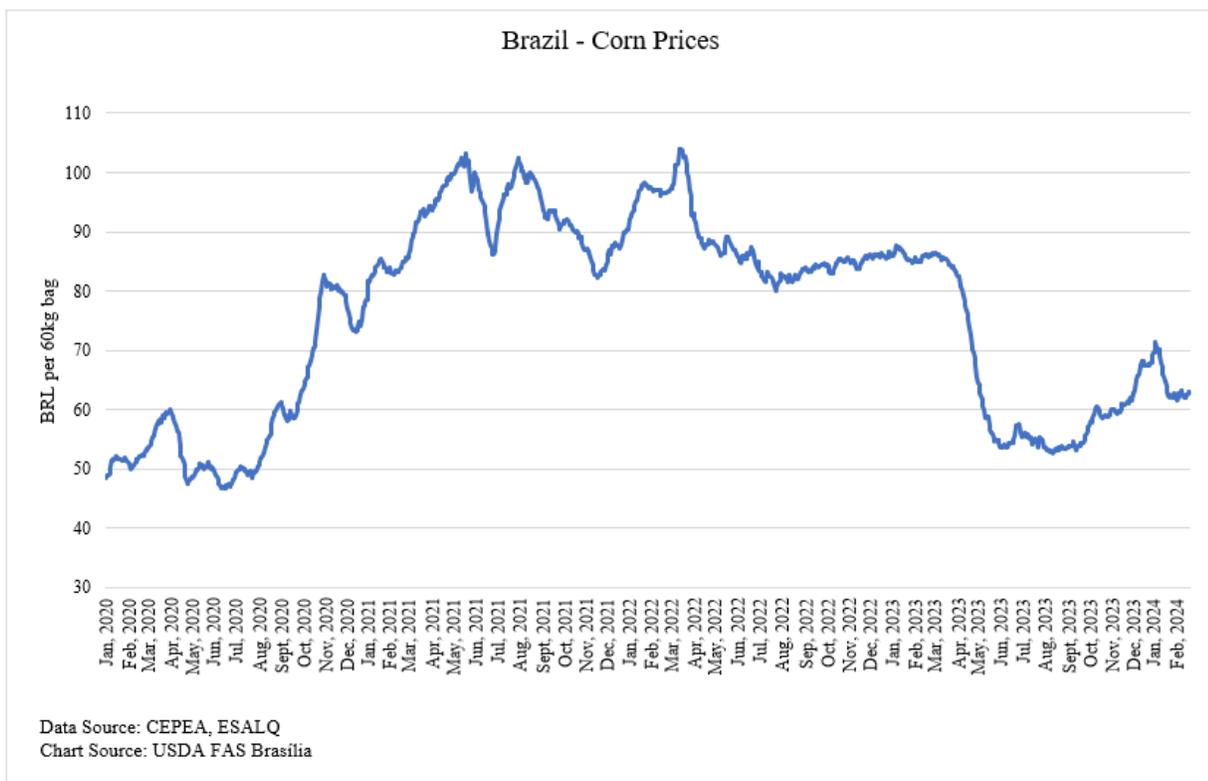
As a major producer of both corn and soybean meal, Brazil has a competitive advantage when producing animals for subsequent slaughter, decreasing the cost of feed.

## Corn

The USDA World Agricultural Supply and Demand Estimates (WASDE) forecasts corn production for MY 2023/24, as of February 6<sup>th</sup>, at 127 MMT. The cut is due to lower second corn crop area forecasts. Brazil is expected to be the third-largest corn producer in the world, behind the United States and China. Corn prices remain low when compared to historical levels, as seen on the following graph.

**Figure 7**

### Brazil – Corn Prices

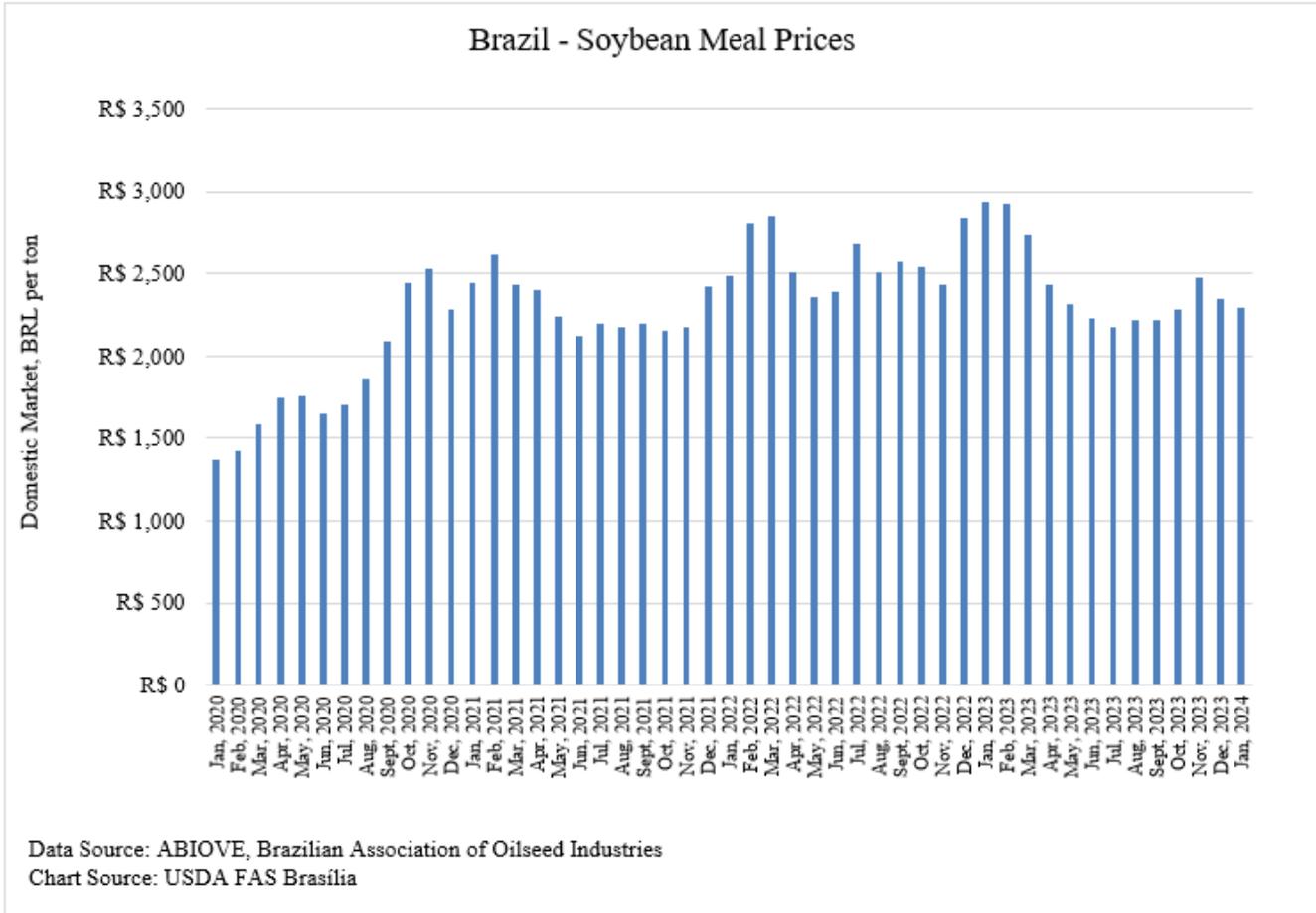


## Soybean Meal

As of February 6<sup>th</sup>, the WASDE currently forecasts soybean production to 157 MMT, down 3 MMT from last year's record crop of 160 MMT. Reduced rainfall in the Center West region and northeastern states lowered yield potential. Even with this decrease in production, Brazil remains the world's largest soybean producer in the world.

**Figure 8**

*Brazil – Soybean Meal Prices*



*Impact of Feed Costs on Production*

In the second and third quarters of 2023, chicken meat producers saw lower costs especially due to the decrease in corn prices. In the fourth quarter, the price of corn started to recover a bit, but remained below historical levels. For 2024, Post forecasts that the large corn and soybean crops will continue to positively impact the poultry industry, lowering feed costs and making it easier for producers to balance other production costs, as seen in the following subsection.

### 1.5.2. Other Production Costs

Although production costs related to animal feed have decreased in 2023 by close to 22 percent, and producers saw a relief in those expenses, other costs have increased, such as electric energy, bedding, heating, and transportation.

The Brazilian Company of Agricultural Research, EMBRAPA, compiles an index for poultry production costs, called *ICPFrango*. In January 2024, nutrition (feed) costs accounted for over two thirds of the total production costs in the state of Paraná. The following table shows that, in January 2024, the largest increase in poultry production sector cost was electric energy/bed/heating.

**Figure 9**

*Poultry Production Costs*

Poultry Production Costs - January, 2024		
Item	Value difference compared to previous 12 months	Percentage of total
Feed	-21.91%	68.20%
Genetics	-14.30%	14.78%
Labor	+0.99%	4.19%
Sanitary	-16.38%	0.88%
Electric Energy/ Bed/ Heating	+12.49%	2.52%
Maintenance/ Insurance	0.00%	0.69%
Transportation	+3.87%	1.71%
Funrural - Assistance Fund for Rural Workers	0.00%	0.17%
Others	+4.04%	0.23%
Depreciation	-3.62%	2.61%
Capital Cost	-2.59%	4.02%
<b>Total</b>	<b>-17.77%</b>	<b>100%</b>

Data Source: EMBRAPA Swine and Poultry, ICPFrango

Chart Source: USDA FAS Brasilia

The following table presents the prices of live chicken, soybean meal, and corn for Paraná state from 2020 to January 2024. As shown in the table, the prices of live chicken for 2023 have been below those experienced in the previous year. The prices for live chicken, soybean meal, and corn in January 2024 have been the lowest compared to the same month in the past three years, and are below the values of 2021, when Brazil had a record production.

**Figure 10**

*Prices for Paraná State*

Prices for Paraná state - R\$/kilogram													
	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Live Chicken	2021	4.62	4.74	4.9	4.79	5.03	5.12	5.36	5.6	5.91	5.91	5.87	5.41
	2022	5.08	5.09	5.36	5.69	5.58	5.58	5.53	5.47	5.39	5.23	5.19	5.14
	2023	5.00	4.98	4.91	4.86	4.77	4.54	4.40	4.48	4.46	4.47	4.53	4.63
	2024	4.59											
Soybean Meal	2021	3.18	3.15	2.72	2.60	2.56	2.36	2.40	2.38	2.37	2.40	2.29	2.36
	2022	2.73	3.00	3.18	2.79	2.59	2.54	2.73	2.66	2.78	2.85	2.81	3.03
	2023	3.15	3.09	2.88	2.57	2.41	2.32	2.44	2.41	2.40	2.40	2.63	2.51
	2024	2.28											
Corn	2021	1.34	1.34	1.44	1.65	1.68	1.49	1.63	1.70	1.58	1.54	1.46	1.50
	2022	1.64	1.68	1.67	1.46	1.51	1.48	1.38	1.40	1.41	1.42	1.43	1.40
	2023	1.44	1.42	1.38	1.21	0.96	0.92	0.91	0.88	0.85	0.88	0.90	0.98
	2024	0.99											

Data Sources: EMBRAPA Avian and Swine Central Intelligence and Paraná Secretariat of Agriculture and Food Supply - DERAL  
 Chart Source: USDA FAS Brasília

Post contacts have relayed that the industry is working to adjust by decreasing placement, in an effort to increase profitability margins for producers. Post contacts also note that during the pandemic, the industry at large made a lot of investment to increase production. These investments point to idle capacity in production, which can be utilized if profit margins increase for producers.

Adjustments to placement levels, long-term investments to boost production, lower-priced feed, strong international demand, and the maintenance of Brazil’s sanitary status – versus some international competitors, serve as some of the reasons for Post’s forecast of a one percent increase for 2024.

1.6. Avian Influenza

On May 15, 2023, Brazil reported the first discovery of infected wild birds to the World Organization for Animal Health (WOAH). The animals were Cabot’s Terns (*Thalasseus acufavidus*) in the state of Espírito Santo. From there, the disease has spread and has reached eight states: Bahia, Espírito Santo, Mato Grosso do Sul, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, and São Paulo.

As of the date of this report, Brazil had 158 cases of Highly Pathogenic Avian Influenza (HPAI), three in backyard flocks and the rest in wild birds, and none in commercial plants – which assures Brazil’s sanitary status as free of HPAI for commercial purposes. The below map prepared by MAPA shows in the white circle with red border, the locations where HPAI cases have been confirmed. In gray are the cases where laboratory testing dismissed possible cases, in yellow are active investigations, and in red

are active cases. MAPA has prepared a complete public-facing [HPAI dashboard](#) to track all cases and investigations. In the dashboard, one can zoom in and see more details for the cases.

For further information on the details of the discovery of the disease in Brazil and the initial measures taken by the Government of Brazil responding to the discovery and planning future actions, please refer to Post's 2023 [Error! Hyperlink reference not valid.](#), section 1.6. Avian Influenza.

### Figure 11

*Brazil HPAI Cases – As of March 5, 2024.*



Data Source: Brazilian Ministry of Agriculture and Livestock, HPAI Dashboard.

As seen from the map, most cases were on, or close to, shorelines. This corresponds with the migratory routes of wild birds that go through Brazil.

#### Government Measures

Since the discovery of the disease in May 2023, the Brazilian government and state-level authorities have taken several measures to prevent further spreading the disease in country. Some of the actions taken were:

- To suspend the performance of exhibits, tournaments, fairs, and other events with live poultry animals;
- To suspend raising free range poultry with access to paddocks without screens in the upper part;
- To declare a state of zoo-sanitary emergency at the federal level so as to make certain federal-level funds available to assist in prevention and coordination of different ministries and organizations;
- To start an Emergency Operations Center at MAPA to coordinate, plan, evaluate, and control national actions regarding HPAI;
- To release R\$200 million (close to US\$ 41.6 million) to MAPA for actions targeted at avoiding that the disease reaches commercial production;
- To incentivize states to declare themselves as in a zoo-sanitary emergency to be able to access funds for prevention measures, from increasing surveillance to specific machinery for disinfection of plants;
- To liaise with industry on the issue and informing about the need to reinforce biosecurity measures, notify cases immediately, control plant access and monitoring, among others;
- To enhance monitoring and surveillance, and provide appropriate training; and,
- To create marketing campaigns to inform the public at large.

Although the disease has not reached commercial plants at this point, the industry and the government together have implemented crisis management protocols which have demonstrated to be very effective. Monitoring and biosafety measures have been strengthened at all levels, from government measures to industry investments and media campaigns to inform the general public. During the summer (Western Hemisphere) break, the government created media campaigns targeting tourists going to beaches in Brazil, asking them to report if dead animals are found and to not touch them.

For further information on the details of the discovery of the disease in Brazil and the initial measures taken by the Government of Brazil responding to the discovery and planning future actions, please refer to Post's [2023 Poultry and Products Annual Report](#), section 1.6. Avian Influenza.

## 2. Consumption

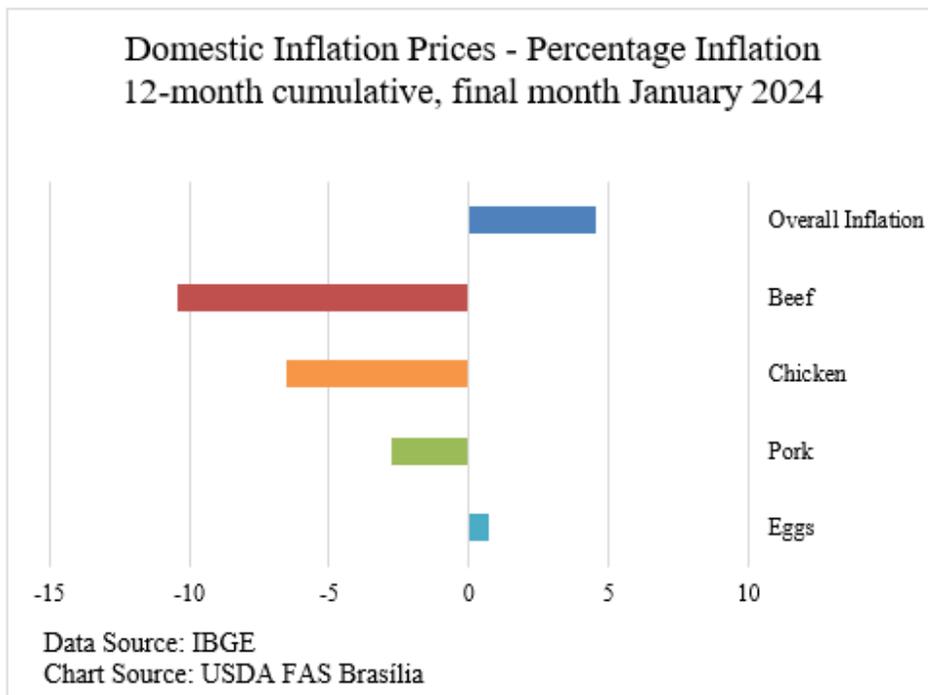
Post forecasts domestic chicken consumption in 2024 at 10.13 MMT RTC, virtually unchanged from 2023. Post anticipates that around 67 percent of the Brazilian chicken production will be destined for the domestic market in 2024.

The Brazilian Central Bank (BCB) forecasts moderate economic performance in 2024, with GDP growth at 1.68 percent, per the latest data available from the BCB Focus Bulletin. The inflation rate is forecasted at 3.81 percent in 2024. Domestic consumption can potentially benefit from social aid programs to the population in most need, as well as from increased minimum wage. The Institute of Geography and Statistics (IBGE) reports 8.1 million unemployed people in the fourth quarter of 2023 and an additional 3.5 million people that have stopped looking for a job. These factors may negatively impact households' purchasing power and thus consumption.

Chicken remains as the most widely consumed animal protein in Brazil, as it is commonly the substitute for preferred, but more expensive, beef. As seen on the following table, inflation on domestic retail prices of chicken has been decreasing in the past 12-month cumulative, per official IBGE data.

**Figure 12**

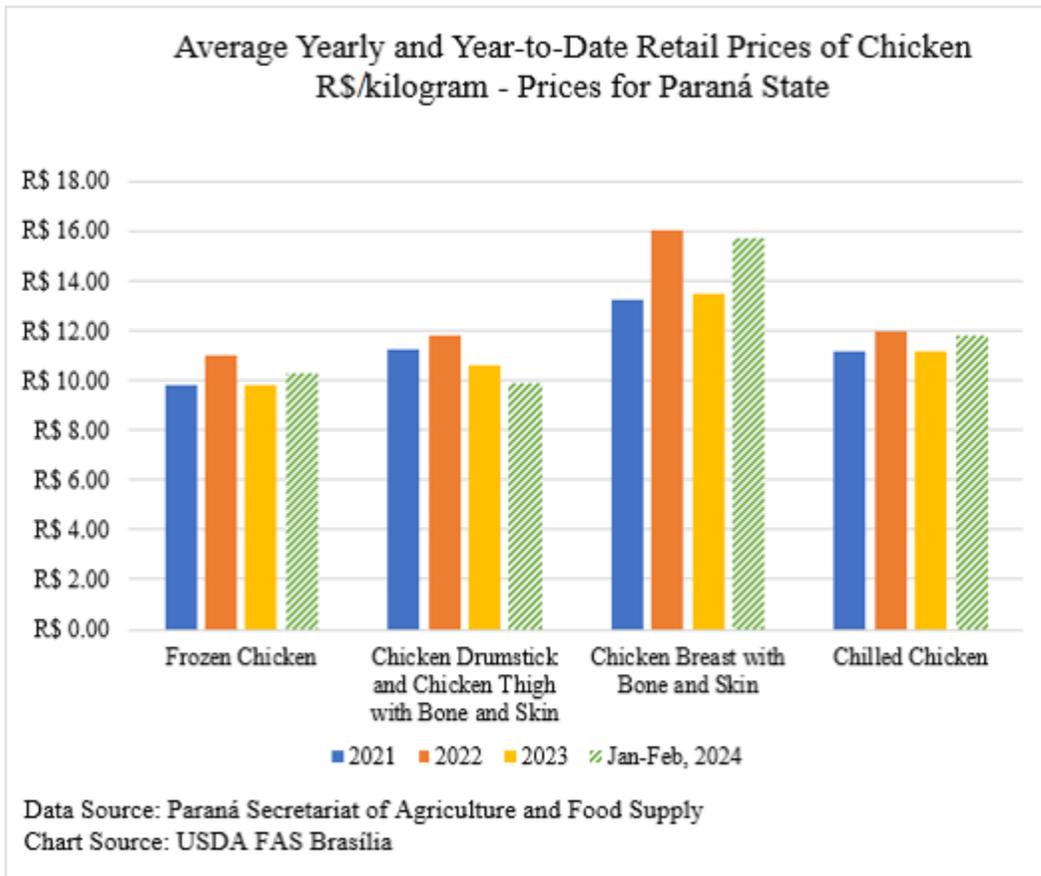
*Domestic Retail Prices Percentage Inflation*



The state of Paraná serves as the reference for chicken production in Brazil. The state’s Secretariat of Agriculture and Supply monitors different cuts than IBGE does, and their data shows the variation in prices, as demonstrated in the following graph.

**Figure 13**

*Average Yearly and Year-to-date Retail Prices – Chicken – Paraná state*



As seen from the previous graph, 2023 prices showed a decrease from 2022. However, it is important to note that prices were still considered high. In the first two months of 2024, retail prices have increased from 2023, which supports Post’s forecast for stable domestic consumption in 2024, as recovering prices make it more expensive for consumers. Additionally, chicken meat competes with other animal protein sources and both beef and pork consumption are forecasted to increase in 2024. See Post’s Livestock and Products Semi-Annual Report [BR2024-0001](#).

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Livestock%20and%20Products%20Annual Brasilia Brazil BR2023-0017](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Livestock%20and%20Products%20Annual%20Brasilia%20Brazil%20BR2023-0017)

## 3. Trade

### 3.1. Exports

Post forecasts Brazil will remain the world's largest exporter of chicken meat in 2024. Chicken meat exports are forecast at 4.97 MMT RTC in 2024, which represents a four percent increase from 2023. Post forecasts exports will account for 33 percent of all production in Brazil. Note that Post and official USDA forecasts do not include chicken paws but that official Brazilian statistics do, as Brazil does not currently have an HS Code designated for chicken paws.

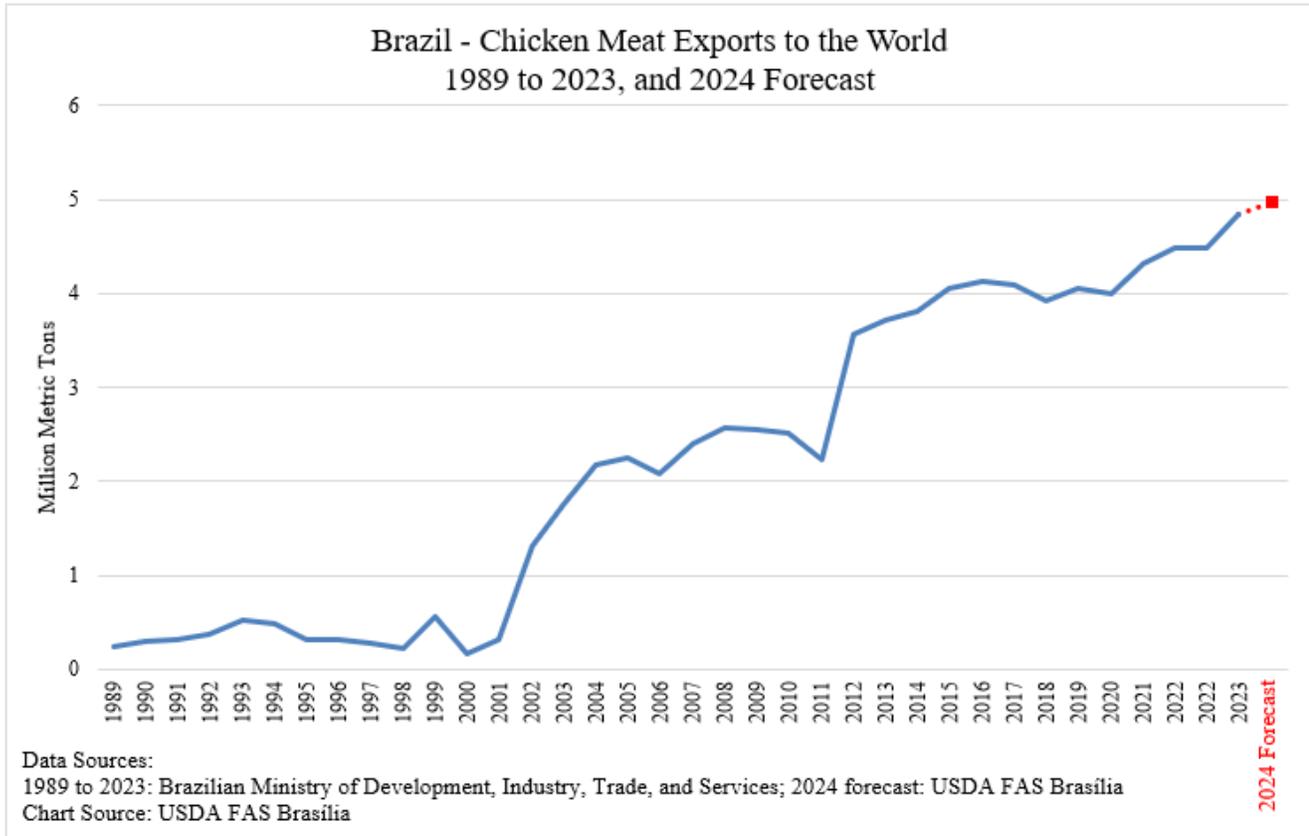
This forecast considers increased production, year-to-date exports, strong external demand likely boosted by the recent Chinese decision on lifting antidumping measures against Brazil, Brazil's sanitary status as free from HPAI in commercial plants, and price competitiveness, and competitor exporters facing challenges with production due to animal disease.

Official Brazilian government data from the Ministry of Development, Industry, Trade, and Services (MDIC) indicate that in January 2024 Brazil has exported 2.5 percent less than in the same month of 2023. This decrease can be explained by producers adjusting placement towards the last quarter of 2023. In 2023, Brazil exported a record 4.85 MMT (including paws), worth US\$ 9.17 billion, and is set for another record year in exports.

The following graph shows the evolution of Brazil's exports of chicken meat to the world since the beginning of the historical series.

**Figure 14**

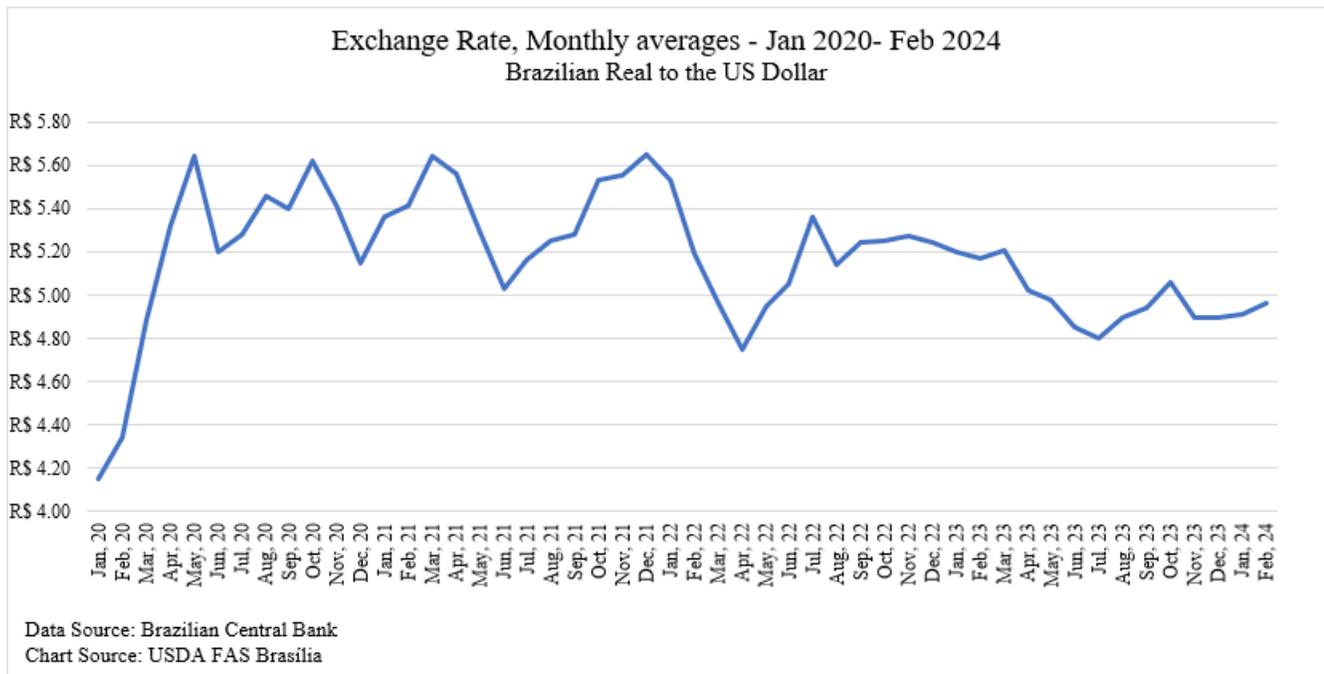
*Brazilian Chicken Meat Exports to the World*



Post's 2024 forecast results of strong external demand, stable domestic consumption, and devalued – although improving - local currency, which incentivizes producers to export, and hence gain more for all the investments they made in increasing production capacity during the pandemic. The following graph shows the fluctuation of the exchange rate in the last few years.

**Figure 15**

*Average Monthly Exchange Rate, January 2020 to February 22, 2024*



Per official USDA data, Brazil currently holds over 35 percent of global exports of chicken meat. Brazil is followed by the United States and the European Union as top three largest exporters. Together the United States and the EU account for an additional 37 percent of global exports.

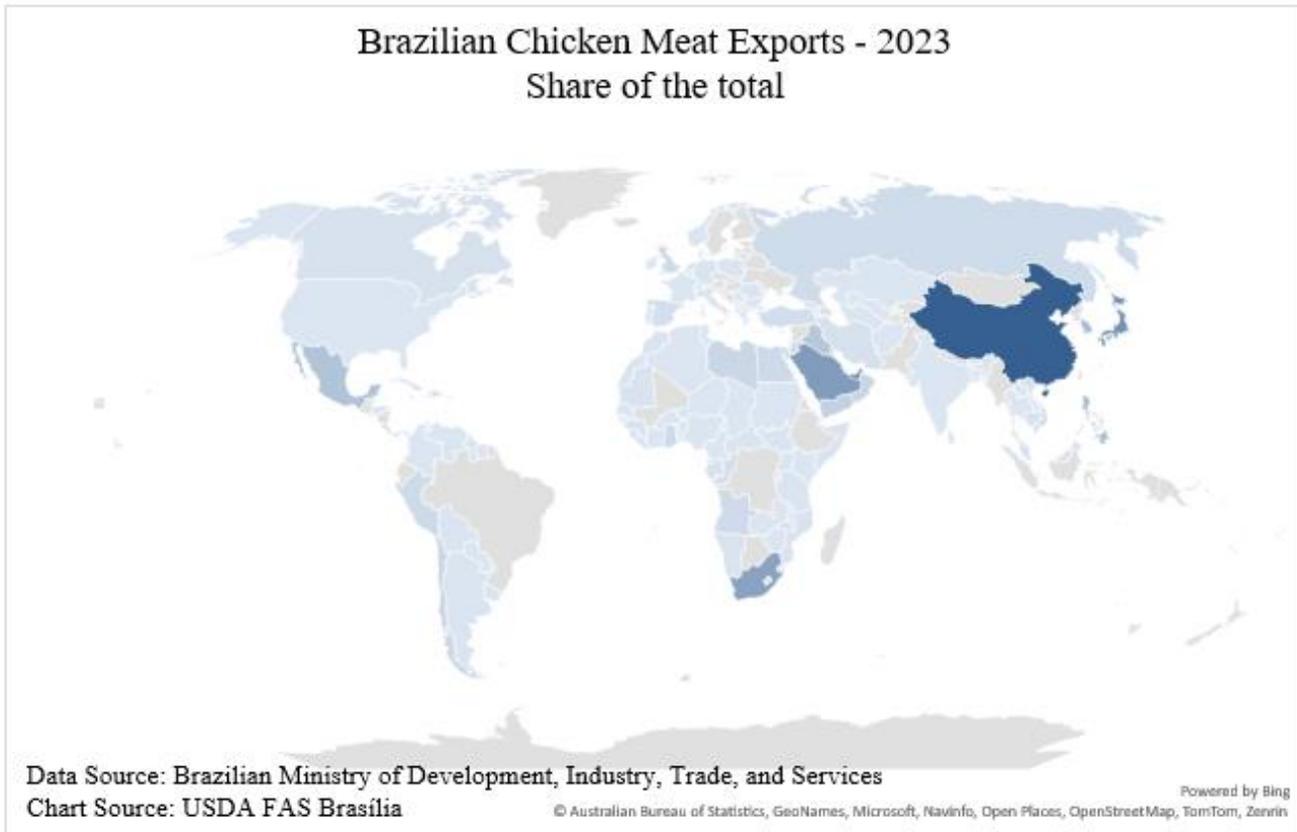
### Trading Partners

In terms of trading partners, Brazil's main market since 2019 is China. In 2023, China was the destination of 14 percent of all exports, and Brazilian exports to China grew over 26 percent from 2022. In January 2024, China received 10 percent of all Brazilian chicken meat exports. Brazil chicken meat shipments to China are expected to continue expansion in 2024.

Differently from other animal protein where exports are more concentrated in specific countries, Brazil's exports of chicken meat are very diversified. In January 2024, Brazil has exported chicken meat and chicken products to 129 countries, and in 2023, it exported to 158 countries. The following map shows Brazil's chicken meat exports to the world. The darker the blue, the more exports to that country in 2023.

**Figure 16**

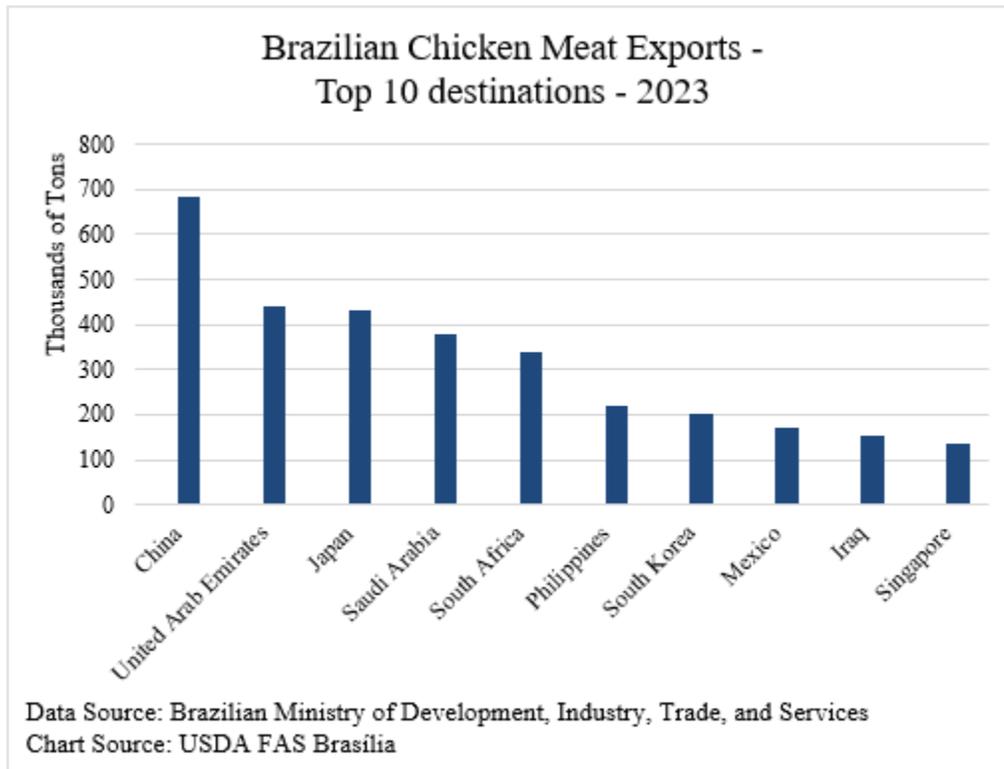
*Brazilian Chicken Meat Exports – Share of the Total, 2023*



Together with China, the United Arab Emirates, Japan, Saudi Arabia, and South Africa compose the top five destinations to which Brazil exported chicken meat to in 2023. To these countries, Brazil exported 2.27 MMT in the period, accounting for close to half of all exports. The top 10 destinations are seen on the following graph, and these countries have been constant in Brazil’s exporter list.

**Figure 17**

*Brazilian Chicken Meat Exports – Share of the Total – Top 10 destinations, January to August 2023*



In January 2024, Brazil exported a little over 382,000 MT of chicken meat, and the top destinations were the same as in 2023. In the period, China, Japan, and the UAE accounted for 10 percent of the exports, each. These markets were followed by Saudi Arabia with nine percent, and South Africa with eight percent of total exports.

For the remainder of 2024, Post forecasts that these countries are likely to remain as the top destinations for Brazilian chicken meat. Contacts have previously told Post that Brazil is increasing exports, taking advantage of its current sanitary status, whereas its major competitors face challenges with HPAI.

#### China lifts antidumping measures against Brazilian chicken meat

On February 27, 2024, the Chinese government announced to the Brazilian government that it has lifted the antidumping tariffs it had imposed on Brazilian chicken meat back in 2019. The tariffs ranged from 17.8 to 34.2 percent, depending on the exporting company. The announced decision was retroactive to

February 17<sup>th</sup>, when the tariffs stopped being charged. The Brazilian Ministry of Development, Industry, Trade, and Services also reported that 14 Brazilian companies had agreed on “price commitments” with the Chinese government, which implied on pre-established price levels, and hindered competitiveness. Now all the companies are competing at a level playing field.

The decision was celebrated by the Brazilian poultry producers and associations. The Paraná Organization for Cooperatives stated that the end of the antidumping tariff will be beneficial to the cooperatives in the state of Paraná, the largest poultry producer and exporter in Brazil. In 2023, Paraná exported 2.08 MMT of chicken meat, out of which 61 percent were exported by cooperatives. ABPA furthermore noted that the decision is proof of the good relations between the government and the private sectors of the two countries. With the end of the tariff, exports to China in 2024 are likely to be increased.

### Electronic health certificate for the European Union

Another decision that may positively impact Brazilian chicken meat exports is the implementation of electronic health certificates for poultry exports to the European Union. According to ABPA, the first poultry cargo certified electronically to the EU was on February 26, 2024, which is celebrated as a new era in export processes. ABPA reports that the new process replaces the need for paper requests, a bureaucratic procedure that could take up to nine business days to be completed, and costed R\$ 166 (about USD 32) per certificate issued. The electronic certification is almost instantaneous and is free of charge. ABPA noted that the new certification follows the same model established about a year ago with the United Kingdom, opening possibilities of expanded exports to the EU. The reduced bureaucracy, paperwork, and costs are likely to boost exports to the EU.

### Diversifying trading partners

Furthermore, the Brazilian Association of Animal Protein (ABPA) together with the Brazilian Ministry of External Affairs and the Brazilian Ministry of Agriculture and Livestock continue to expand the consumer pool for Brazil – rather it is by opening new markets or by diversifying products to existing markets.

In July 2023, Brazil was granted pre-listing status for exports to the United Kingdom. In August 2023, Brazil opened more foreign markets for chicken meat: Israel and Vanuatu. Earlier in the year, French Polynesia had also been opened.

In October, Algeria opened the market for Brazilian chicken meat. In February 2024, ABPA and a Brazilian company donated 10,000 MT of chicken meat to Algeria in a United Nations campaign against hunger in a ceremony at the Brazilian embassy in Algeria. Despite the humanitarian characteristic of the donation, it also helps introduce the Algerian population to the Brazilian meat.

In addition to prior market access, in early December 2023, Brazil received the approval of its pre-listing for animal protein exports to Singapore. In 2023, Singapore was the tenth largest destination of Brazilian chicken meat, which, with this decision is likely to increase in 2024. This decision was celebrated by industry as the country is a strategic and high-value-added market. Earlier in the year, Cuba and Chile also granted pre-listing status for Brazilian chicken meat.

In late December, both Russia and Belarus had announced the opening of a new import quota for chicken meat for further processing. The new quotas were for 140,000MT for Russia and 10,900 MT for Belarus. Although the quotas were not exclusive to Brazilian exporters, Brazil is likely to benefit from them, due to size of its export reach and capacity to adapt to the needs of its global importers.

The president of ABPA cites potential to increase sales to Indonesia, Malaysia, Bangladesh, India, Pakistan, Tanzania, and Nigeria. He also reported that negotiations are underway with El Salvador, Guatemala, and Bhutan.

Specifically regarding Indonesia, since 2014, Brazil has an open case at the World Trade Organization (WTO) on measures imposed by the country to block Brazil's access to its chicken meat. Brazil won the case, but Indonesia requested a reasonable deadline to adopt the measures suggested by the WTO. In December 2020, Indonesia appealed into the void to the WTO Dispute Settlement Appellate Body, delaying even further the adoption of the recommendations, as the body has not been functional due to the lack of appointed members. For more on this case, please refer to Post's 2022 and 2023 Poultry and Products Annual Report, Report number [BR2022-0051](#) and Report number [BR2023-0022](#). Post continues to monitor the case.

Moreover, Brazil continues to focus its exports to halal markets, such as the United Arab Emirates and Saudi Arabia. These have been long-term and firm partners of Brazil.

#### HPAI and Trade Implications

In 2023, due to the first cases of HPAI in Brazil, the government authorities started acting quickly to avoid the further spread of the disease from wildlife animals to animals destined for commercial production. The country has been successful thus far in that regard, but it had three cases of HPAI in backyard flocks. As a trade implication, the Japanese Ministry of Agriculture, Forestry, and Fisheries (MAFF) authorities closed the market to the states where the cases took place – Espírito Santo, Santa Catarina, and Mato Grosso do Sul. In all instances, after a period of quarantine, the Japanese authorities lifted the embargos. Japan was the only country to impose suspensions derived from the backyard findings. On March 1<sup>st</sup>, 2024, a delegation of Japanese auditors concluded a five-days visit to Brazil to evaluate HPAI controls at several locations in Brazil. This visit will lead to a report prepared by the Japanese government informing if it will maintain its imports of Brazilian poultry genetics, chicken meat, and eggs from municipalities not hit by the disease in case of any commercial plants are hit or if any sort of adjustment in sanitary control will be needed.

In interviews, ABPA representatives noted that the international market industry does not foresee large disruptions because of HPAI findings, even if it hits commercial plants. Industry is expecting one-off suspensions, by location and in temporary basis, without severe negative impacts to the trade flux. The Brazilian Ministry of Agriculture and Livestock, as well as the Brazilian Ministry of External Affairs have been doing an intensive work along with importing nations to maintain transparency and share information about the cases and measures taken.

## Regionalization

MAPA has also been diligent in negotiating regionalization agreements with major importing countries so that if HPAI hits commercial plants, the whole country is not affected, but only states and/or specific regions and municipalities. MAPA is working towards negotiating health certificates modifications individually, where needed.

For some countries, regionalization will be applied to a three-kilometer radius from the focus areas, with an additional seven-kilometer radius for monitoring; for some trading partners, regionalization has been secured at the state-level, and for others at the municipality-level. A list of which countries Brazil has been able to secure such agreements and at what level is not publicly available. Also, some health certificates do not mention HPAI specifically, so importers would need to decide at each occasion what course of action to take, and if they would want to impose any sort of suspension or not. Clearly such decision needs to take into account the dependability that the importing country has on Brazilian chicken meat for its food security. As the world's largest exporter - and especially considering the sanitary status of other global players which have impacted their export capacities – some countries would have no other choice, but to regionalize imports from Brazil to maintain their internal food supply.

## 3.2. Imports

Post forecasts chicken meat imports for 2024 at 1,000 MT, down 50 percent from 2023, based on high availability of domestic supplies. In January 2024, Brazil has imported 361 MT, a ten percent decrease from January 2023 volumes. In January, the only providers of chicken meat to Brazil were Argentina and Chile. Argentina accounts for over 87 percent of the total share.

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### **Attachments:**

No Attachments