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Report Highlights:

Despite the increasing costs of production and ongoing HPAI outbreaks, EU chicken meat production is expected to remain stable in 2023. With the easing of COVID restrictions, EU domestic consumption is forecast to increase by 1.4 percent in 2023 following the 1.2 percent growth in 2022. While inflation continues to be a concern, chicken meat is still generally more affordable compared to other animal protein. EU chicken meat imports increased by 13 percent in 2022, and further growth is expected in 2023 driven by a strong demand in the HRI sector. EU demand for Ukrainian chicken meat grew by 60 percent in 2022, as imports benefitted from temporary EU free-trade measures to support Ukraine. EU chicken meat exports decreased by 6.1 percent in 2022, and a further decline is expected in 2023 due to HPAI restrictions and lower price competitiveness relative to other world suppliers.

DISCLAIMER

The figures in the PSDs in this report are not official USDA numbers, but they result from a collaborative effort by FAS European Union (EU) offices to consolidate PSDs from all 27 EU Member States.

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Commodity: Chicken, Meat

Production

European Union (EU) chicken meat production in calendar year (CY) 2023 is forecast to remain stable (0.3 percent growth) due to continuing Highly Pathogenic Avian Influenza (HPAI) outbreaks in major EU producing countries. While broiler farms were relatively less affected by HPAI outbreaks, farms producing laying hens, turkeys and ducks' farms saw significant reductions in breeding stock. The broiler sector was indirectly affected by trade restrictions. Rising production costs due to higher feed grain and energy prices (exacerbated by the ongoing war in Ukraine) are constraining production. EU chicken meat production grew 1.2 percent in CY 2022, driven mainly by higher domestic consumption as COVID-19 restrictions were lifted enabling hotels, restaurants, and institution catering establishments (HRI) to re-open.

Polish chicken meat production is expected to slightly decline in CY 2023 due to HPAI outbreaks and lower profit margins triggered by higher energy and feed costs. Increasing competition from less expensive Ukrainian poultry entering the EU (see trade section) is also putting pressure on the Polish chicken meat industry that has just started to rebound after the COVID-19 restrictions.

Spanish chicken meat production is forecast to slightly increase in CY 2023 as the Spanish poultry industry expects modest growth in HRI and in retail sales. Profit margins among Spanish poultry producers rebounded during the second half of CY 2022 as market prices increased. HPAI outbreaks in Spain mostly affected turkeys, broilers, ducks, geese, laying-hens, and breeding hens. Other poultry meat production like duck, quail, goose, pheasant, and partridge are mainly produced outdoors. South Africa which has historically been the leading export market for Spanish chicken, has banned poultry imports from Spain.

French chicken meat production is forecast to further decrease in CY 2023. Despite strong consumer demand, the French poultry sector has been adversely affected by higher production costs. The average cost of poultry feed increased by 26 percent in CY 2022. Fewer chicks are available due to ongoing HPAI outbreaks. While consumers in the French retail sector continue to favor locally produced quality chicken, less expensive Polish and Ukrainian chicken meat are increasingly used for HRI.

Chicken meat production in the Netherlands is expected to slightly decline in CY 2023 after no growth in CY 2022. Increased production costs have put a lot of pressure on Dutch poultry farmers, even as they manage to remain profitable. This situation will almost certainly accelerate restructuring of poultry operations, perhaps even forcing the closure of some slaughter facilities.

In Italy, chicken meat production in Italy is expected to return to normal levels after HPAI outbreaks affected poultry meat production in CY 2022.

In other EU countries, growing demand especially in retail is fueling slight increases in production. This trend is particularly evident in the demand for chicken meat produced under quality schemes like organic and free-range chicken. Paradoxically, organic and free-range production systems are also most susceptible to HPAI outbreaks as they come into contact with infected wildfowl and migratory birds.

In the wake of the many HPAI outbreaks since 2021, EU Member States are reinforcing surveillance and biosecurity measures on poultry farms and in some cases even instituting temporary bans on free-range farms.

Consumption

EU domestic consumption of chicken meat is expected to increase by 1.4 percent in CY 2023 as both retail sales and consumption in the HRI sector will increase.

Over the longer term, chicken meat consumption is expected to continue growing as consumer preferences continue to favor chicken over other animal protein. Chicken meat is generally more affordable. European consumers also generally consider chicken meat to be healthier, more versatile and easier to prepare.

Trade

EU chicken meat imports increased 13 percent in CY 2022 and are expected to further increase by 8 percent in CY 2023. The European HRI sector accounts for the largest share of imported chicken, Imports from Brazil and Thailand which were disrupted by COVID-19 restriction have regained market share. Imports from the UK continue to decline as the EU is imposing strict sanitary controls following Brexit.

EU imports of Ukrainian chicken meat grew by 60 percent in CY 2022, clearly benefitting from EU regulation 2022/870 which gave temporary trade concessions under the Deep and Comprehensive Free Trade Agreement (DCTA) of 2011. Under the new EU rules, Ukrainian chicken meat is eligible to enter the European market without tariffs or quotas. This measure is temporary and, unless it is extended, it will expire on June 5, 2023.

In CY 2022, EU chicken meat exports decreased by 6.1 percent driven by a 34 percent drop in EU chicken meat exports to Ghana and a 9 percent drop in exports to the Democratic Republic of Congo, two major markets for EU chicken. In CY 2021, Ghana and Congo did not have HPAI restrictions, and they were less affected by COVID-19 restrictions. This enabled EU exporters to ship low-priced cuts which were up to 30 percent cheaper than Brazilian competition. However, with rising production costs in the EU, EU chicken meat exports are now less competitive in African markets.

South Africa which used to be a major customer of EU chicken (up to 122,000 MT in CY 2019) imported less than 2,300 MT in CY 2022 mainly due to HPAI restrictions on Polish chicken meat. A similar situation is evident in the Philippines (a 92 percent decrease in CY 2022), Hong Kong (a 54 percent decrease) and Malaysia (a 20 percent decrease). Declining EU exports is mostly due to HPAI restrictions. EU chicken meat exports to Ukraine decreased by 34 percent as the war has disrupted trade flows.

On the other hand, EU chicken meat exports to UK, a top export destination, grew by 8 percent, driven by strong Polish, Dutch, and German chicken meat exports. After Cuban Authorities re-opened their market to Polish poultry in 2022 as they considered that Poland had fulfilled all World Organization for Animal Health (WOAH) guidelines regarding HPAI, exports to Cuba quadrupled but still fell short of their 2020 levels. EU exports of whole frozen chickens to Saudi Arabia grew by 28 percent, propelled by less direct competition with Brazil and Ukraine.

Continuing HPAI outbreaks in 2023 will have an adverse impact EU chicken meat export. Thus, EU chicken meat exports are expected to decline by 1 percent from CY 2022 levels.

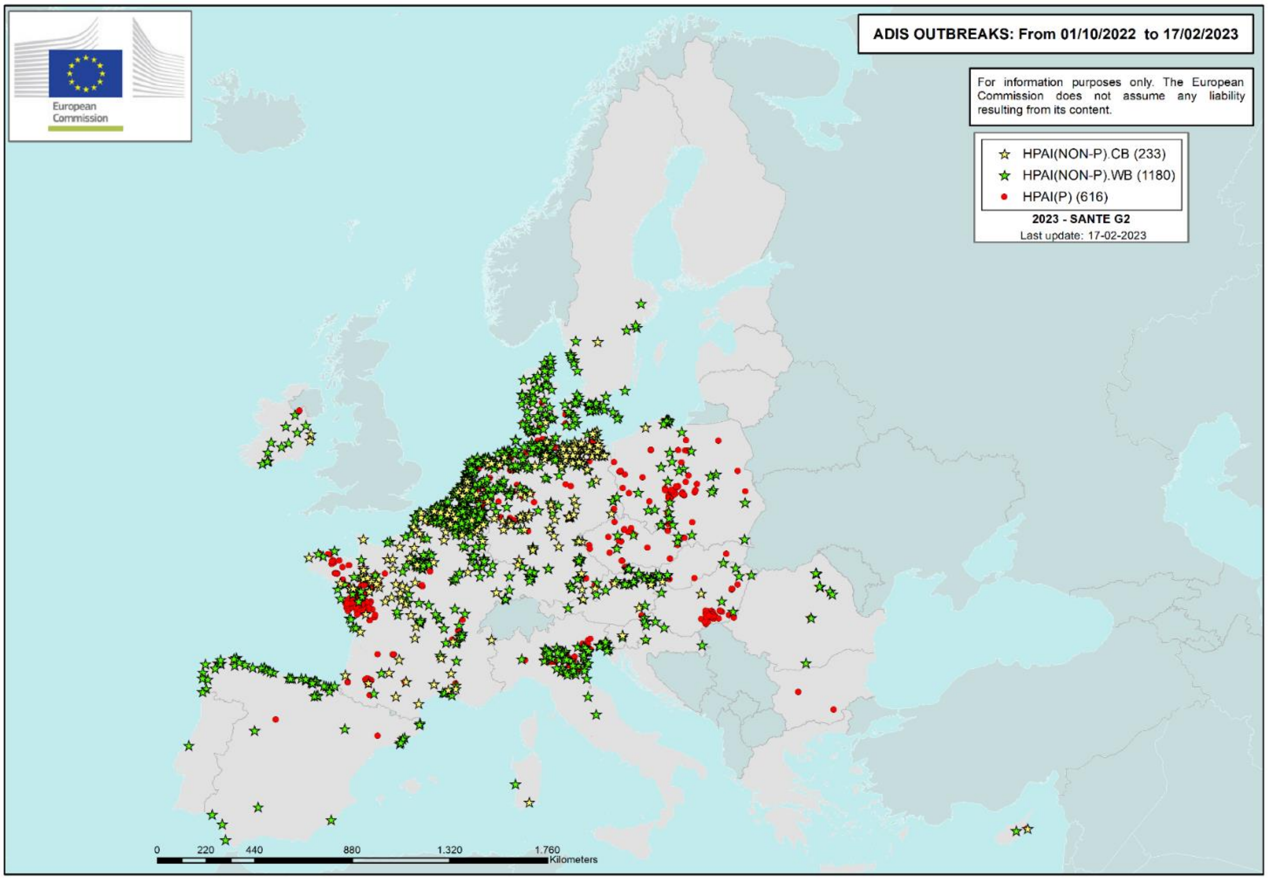
Policy

COVID-19 Update

Highly Pathogenic Avian Influenza (HPAI) Situation Update

Since the autumn of 2021, HPAI outbreaks have plagued the EU poultry sector. The European Commission has reported a long list of outbreaks, starting with France, with 42 percent of all cases, followed by Netherlands, Italy and Poland. The majority of the 2022 cases are of the H5N1 HPAI virus subtype serotype in both wildfowl and domestic poultry farms. Overall, in Europe, laying hens, turkey and duck farms were the most affected with fewer broiler farms impacted. The outbreaks led to the culling of millions of poultry birds. France has announced that it plans to implement a vaccination scheme for its domestic duck flocks starting in the fall of 2023, pending EU approval.

Figure 1: HPAI detections in the EU in the period 01 October 2022 – 17 February 2023



Source: European Commission (https://food.ec.europa.eu/animals/animal-diseases/diseases-and-control-measures/avian-influenza_en)

Table 1

Chicken Meat Production, Supply and Distribution

Meat, Chicken	**2021**		**2022**		**2023**	
Market Year Begins	**Jan 2021**		**Jan 2022**		**Jan 2023**	
European Union	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	10860	10840	10920	10970	10970	11000

Total Imports (1000 MT)	646	646	750	730	765	790
Total Supply (1000 MT)	11506	11486	11670	11700	11735	11790
Total Exports (1000 MT)	1838	1839	1780	1736	1800	1710
Human Consumption (1000 MT)	9668	9647	9890	9964	9935	10080
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	9668	9647	9890	9964	9935	10080
Total Use (1000 MT)	11506	11486	11670	11700	11735	11790
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	11506	11486	11670	11700	11735	11790
(1000 MT)						

Note: Per revised FAS instructions; exports of chicken paws to Hong Kong, China and South Africa have been excluded from EU chicken meat exports.

For Trade data: HS Codes Included: 0207.11, 0207.12, 0207.13, 0207.14, 1602.32 as well as imports of HS 0210.99.39 from South America and Thailand (only).

Related Reports

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Netherlands : **Nitrogen Report Delivered to the Dutch Government | NL2022-0054**

Attachments:

No Attachments