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Poultry and Products Update

Report Categories:

Poultry and Products

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Report Highlights:

Ukraine's poultry industry will continue to grow in 2012, but at a somewhat slower rate. In 2011, Ukraine decreased its imports to record low level, but remained a net importer of poultry products. The U.S. share of the Ukrainian market had dropped considerably due to local production growth. The need to export will push Ukrainian poultry to Central Asia and Far East markets. Ukraine's domestic market will remain price sensitive with limited demand for imported poultry offal. Ukraine is likely to remain an exporter and an importer of poultry at the same time as in 2010/11.

Executive Summary

The Ukrainian poultry industry is expected to continue its expansion in 2012, although at somewhat slower rate. New production facilities are expected to start operations only at the end of the year and in early 2013, and the industry is expected to grow by 4-5 percent. Domestic market growth opportunities are pretty much exhausted while access to foreign markets remains limited. The availability of foreign markets will become an important condition for future industry development. Production estimates for 2011 were revised to converge with recently published official statistics.

Although there are no official 2011 foreign trade numbers published, some poultry trade estimates are available to the FAS/Kiev office. It is expected that import/export data in the renewed PSD table will not differ much from the official statistics. The trade forecast for 2012 remains subject to trade policy changes and possible new TBT introductions by major trading partners.

Production

Poultry production in 2011 was somewhat less than expected. This happened due to production decreases by number of small regional producers which were not able to survive competition with bigger players. An additional negative impact was due to Ukraine's second largest producer Agromars stopping production on one of its production sites in the summer of 2011.

Poultry prices remained rather high throughout 2011, so a production decrease was not expected. Bankruptcies of smaller producers will add to already significant industry concentration. Smaller producers were driven out of business as a result of increased competition on the Ukrainian market where few big integrated producers set the rules of the game.

The PSD table was updated to reflect production changes reflected in the official statistics.

Trade

In 2011, Ukraine did not become a net poultry exporter, although it closely approached this status. Production decreases, problems in foreign markets, and high domestic price led the major producers to concentrate on the Ukrainian market. Foreign expansion is likely to be delayed, not canceled. New facilities that are coming on-line in the near future will push Ukrainian poultry abroad, or lead to a significant crisis in the industry. The producers and the GOU acknowledge this fact in their public statements and are actively working on development of new markets.

On February 8, 2012 the Minister of Agricultural Policy of Ukraine Mr. Mykola Prysiazhnyuk met with Deputy Head of Rosselkhoznadzor Dr. Nepoklonov in an attempt to open the market for Ukraine's meat products in Russia. The Ukrainian mass media reported that an agreement was reached.

Despite the formal agreement, Ukrainian exports to the Custom Union Countries will remain highly vulnerable to political risks, as has happened recently to other Ukrainian exports to Russia. Ukrainian mass media carefully monitored the situation and commented on the political nature of restrictions.

Throughout 2011, imports from the U.S. were almost absent; although late in the year some trade was recorded. It is not clear whether or not it would continue in 2012 as the price of poultry in Ukraine started to decline. Imports of the cheapest poultry offal from the EU had been stable in 2011. These imports for further industrial processing are expected to continue in 2012.

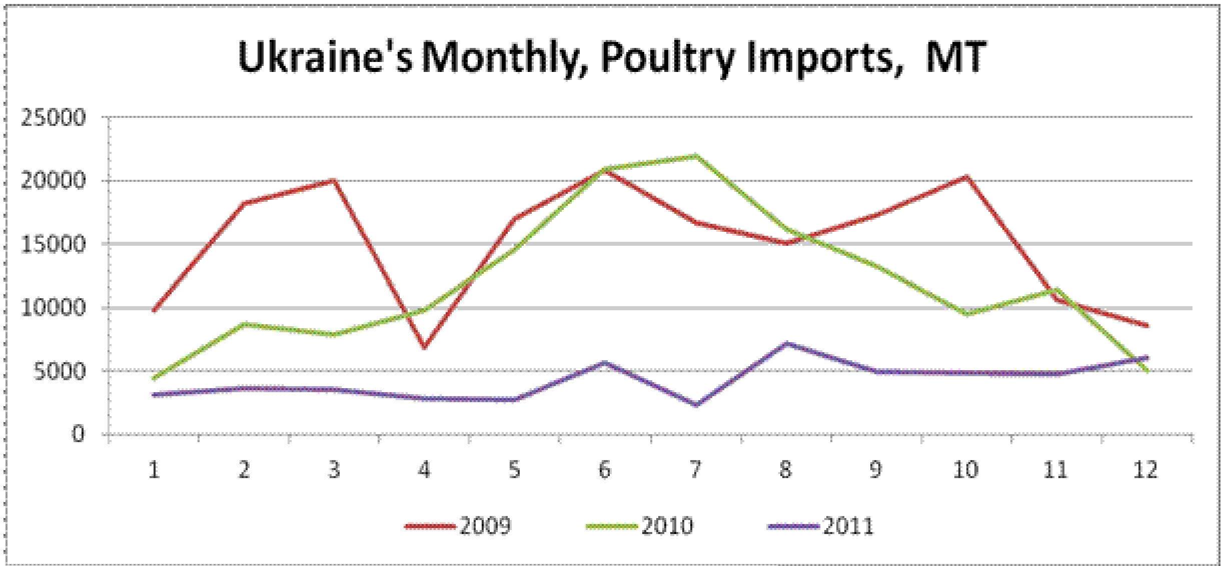
Section II Statistical Tables

Broiler Meat PSD Table*

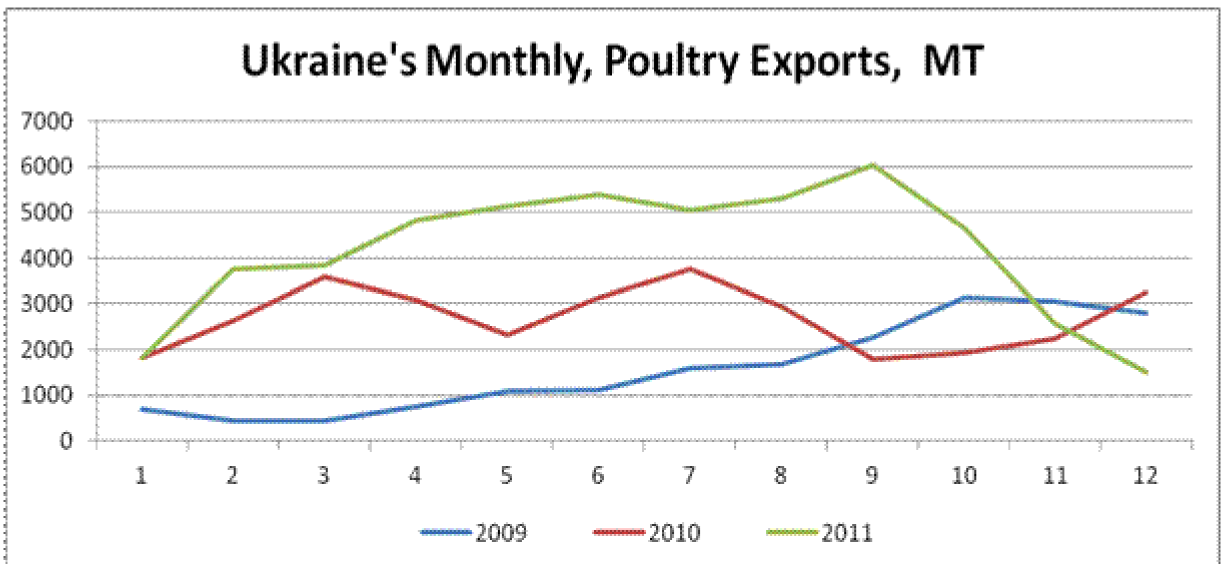
Poultry, Meat, Broiler Ukraine	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0		0	
Slaughter (Reference)	0	0	0		0	
Beginning Stocks	0	0	0	0	0	0
Production	733	733	810	767	880	810
Whole, Imports	144	144	40	52	30	50
Parts, Imports	877	877	850	819	910	860
Intra-EU Imports	23	23	35	43	60	60
Other Imports	854	854	815	776	850	800
Total Imports	0	0	0	0	0	0
Total Supply	854	854	815	776	850	800
Whole, Exports	877	877	850	819	910	860
Parts, Exports	0	0	0	0	0	0
Intra EU Exports	877	877	850	819	910	860
Other Exports	0	0	0		0	
Total Exports	0	0	0		0	
Human Consumption	0	0	0	0	0	0
Other Use, Losses	733	733	810	767	880	810
Total Dom. Consumption	144	144	40	52	30	50
Total Use	877	877	850	819	910	860
Ending Stocks	23	23	35	43	60	60
Total Distribution	854	854	815	776	850	800
MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG						

**Not Official USDA Data*

Exports of chicken paws (Ukrainian HS 0207149900) to China, Vietnam and Hong Kong are excluded from the export numbers.



**Poultry is defined as HS 020711, 020712, 020713, 020714 and 160232*
Source: Global Trade Atlas



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