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Report Highlights:

The combination of COVID disruptions and Highly Pathogenic Avian Influenza (HPAI) outbreaks led to a 1.8 percent decline in EU (European Union) chicken meat production in Calendar Year (CY) 2021. Despite ongoing HPAI outbreaks, easing COVID restrictions will likely result in a 0.2 percent increase in EU chicken meat production in CY 2022. Production in the EU's leading export countries declined as demand fell across the region. CY 2021 imports also declined as hotels, restaurants and institutions (HRI) were impacted by pandemic restrictions. EU exports decreased significantly as many importing countries banned EU chicken due to HPAI. EU chicken meat consumption increased marginally in CY 2021, as retail sales compensated for losses in the HRI sector. While the easing of COVID restrictions may encourage consumption, ongoing HPAI outbreaks will have an adverse effect EU chicken meat exports. The Russian-Ukrainian conflict will also dampen trade throughout the region.

DISCLAIMER

The PSD (Production, Supply and Distribution) numbers in this report are not official USDA (United States Department of Agriculture) figures but result from a collaborative effort by FAS EU (Foreign Agricultural Service European Union) offices to consolidate PSDs from all 27 EU member states.

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Commodity: Chicken, Meat

Production

Despite several HPAI (Highly Pathogenic Avian Influenza) outbreaks in major EU chicken meat producing countries, EU chicken meat production in CY (Calendar Year) 2022 is forecast to increase by 0.2 percent from CY 2021. This increase follows a 1.8 percent decline in CY 2021, mainly due to the impact of the COVID-19 pandemic, as lockdowns affected the hotels, restaurants, and institution (HRI) sector with stagnant demand. With the easing of COVID-19 restrictions, EU chicken meat production is expected to resume, as an important share of intra-EU trade serves restaurants. HPAI outbreaks continue to affect production and exports (as several countries importing EU chicken meat have set restrictions). Increased production costs due to the strong inflation in grain prices caused notably by the situation in Ukraine could also further slow down the production growth in 2022

FAS Warsaw projects that Polish production will resume growth in CY 2022 albeit at a much smaller rate (0.2 percent). The Polish chicken meat industry which is focused on exporting competitive chicken meat cuts to the EU HRI sector suffered a 3.9 percent decline in CY 2021. HPAI outbreaks in Poland in CY 2021 also significantly limited the supply of poultry chicks, leading to declining production, however the Polish industry is managing to recover relatively rapidly.

Spanish production is also forecast to decline slightly in CY 2022 as the Spanish poultry industry expects continuing disruptions in hospitality and tourism demand. Such decline follows a 2.2 percent decline in CY 2021 due to a combination of COVID-19 restrictions and poor economic performance in the Spanish poultry sector. Spain has suffered from high production costs (notably feed prices, electricity and labor) which cannot be easily passed to the final consumer. While Spain escaped HPAI outbreaks in CY 2021, a first outbreak in a Spanish commercial turkey farm in January 2022 led to Spain losing its HPAI-free status. South Africa, the leading export market for Spanish chicken, has banned poultry imports from Spain.

French chicken meat production is forecast to increase slightly in CY 2022 after a less than 1 percent increase in 2021. French production was supported by strong consumer demand and decreasing competition from EU and extra-EU imports. While HRI demand stagnated due to COVID-19 lockdowns, growing demand for locally produced quality chicken, helped propel growth in production.

Chicken meat production in the Netherlands is forecast to decline significantly in CY 2022 after a 10 percent drop in CY 2021. The Dutch poultry sector suffered from declining demand due to COVID-19 restrictions, and lower exports to the UK after Brexit. HPAI outbreaks in the Netherlands blocked exports to many foreign markets (25 countries including the Philippines and Cuba blocked imports of Dutch chicken in CY 2021). Several Dutch poultry processors went bankrupt in the process leading to a reduction in overall slaughter capacity. The transition to more sustainable production methods and animal welfare measures have also increased costs of production, leading to a decrease in flock sizes.

CY 2022 chicken meat production in Italy is expected to decline by more by 4 percent due to significant HPAI outbreaks in large commercial farms in several regions such as Veneto, Lombardia and Lazio. By mid-February 2022, 18 million birds have been culled since September 2021.

In other countries, such Germany, the poultry industry has been able to redirect most production originally destined for the HRI sector to the retail sector. Increasing retail demand has fueled a slight but steady increase in domestic production. This is particularly evident in higher sales of chicken meat produced under quality schemes like organic and free-range chicken.

Following the many HPAI outbreaks since 2020, EU governments have reinforced surveillance and biosecurity measures on poultry farms including temporarily prohibiting free-range farms.

Consumption

EU domestic consumption of chicken meat rose by 1 percent in CY 2021 as retail sales more than compensated losses in the HRI sector. With the easing of COVID-19 restrictions and the gradual reopening of the HRI sector, consumption growth is expected to resume in CY 2022. Limited information on poultry meat stocks, could disguise real increases in consumption in CY 2022. Processors in Poland, Germany and the Netherlands are reported to have increased frozen stocks intending to sell it in 2022.

Over the longer term, chicken meat consumption is expected to continue growing because of consumer preferences over other types of meats. Chicken meat is generally more affordable, and consumers consider it to be healthier, more versatile and easier to prepare.

Trade

EU chicken meat imports decreased by 5 percent in CY 2021 and are now expected to remain stable in CY 2022. A large share of imports is destined for the HRI sector which is now gradually recovering from the pandemic disruptions. Imports from the UK declined by 10 percent in CY 2021 as the EU imposed stricter sanitary controls after Brexit. At the same time, imports from Brazil and Thailand regained some of the market shares lost in 2020. Imports of chicken meat from Ukraine continued to decline as a result of the closure of the trade loophole even as the EU removed HPAI restrictions -on Ukrainian poultry in the spring of CY 2021. The current geopolitical situation in Ukraine is likely to severely impact EU imports of Ukrainian chicken meat in at least in the first half of CY 2022.

EU chicken meat exports in CY 2021 declined by 12 percent driven by an 87 percent drop in EU chicken meat exports to Cuba, a 58 percent drop exports to the Philippines, a 57 percent drop to South Africa and a 15 percent drop to the UK. These declines are mainly due to a combination of HPAI restrictions in South Africa, China, Vietnam, South Korea, Singapore, Japan, Taiwan, United Arab Emirates, and Philippines, and declining demand following lockdowns.

Overall, South African imports of chicken meat declined by 10 percent in CY 2020. South African imports from Poland fell from 49,000 MT in 2019 to almost zero in CY 2021 due to HPAI. Increasing South African imports from Spain and Ireland only partially replaced the loss.

EU exporters shipped higher volumes, often at discounted prices, to countries that did not have restrictions in CY 2021 or that were less affected by COVID-19. EU exports to Ghana grew 10 percent, making Ghana now the second largest export market for EU chicken meat (after the UK). Other countries like the Democratic Republic of Congo and Gabon are also now major markets for EU chicken meat. In these markets, the CIF (Cost Including Freight) import price of EU chicken meat is up to 30 percent lower than Brazilian chicken. EU chicken meat exporters can export at a discount as EU processors are maintaining the domestic market for added-value products. EU chicken meat exports to Ukraine have started to regain the ground lost in CY 2020, however the current conflict with Russia will undoubtedly restrict exports at least in the near future.

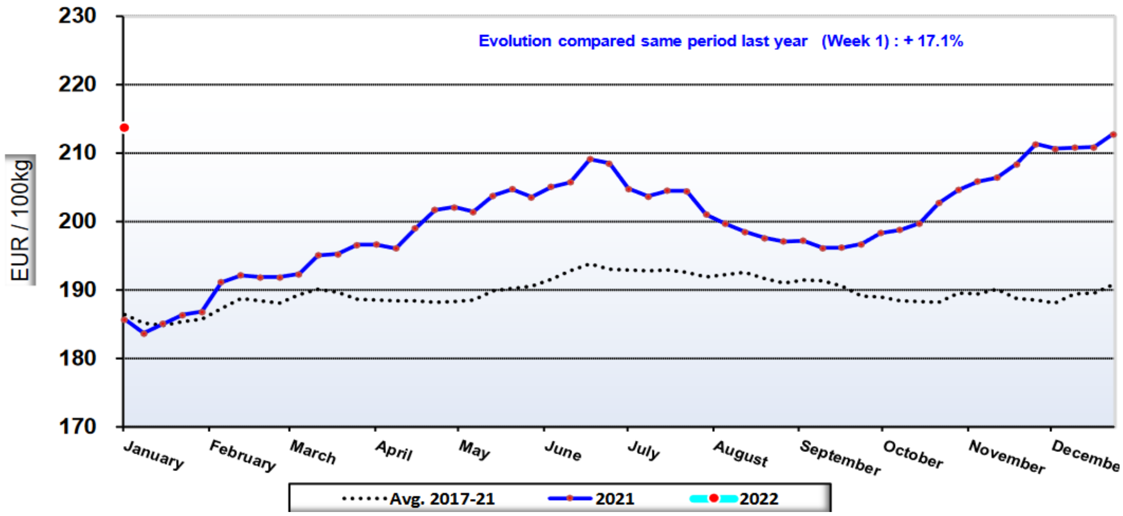
As noted earlier, continuing HPAI outbreaks in 2022 will likely continue to impact EU chicken meat exports. Thus, EU-27+UK chicken meat exports are expected to decline by 2 percent from in CY 2021 levels.

Policy

COVID-19 Update

With the widespread COVID-19 supply chain disruptions in production, trade and retail, EU consumers switched to home cooking, driving demand for higher value cuts. This initially led to a decrease in EU poultry prices, but the steady recovery has proved that poultry is the preferred animal protein for home cooking due to low cost and ease of preparation. EU broiler prices at the beginning of 2022 are 10 percent higher than the 5-year average. The situation remains uncertain due to outbreaks of HPAI, which are now disrupting regional logistics even more than COVID measures.

Figure 1: Evolution of EU Broiler Prices

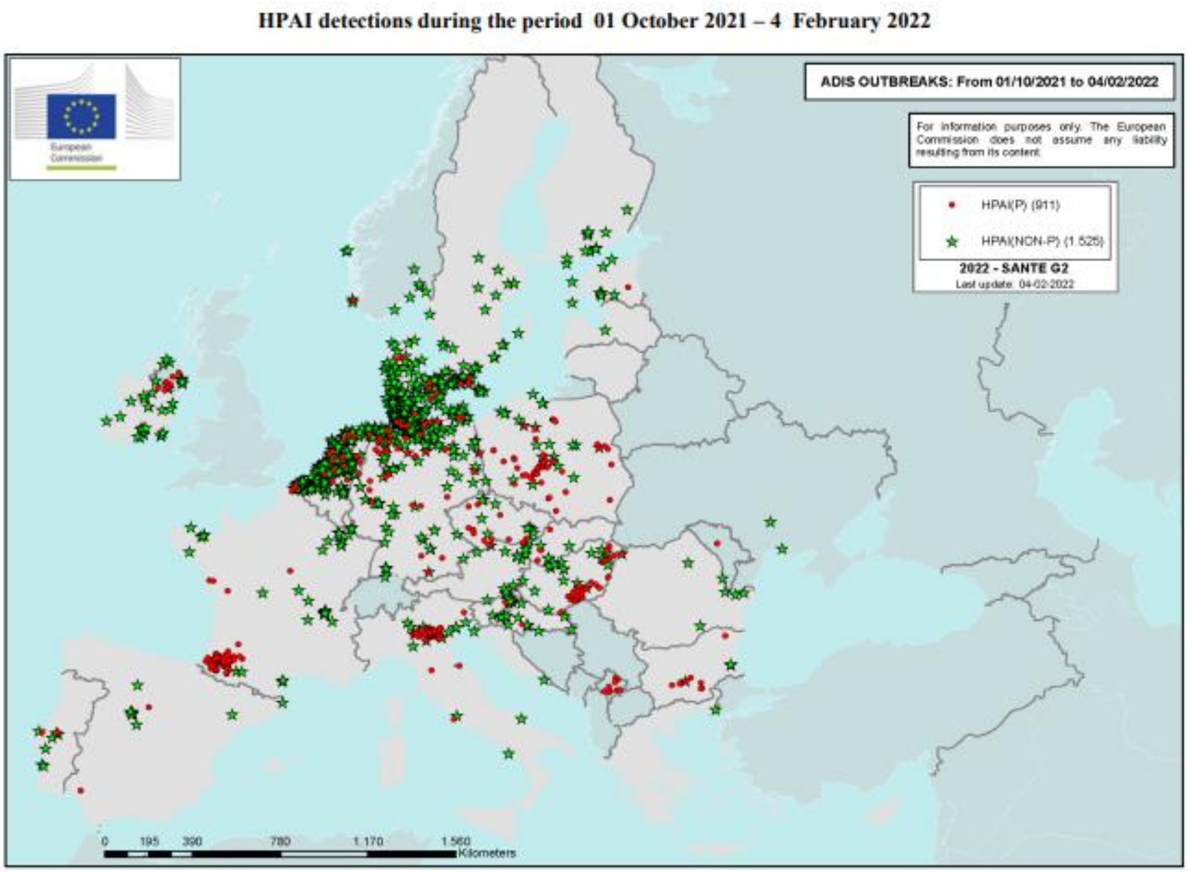


Source: European Commission

Highly Pathogenic Avian Influenza (HPAI) Situation Update

During the 2021-22 winter, Europe has experienced significant disruptions to HPAI. The European Commission has reported a long list of outbreaks since the autumn of 2021. The majority of cases are of the H1N1 serotype in wild populations along the North Sea coastline in Denmark, Germany, The Netherlands and Belgium, but also in Ireland and in Central Europe (see map below). Several hundred HPAI outbreaks in domestic poultry (red dots on the map) were also registered since the fall of 2021. Most cases have occurred in limited hotspot areas, involving ducks and anatids. An overview of the EU 2021 HPAI season is available in this GAIN report.

Figure 2 HPAI detections in the period 01 October 2021 – 04 February 2022



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

Veterinary Medicine Legislation

On 11 December 2018, the EU approved a new framework for veterinary medicine regulation (Regulation (EU) 2019/6). The final implementation date was 28 January 2022. Drafts for the implementing legislation, including the list of antibiotics for human medicine and the modalities for permissible products, are now going through the final EU approval procedure. On 6 October 2021, the European Commission published Delegated Regulation (EU) 2021/1760 establishing the criteria for the designation of antimicrobials to be reserved for the treatment of certain infections in humans. The European Medicines Agency (EMA) was mandated to draft a proposal listing antibiotics reserved for human health based on these criteria. As this list wasn't approved by the January 28th implementation date established for the new veterinary medicine regulation, it is now expected to receive approval by European Council and the European Parliament in the spring of 2022. On 8 October 2021, controls established by Regulation (EU) 2021/1756 and subsequent ammendments were published in the Official Journal, prohibiting the use of certain antimicrobials. A draft Delegated Act for the Implementation of Article 118, imposing limitations on the use of antibiotics for animals in the EU was published by DG Santé. These limitations will also apply to non-EU trading partners.

On 22 February 2022, France unilateraly decided to set up its own article 118-like measure prohibiting imports of meat and meat products from animals that have been treated with animicrobials used as growth promotant. The French Decree applicable on 23 April 2022, will force meat importers and distributors to ensure that third country suppliers prove that no antimicrobials were used to promote growth. In CY 2021, France imported 74,000 MT of chicken meat from third countries (of which 58,000 MT from the UK, 8,500 MT from Brazil and 4,500 MT from Thailand).

New EU Animal Welfare (AW) Legislative Roadmap Started With Public Consultation

On 21 January 2022, public consultations ended on the EU's AW inception impact assessment (originally published on 6 July 2021). This impact assessment marks the beginning of an EU revision of its existing AW legislation, which is one of the goals of the EU's Farm 2 Fork strategy. The public consultation received 983 comments, including comments from the U.S. Meat Export Federation. The EU plans to adopt new legislative proposals for AW on farms, during transport and in the slaughterhouse by the end of 2023. A renewed AW platform was set up in May 2021, establishing an advisory body to inform the EC on these proposals. New initiatives for AW labeling are also under discussion and the subgroup on AW labeling is expected to present its conclusions in the summer of 2021.

On 5 July 2021, the European Parliament's Committee of Inquiry on the Protection of Animals during Transport (ANIT), set up to investigate the implementation and enforcement of the EU's AW legislation, published a report on livestock transport in the EU and to third countries. The report describes the patterns in the European transport routes for 1.3 billion animals a year and presents options for improving AW.

Initiatives to End Killing of Male Layer Chicks

In July 2021, as new sexing techniques are now available for early in ovo sexing, Germany and France announced that they would end the practice of grinding male layer chicks at hatching start in 2022 and 2023 respectively. France and Germany together kill about 100 million male chicks per year. They further announced that they are beginning to cooperate on banning this practice across the EU. In December 2021, Italy also passed a law banning male chick culling from 2026. Several EU Member States, including Austria, Ireland, Luxembourg, and Portugal have also expressed support for this initiative.

DATA

Production, Supply and Distribution

Table 1

Meat, Chicken	**2020**		**2021**		**2022**	
Market Year Begins	**Jan 2020**		**Jan 2021**		**Jan 2022**	
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)	11020	11030	10850	10830	10910	10850
Total Imports (1000 MT)	663	664	615	630	635	630
Total Supply (1000 MT)	11683	11694	11465	11471	11545	11480
Total Exports (1000 MT)	2033	2037	1780	1800	1790	1760
Human Consumption (1000 MT)	9650	9657	9685	9660	9755	9720
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	9650	9657	9685	9660	9755	9720
Total Use (1000 MT)	11683	11694	11465	11460	11545	11480
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	11683	11694	11465	11460	11545	11480
(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

Poultry and Products Market Annual | Sofia | Bulgaria | August 06, 2021 | BU2021-0029

Avian Influenza Outbreaks Confirmed in Central Poland | Warsaw | Poland | November 08, 2021 | PL2021-0029

Newcastle Disease Detected Among Laying Hens in Lekeberg | The Hague | Sweden | November 09, 2021 | SW2021-0005

Avian Influenza Returns to Hungary | Budapest | Hungary | November 22, 2021 | HU2021-0006

HPAI Detected on More Commercial Poultry Farms | The Hague | Netherlands | December 07, 2021 | NL2021-0030

High Input Prices Limit Expansion of Spanish Meat Production | Madrid | Spain | February 11, 2022 | SP2022-0003

Attachments:

No Attachments