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Netherlands

Poultry and Products

Update Consequences of the Avian Influenza Outbreak

2003

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Report Highlights:

Due to the AI crisis, net Dutch poultry meat production is expected to decline by about 20 to 30 percent in 2003. Dutch poultry slaughtering is maintained by imports of broilers produced in Germany.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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Effects of the Avian Influenza (AI) crisis on the poultry sector; net production is expected to decline by 20-30 percent. Dutch Product Board calculations reveal that gross Dutch poultry meat production will decline by 35 percent from 705,000 MT in 2002 to 462,000 MT in 2003. The Dutch Poultry Farmers Organization (NOP) supports this estimate. Trade sources' estimates of the net poultry production, which includes slaughtering of broilers fattened in Germany, are more conservative and place the reduction by 20 to 30 percent range. These figures are based on slaughter figures, which were reduced by 25 to 35 percent during the crisis. Poultry slaughtering is expected to recover by the end of September 2003, as most farmers restocked their farms during August.

Effects of the AI outbreaks on trade; Dutch poultry meat exports to third countries diminished.

The Product Board's trade figures are limited to the first three months of 2003. The Board's expectation is that the AI outbreaks had a limited effect on imports due to the fact that The Netherlands is still self sufficient in poultry meat. Without any doubt, Dutch exports have been significantly reduced due to lower production during the AI crisis. Furthermore, as the main third country export markets have closed their borders for Dutch poultry products, exports were restricted to EU member states. Russia, the Middle East and Asia are still closed for Dutch poultry meat exports. Dutch exports to Eastern European accession countries reportedly resumed after the European Commission lifted EC Regulation 2003/290 on July 11. Due to termination of 2003/290, transport and slaughtering of poultry is permitted outside the four remaining Control Areas.

Recovery of the Dutch poultry sector, poultry farms are being restocked.

Between June 27 and July 28, about 240 farms were restocked with about 70,000 chickens to check the presence of AI. The testing period lasts about a month per farm. So far, the AI virus has not re-appeared. It is expected that all farms can be fully restocked by the end of August. All restrictions imposed by the Dutch Government related to the AI outbreaks were lifted as from August 22.

Although nearly all farmers will resume their production, the NOP expects that poultry meat production in 2004 will remain at a low level. Their expectation is based on the increased competition from Brazil and Thailand on the world market. On the other hand, prices for poultry meat increased as a result of the AI crisis. Also recent restrictions on salted poultry meat imports from Brazil and Thailand has had a positive effect on poultry meat prices within the EU.

Compensations paid by the Dutch Government and the EC

The Dutch Agricultural Economic Research Institute (LEI) estimates the total damage to the poultry sector at Euro 750 million. The cost of carrying out the culling, together with compensation to farmers for the culled birds, is estimated to be Euro 211 million. This also includes a fund of Euro 6 million for farmers that are threatened by bankruptcy. The European Commission will pay fifty percent of the costs of the culling and compensation to the farmers. The sector will reportedly contribute Euro 11 million.