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Australia

Poultry and Products

Annual

2004

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Report Highlights:

Improved grain supplies, following an extended drought, combined with strong domestic demand are expected to increase poultry meat production to a record level in 2004/05. A slight easing in the value of the Australian dollar together with the rise in production should lead to a slight increase in 2004/05 exports. Post anticipates the release of a draft Import Risk Assessment for uncooked chicken meat in the not-too-distant future. The United States, Thailand and the European Union would be among the potential suppliers of fresh poultry to Australia.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1]
[AS]

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SECTION ONE: SITUATION AND OUTLOOK

General

The poultry industry is Australia's second largest meat industry, by volume, behind beef. By value, it is the third largest Australian meat industry behind cattle and sheep meat.

The Australian poultry industry has traditionally been focused on the domestic market, with exports accounting for only about three percent of domestic production. Australia's stringent quarantine regulations largely prohibit the importation of fresh chicken meat, and so imports are not a significant feature in the domestic market.

Australian poultry meat production remains dominated by a handful of large players, both in regards to production and processing. A number of small players command a relatively small share of the industry.

The industry has recently been affected by a significant shortage of feed grain, precipitated by one of the worst droughts in a century. Australian quarantine regulations do allow grain imports, but only under strict conditions, including on-shore processing, or "denaturing". The poultry industry has been the primary user of imported grain.

Production

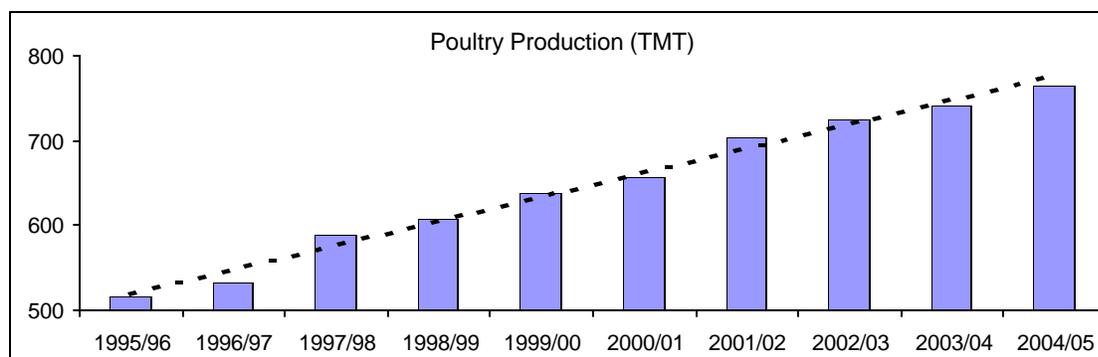
Total poultry meat production for 2004/05 is forecast at 766,000 MT, up three percent from the previous year's revised level. Improved grain supplies, following drought-reduced grain harvests, combined with strong domestic demand are expected to push production to a record level.

Production for 2003/04 has been revised downwards to 741,000 MT, two percent above the previous year and in-line with revised Australian Bureau of Agricultural and Resource Economics (ABARE) estimates. Feed grain shortages brought on by drought conditions in the previous year prevented production from rising to the previously forecast level.

Total poultry meat production in 2002/03 has also been revised downwards to 726,000 MT, in-line with the most recent ABARE figure. Severe drought conditions constrained production levels below previous estimates, despite the poultry industry benefiting from imported (processed) feed grain.

Total broiler meat production in 2004/05 is forecast at 682,000 MT, up five percent from the revised estimate for the previous year. Official figures are unavailable for broiler meat production. Post estimates that broiler meat production accounts for around 89 percent of total poultry meat production. Post uses a conversion factor of 0.89 to derive broiler meat from total poultry meat production.

Broiler meat production for 2003/04 has been revised downwards to 650,000 MT. A lower conversion factor of 0.88 was used due to anecdotal evidence suggesting higher than average slaughter levels for layer hens. Shortages and high feed grain prices drove a partial liquidation of the layer hen flock in 2003/04.



Source: ABARE

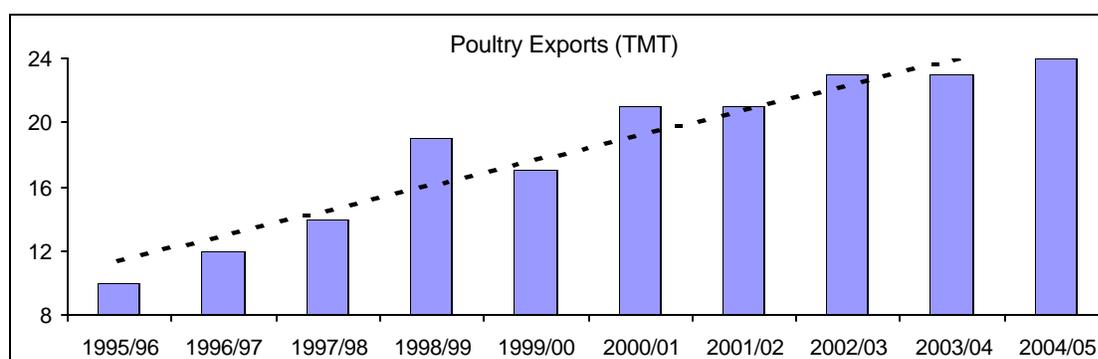
The data in the graph above and other graphs contained in this report is derived from historic figures published by the ABARE. These figures may differ somewhat from Post's estimates.

Exports

Total poultry meat exports for 2004/05 are forecast at 21,000 MT, up slightly from the revised estimate for the previous year. A slight easing in the value of the Australian dollar along with higher poultry production is expected to boost exports slightly. Post has revised exports for 2003/04 downwards to 20,000 MT, in-line with official Australian Bureau of Statistics (ABS) data.

Australia exports only small amounts of poultry meat, with the industry largely remaining domestically focused. South Africa is Australia's largest export market, taking just over one third of total poultry meat exports. Hong Kong is the second largest export market, with just under one quarter of total exports, while Sri Lanka and the Philippines take seven and six percent of exports, respectively.

In 2003/04, Australia exported poultry meat to a total of 60 countries, according to official ABS statistics. Of these markets, 19 were Pacific island destinations, which individually received relatively small quantities of product.



Source: ABARE

Imports

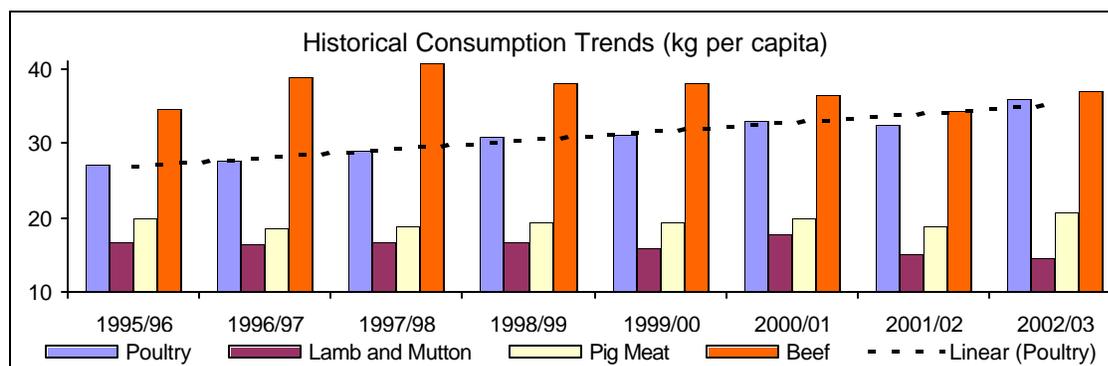
Australian quarantine regulations prohibit the importation of fresh chicken meat, primarily given concerns about infectious bursal disease (IBD). Importation of cooked chicken meat is permitted under very strict conditions. As a result of these quarantine conditions, poultry imports are virtually zero.

Australia has been working on an Import Risk Analysis (IRA) for uncooked chicken meat since 1997. Post anticipates the release of the draft IRA in the not-too-distant future. The United States, Thailand and the European Union would be among the potential suppliers of fresh poultry to Australia.

Domestic Consumption

Domestic poultry meat consumption for 2004/05 is forecast at 743,000 MT, up four percent from the revised estimate for the previous year. Poultry meat, like pork, has enjoyed strong domestic consumption growth over the past decade, mostly at the expense of red meat. Of note, however, beef consumption appears to be rebounding somewhat in more recent times. It remains to be seen if this will have a longer-term impact on white meat consumption.

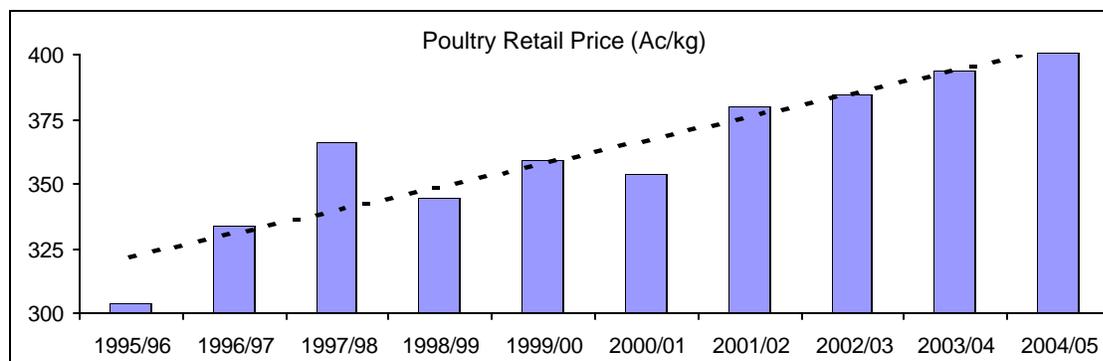
Official up-to-date ABS consumption figures are unavailable. Post figures are derived from production and export data. Historical ABARE figures indicate poultry consumption has increased steadily over the past decade. This is consistent with the trend away from red meat consumption towards white meat.



Source: ABARE

Marketing

Historical ABARE figures show the retail price for poultry increasing significantly over the past decade. This increase is consistent with industry sources suggesting strong domestic demand for poultry meat.



Source: ABARE

SECTION TWO: STATISTICAL TABLES

PSD Table Poultry, Meat, Broiler							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	20	0	28	0	30	(1000 MT)
Production	669	646	682	650	0	682	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	0	0	0	0	0	0	(1000 MT)
Intra EC Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	669	666	682	678	0	712	(1000 MT)
Whole, Exports	19	18	20	18	0	15	(1000 MT)
Parts, Exports	0	0	0	0	0	0	(1000 MT)
Intra EC Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Exports	19	18	20	18	0	15	(1000 MT)
Human Consumption	650	620	662	630	0	666	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	650	620	662	630	0	666	(1000 MT)
TOTAL Use	669	638	682	648	0	681	(1000 MT)
Ending Stocks	0	28	0	30	0	31	(1000 MT)
TOTAL DISTRIBUTION	669	666	682	678	0	712	(1000 MT)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT)

Export Trade Matrix Poultry, Meat, Broiler			
Time Period	Yr End Jun	Units:	MT
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
South Africa	6760	Hong Kong	4058
Hong Kong	3196	South Africa	3690
Sri Lanka	1045	Philippines	1106
Kiribati	836	Sri Lanka	1048
Vanuatu	781	Kiribati	855
Tonga	655	China	802
China	532	Vanuatu	586
Wallis & Futuna Islands	503	Tonga	432
Philippines	493	Cook Islands	407
Russia	457	Vietnam	286
Total for Others	15258		13270
Others not Listed	2357		1997
Grand Total	17615		15267

PSD Table Poultry, Meat, Total							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	25	0	30	0	34	(1000 MT)
Production	0	726	0	741	0	766	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	0	0	0	0	0	0	(1000 MT)
Intra EC Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	751	0	771	0	800	(1000 MT)
Whole, Exports	0	23	0	20	0	21	(1000 MT)
Parts, Exports	0	0	0	0	0	0	(1000 MT)
Intra EC Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Exports	0	23	0	20	0	21	(1000 MT)
Human Consumption	0	698	0	717	0	743	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	0	698	0	717	0	743	(1000 MT)
TOTAL Use	0	721	0	737	0	764	(1000 MT)
Ending Stocks	0	30	0	34	0	36	(1000 MT)
TOTAL DISTRIBUTION	0	751	0	771	0	800	(1000 MT)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT)

Export Trade Matrix Poultry, Meat, Total			
Time Period	Yr End Jun	Units:	MT
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
South Africa	11023	South Africa	6591
Hong Kong	3468	Hong Kong	4515
Sri Lanka	1384	Sri Lanka	1399
Kiribati	900	Philippines	1106
Vanuatu	781	Kiribati	955
Tonga	710	China	802
China	532	Vanuatu	586
Philippines	515	Vietnam	550
Wallis & Futuna Islands	515	Tonga	526
Vietnam	482	Cook Islands	407
Total for Others	20310		17437
Others not Listed	3002		2134
Grand Total	23312		19571