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Report Name: Exports Continue to Fuel Expansion of the Portuguese Meat Sector

Country: Portugal

Post: Madrid

Report Category: Livestock and Products, Poultry and Products

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Report Highlights:

Portugal continues to expand its swine sector driven by increasing foreign demand, mainly from Asia. Since the opening of the Chinese market in 2019, China became the second largest export destination for Portuguese pork. In addition, during the first eight months of 2020, Portuguese live swine exports to Spain boomed due to tight Spanish hog supplies. The recent outbreak of African Swine Fever in Germany may distort the Portuguese live swine market with increasing competition from live hogs in Northern Europe. Meanwhile, Portuguese cattle production may continue expanding in response to higher international demand for live cattle. The temporary closure of the hospitality sector during the COVID-19 crisis is likely to discourage Portuguese chicken production in 2020 but it is expected to rebound in 2021.

Executive Summary

Since 2013, Portugal has been seeking to improve its swine sector to increase its pork supply to satisfy domestic demand and lessen its dependency on pork imports. Additionally, Portuguese pork exports are strongly focused on growing markets in Asia, primarily China, but also Japan, Macao, and Hong Kong. In January 2019, Portugal finally opened the Chinese market for Portuguese frozen pork and swine offals (see [GAIN SP1914](#) and [GAIN SP1936](#)). In 2019, China became the second major destination for Portuguese pork exports after Spain. During the first eight months of 2020, the volume of Portuguese pork exports to China grew six-fold and reached \$27.5 million. Currently, there are eight Portuguese pork establishments eligible to export to China. The Portuguese pork industry also observes that exports of live swine to Spain doubled during the first eight months of 2020. These exports are mainly destined for slaughtered at the new Spanish pork facility that is slowly positioning itself to be a key player in the EU (for more information see [GAIN Report](#)). The recent outbreak of African Swine Fever (ASF) in Germany may disturb the current Portuguese live swine market as prices for live hogs from Northern European countries lower and become more competitive.

Portuguese cattle production is expected to continue expanding in 2020 and 2021 in response to increased international demand for live cattle, primarily from Israel. In addition, in late May 2020, seeking to mitigate the impact of COVID-19 on the Azorean cheese sector, the regional authorities in Azores launched a [support measure](#) (Portuguese only) encouraging Azorean dairy ranchers with inefficient farms to shift operations to beef production. The measure intends to restructure the dairy sector and to expand Portuguese beef production.

According to the Portuguese Statistics Institute (INE), during the first eight months of 2020, the major increases in Portuguese agriculture exports were live animals, both swine and cattle, growing 15.5 percent, followed, by exports of pork and products which rose 11.8 percent.

During the past few years, Portuguese chicken meat production has expanded in response to the continuous growing domestic demand. Chicken meat is a traditional staple food in Portugal and enjoys a very good image as a healthier protein choice compared to other meats. Per capita consumption of chicken meat in Portugal is among the highest levels in the EU. Due to the COVID-19 crisis and the temporary closure of the hospitality sector, Portuguese chicken production may decrease slightly in 2020 but it is expected to rebound in 2021 to its 2019 level.

Responding to the [EU Farm to Fork strategy](#), the Portuguese livestock sector is reportedly ready to implement new proposed actions, such as lowering emissions, decreasing the use of antibiotics, and improving the status of animal welfare. In September 2020, Portugal presented a revision to its [national strategy for livestock and poultry manure management](#) in line with the new EU [Green Deal strategy](#). This strategy is also in line with the [Portuguese Agriculture Agenda for 2030](#) recently presented by the Ministry of Agriculture.

Swine and Pork

According to Eurostat, in 2020, Portugal's total swine beginning stocks increased 0.5 percent compared to last year. In 2019, total slaughters also rose 0.15 percent to 5.55 million heads. During the 2013-2019 period, Portuguese total swine slaughter grew 7 percent.

The Portuguese swine industry expects the rise in slaughters to continue in 2020 and 2021 as Portugal seeks to satisfy the domestic and export demand for pork. In January 2019, Portugal finally opened the Chinese market for Portuguese frozen pork and swine offals. Pork exports to China are the main driver behind the continued expansion of the Portuguese swine sector.

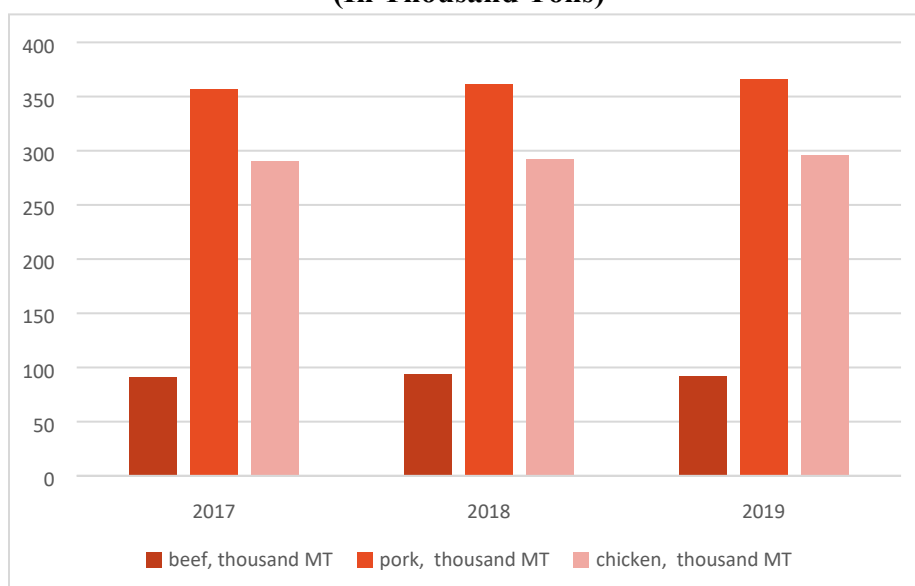
Portuguese swine slaughter is approximately 30 percent piglets slaughtered and 70 percent hogs. The production of piglets is mainly destined for the hospitality sector, events, and celebrations. During the COVID-9 pandemic, the closure of the hospitality sector significantly impacted Portuguese piglet producers. Thus, for 2020, Post expects a decline in piglet slaughter which will be compensated by the increase in hog slaughter, reaching a total of 5.6 million animals. In addition, carcass weight will increase due to the lower production of piglets and higher production of hogs. For 2020, pork meat production is forecast to grow 3.5 percent to 380,000 tons.

Rebounding from a severe crisis in the pork sector, over the last five years, the Portuguese pork sector restructured and increased the productivity and performance of its farms. While the numbers of farms decreased, the remaining swine operations increased their use of technology and more qualified workers. Animal health remains the main concern for Portuguese swine producers as African Swine Fever (ASF) continues to spread in the EU. As of the time of this report, Portugal has not reported any ASF findings. Increasing biosecurity measures and monitoring animal health status in Portugal is a major goal for the Ministry of Agriculture to safeguard the increasing swine production and pork export markets.

Portugal is a net importer of live swine to satisfy domestic demand. In 2019, according to Trade Data Monitor (TDM), Portugal imported 1.1 million heads, mainly from Spain, valued at \$157 million. This trend may continue in 2020 and 2021 to satisfy the increasing domestic demand. The Portuguese pork industry observes that live swine exports to Spain have doubled during the eight months of 2020. These exports are mainly destined to be slaughtered at a new Spanish pork facility that is slowly positioning itself to be a key operator in the EU. Since September 2020 and due to the new ASF outbreak in Germany, Portugal is closely monitoring developments in the EU market (for more information see [EU livestock and Products Annual Report](#)). The major EU live swine exporters to Germany, namely the Netherlands and Denmark, are currently re-orienting their live animal exports to Spain. Thus, Portuguese hog exports to Spain are facing increasing competition from Northern European counties as their hog prices have lowered.

In 2019, the Portuguese pork sector produced 365,961 tons of pork, a 1.4 percent rise compared to previous year and consistent with the growth in total slaughters (see Chart 1). Thus, as Portugal seeks to fulfill its domestic demand and reducing pork imports from Spain, its main supplier, Portuguese pork production may continue to expand in 2020 and 2021. A rise in pork carcass weight is also expected. In the next three years, the Portuguese pork industry expects to increase its pork production by 10 percent in response to domestic and international pork demand. According to the Portuguese pork industry, during 2019, pork meat continued to be the most produced and consumed meat in Portugal. It roughly accounts for 40 percent of total Portuguese meat consumption and is stabilized at 44 kg per capita. Portuguese pork production is not yet self-sufficient to satisfy domestic demand. During the COVID-19 crisis, Portuguese households increased pork meat consumption, but this did not compensate for the loss in volume and value of sales to restaurants, hotels, and institutions.

**Chart 1. Portuguese Beef, pork, and Chicken Production 2017-19
(In Thousand Tons)**



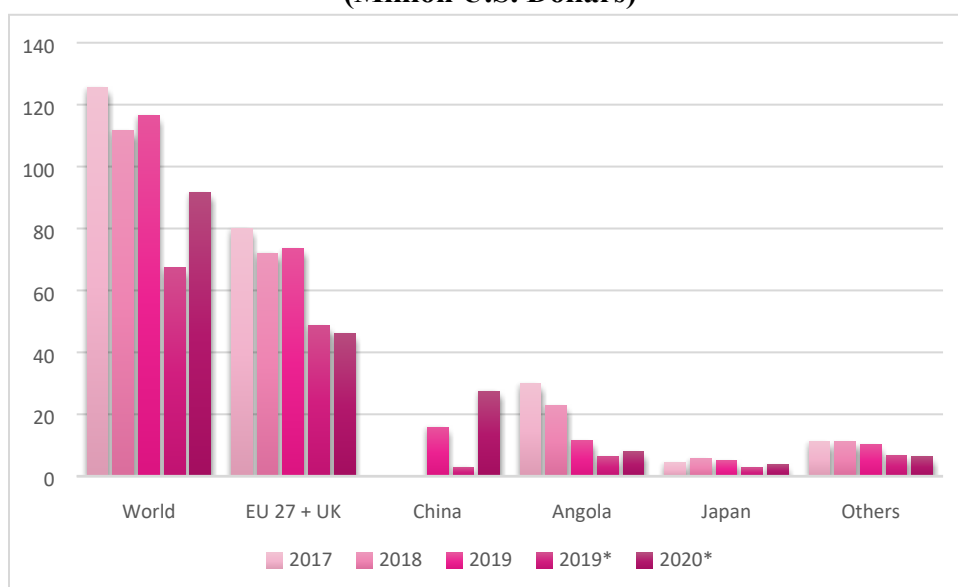
Source: Eurostat

Portugal is a net pork importer. In 2019, according to TDM, Portugal imported six percent less pork with imports at 140,000 tons and valued at \$400 million, most of which coming from Spain. During the first eight months of 2020, Portuguese pork imports followed its downward trend decreasing 14 percent and valued at \$248 million.

In 2019, Portuguese pork exports grew 28 percent to almost 50,000 tons and valued at \$116 million (see Chart 2). Thirty-seven percent of Portuguese pork exports were shipped to non-EU markets. In recent years, Portugal's focus has been to increase its agricultural exports to non-EU markets. Previously, Spain and Angola were the main destinations for Portuguese pork. However, in 2019, China became the second major destination for Portuguese pork exports after Spain, both in volume and value, and surpassing France, Angola, and the UK. In 2019, Portuguese pork exports to China, valued at almost

\$16 million, did not reach the expected volume and value due to a shortage in the Portuguese pork capacity. During the first eight months of 2020, the volume of Portuguese pork exports to China grew six-fold to 12,225 tons and reached \$27.5 million. According to the Portuguese pork industry, the intention is to reorient pork exports to the Chinese market. In addition, during this period, Portuguese pork exports shipped to Macau and Hong Kong continued to grow. While these shipments were initially destined for reexport to China, these are now reportedly satisfying demand in Macau and Hong Kong. Japan is also an important export destination for Portuguese pork valued at \$5 million in 2019 and exports are expected to continue growing in 2020. In addition, the Portuguese government and the pork industry are working to open the Philippines and Singaporean market by 2021.

**Chart 2. Portuguese Pork Exports 2017-2019 and January-August 2020
(Million U.S. Dollars)**



*January-August. Source: TDM

According to the Portuguese pork industry, in the coming years, the loss of Portuguese pork exports to Venezuela that occurred in 2017 may be restored by export gains to Asian markets. The Portuguese pork industry remains optimistic about the prospects of the Chinese pork market. This has also re-organized the sector and some Portuguese pork plants have increased their capacity during 2020, investing also in cooling systems to modernize the establishments and respond more efficiently to the export demand.

Responding to the [EU Farm to Fork strategy](#), the Portuguese swine and pork sector is reportedly well-positioned to implement new actions following the EU strategy. To improve animal welfare in Portugal, the sector has already implemented the voluntary certification program under the [Porcopt brand](#). The sector also created an environmental working group with three Portuguese universities aiming to reduce greenhouse gas emissions by more than 50 percent. As previously mentioned, Portugal recently presented a revision to its national strategy for the livestock and poultry manure management. This

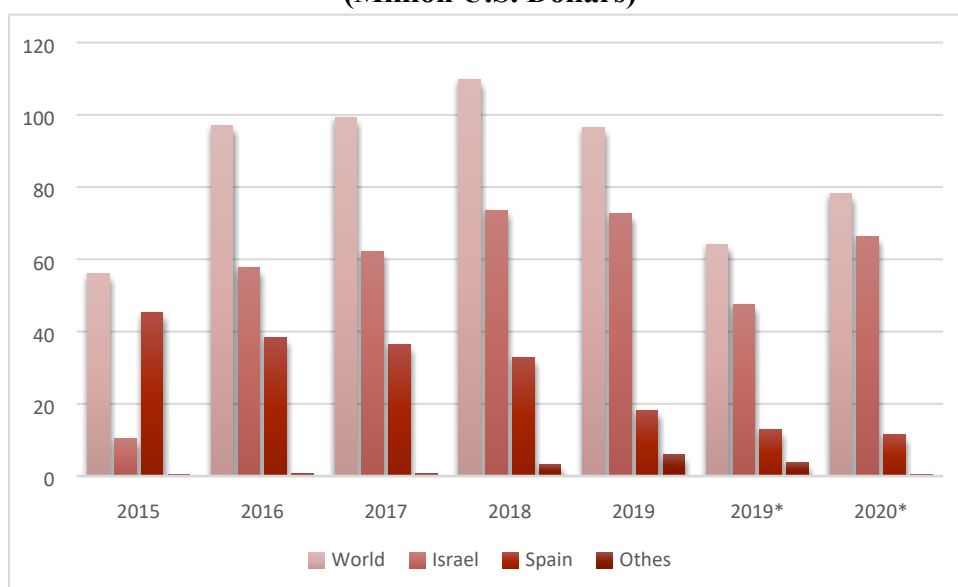
strategy was created in 2010 and it has been adapted to meet the current proposed EU strategies. The sector is also working to reduce the use of antibiotics in the animal production sector in line with the “One Health” concept and the EU strategy.

In the hopes to show the positive reality of the Portuguese pig farm to the general public, the Portuguese pork sector and the Polytechnic University of Santarem, has set a project of an experimental farm. This farm of around 400 sows is scheduled to be operative and open to public visits in late 2021.

Cattle and Beef

The Portuguese live cattle sector is extremely dependent on the Spanish market. In 2019, total slaughter declined four percent to 369,259 cattle animals and 92,030 tons of beef. According to Portuguese official data, total slaughters and beef production may rise in 2020. During the first seven months of 2020, Portuguese cattle slaughter production rose by 4.5 percent and beef production by 5.7 percent. In addition, due to a good spring, cow fertility may improve in 2020. Portuguese cattle production may continue growing slightly in 2020 and 2021 in response to international demand for live cattle, mainly from Israel (see Chart 3).

**Chart 3. Portuguese Cattle Exports 2015-2019 and January-August 2020
(Million U.S. Dollars)**



*January-August. Source: TDM

In addition, according to TDM, during the first eight of 2020, live cattle imports, mainly from Spain, increased by 160 percent to satisfy the growth in cattle production. Additionally, in late May 2020, seeking to mitigate the impact of COVID-19 on the Azorean dairy sector, namely cheese, the Azorean Secretary of Agriculture launched a support measure enabling Azorean dairy ranchers with inefficient

farms to shift their operations to beef production. The measure intends to restructure the dairy sector and to expand Azorean beef production.

Beef imports are mainly coming from Spain and Portuguese beef exports are primarily going to Spain. Portugal is a net importer of beef with 97 percent coming from the EU as the sector is not self-sufficient to meet the domestic beef demand. Outside the EU, major beef suppliers to Portugal are Uruguay, Brazil, Argentina, Paraguay, and New Zealand. In 2019, according to TDM, Portugal imported 149,216 tons valued at \$653 million. During the first eight months of 2020, Portugal's beef imports declined 16 percent, due to the COVID-19 pandemic and the closure of hospitality sector and the corresponding lower demand for beef. Similarly, during this period, Portuguese beef exports decreased by 12 percent. Ninety percent of exports are going to the EU with Angola as the main non-EU destination. In 2019, Portugal exported 17,055 tons of beef valued at \$53 million. Since late April 2020, Portugal is eligible to export beef to Hong Kong with six establishments eligible for export to this market as an entry point to mainland China.

Portugal participates in the EU project known as Beef Innovation Network Europe, [BovINE](#). BovINE is an EU beef production support network to face the sector's sustainability challenges bringing together researchers, producers, and other actors in this chain. It involves ten EU member states and seeks to stimulate international technical exchanges and ideas on four themes: socio-economic resilience, animal health and welfare, production efficiency and meat quality, and environmental sustainability.

Poultry Meat

Chicken meat production in Portugal has been increasing in the past few years, reaching 323,818 tons in 2019 due to the continuously growing domestic demand. Chicken meat is a traditional staple food in Portugal and enjoys a very good image as a healthier protein choice compared to other meats. Per capita consumption of chicken meat in Portugal is among the highest levels in the EU. In 2020, the temporary closure of the hospitality sector, events, and tourism related to COVID-19 negatively impacted the Portuguese poultry sector. During this time, there was a sharp drop in chicken demand creating an oversupply that lowered chicken prices. According to Portuguese official data, during the first seven months of 2020, chicken meat production declined 5.5 percent. The Portuguese Poultry Association, in line with other EU Member States, requested support from the EU for private storage but this request was rejected. However, with the re-opening of the HRI (Hotels, Restaurants, and Institutions) channel, chicken demand is expected to rebound. The Portuguese Poultry Association comments that there is a dynamic movement at the breeding level due to the re-opening of HRI. Thus, Portuguese chicken production may slightly decrease in 2020 but rebound in 2021 to its 2019 level.

To meet domestic chicken demand, Portugal imports chicken from the EU, mainly from Spain. Portuguese chicken meat exports, mainly to Spain, are relatively small as its poultry production is mainly to satisfy the domestic broiler consumption. Other important non-EU export destinations for Portuguese chicken meat are Guinea, Guinea-Bissau, and Congo.

Attachments:

No Attachments.