



Foreign Agricultural Service

**GAIN Report**

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**Italy**

**Poultry**

**Flu Devastates Northern Italian Poultry Industry**

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**Report Highlights:** A severe outbreak of avian influenza has resulted in the loss of over 6 million birds, crippling the northern Italian poultry sector. As a result, broiler prices have increased 40% in the last 3 weeks and trade sources indicate that the annual demand for corn and soybean meal, both used in poultry feed, may drop 200,000-300,000 mt.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
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An epidemic of the avian influenza, which struck Northern Italy in early January, has prompted mass slaughter of animals and forced businesses to import eggs, chickens, and turkeys from neighboring countries. Over 180 outbreaks have been reported, mainly in the Lombardy and Veneto regions, but also in the Friuli region and the island of Sardinia. Breeders have slaughtered more than 6 million birds to halt the spread of the virus, reportedly spread by aquatic birds. Despite these control efforts, new outbreaks are being reported daily. Switzerland and Croatia have banned the import of live poultry and poultry meat from Italy because of fears the virus may spread to their industries. Despite the high number of losses, the industry is confident that it can rebuild the sector quickly once the virus is under control.

Broiler prices have increased significantly due to the avian flu outbreak with farm prices over 2000 lire/kg (\$1.05/kg) in many poultry markets. This is an increase of over 40% compared to the average farm price of 1,400 lire/kg (\$0.75/kg) at the end of December. According to the Italian Poultry Industry Association, a proposal has gone forward to the Parliament to provide poultry producers with approximately \$37 million in compensation for their lost birds.

Also as a result of the avian flu, feed demand from the poultry sector is expected to decrease in the short term. Domestic corn prices have already declined 1-2% and could drop further in the near future. Soybean meal prices, which are more dependent on the international market, have not yet been affected by the poultry industry situation. Trade sources, however, indicate that the annual demand for corn and soybean meal, both used in poultry feed, would drop by 200,000-300,000 tons due to the reduced number of birds.