

Voluntary Report – Voluntary - Public Distribution

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Report Name: Polish Poultry Industry Faces Unprecedented Crisis

Country: Poland

Post: Warsaw

Report Category: Agricultural Situation, Agriculture in the News, Poultry and Products, Sanitary/Phytosanitary/Food Safety

Prepared By: Piotr Rucinski

Approved By: Jonn Slette

Report Highlights:

The COVID-19 pandemic has pushed the Polish poultry industry to the brink of crisis. Demand for Polish poultry meat among Western European hotel, restaurant, and institutional (HRI) stakeholders dropped sharply in the wake of the novel coronavirus outbreak. From early March to late April 2020, farm-gate prices for broiler chickens fell by 13 percent. In addition to COVID-19, Poland has struggled to contain outbreaks of highly pathogenic avian influenza (HPAI). As of May 21, 32 HPAI outbreaks have occurred in Poland since December 31, 2019.

General information:

Although Poland remains the European Union's (EU) largest poultry producer, its chicken and turkey sectors were severely negatively affected by the COVID-19 crisis. Large operators focused on HRI export markets in the UK and Germany were particularly adversely affected, as orders dried up and cross-border logistics become challenging. Domestic demand for poultry meat also declined following almost no HRI sales. According to the National Chamber of Poultry and Feed Producers (NCPFP), in March 2020, poultry meat exports declined by about 12 percent compared to March 2019. Industry representatives predict that in April 2020, exports could be as much as 50 percent lower than April 2019. According to industry information, March exports to the Netherlands and Belgium were the most reduced, countries which import Polish poultry meat mainly for re-export outside of the EU.

Table 1: Polish Poultry Meat Exports by Value (\$ million)

	Calendar Year					January		
	2015	2016	2017	2018	2019	2019	2020	2020/19
World	1,835	1,974	2,273	2,811	2,913	232	233	0,62
EU 28	1,650	1,769	2,045	2,523	2,528	203	206	1,58
Germany	437	473	516	662	634	49	54	9,67
UK	253	259	285	372	394	29	31	5,67
France	152	165	211	241	231	21	20	-3,25
Netherlands	120	125	173	226	220	20	17	-12,57
Czech Republic	136	148	163	200	177	16	16	0,14
Slovakia	72	91	70	117	123	10	9	-4,87
Spain	69	63	84	93	123	8	14	65,82
Belgium	53	52	84	98	97	7	7	-2,9
Hungary	31	46	55	69	68	5	5	8,06
Lithuania	46	52	56	59	63	4	6	38,19
Austria	29	28	38	48	62	4	4	-4,97
Bulgaria	46	49	59	57	56	4	2	-51,75
China	28	32	1	7	55	4	0	-96,82
Ireland	37	39	46	57	53	4	3	-31,29
South Africa	0	5	0	19	52	4	0	-99,53
Hong Kong	40	49	64	69	49	4	6	37,53
Romania	34	37	45	40	43	4	4	0,38
Denmark	30	35	36	37	37	4	2	-52,36
Ukraine	14	19	34	35	35	3	2	-22,49
Cuba	0	8	1	4	26	0	4	4114,71
Italy	21	22	25	25	26	2	3	22,04
Greece	8	11	8	15	25	2	1	-47,78
Vietnam	2	5	7	19	24	2	1	-77,61
Latvia	11	15	27	27	24	2	2	6,12
Ghana	3	7	14	16	23	2	4	98,38
Sweden	5	8	10	15	17	1	1	-12,68

Estonia	7	10	11	12	13	1	1	25,22
Benin	34	13	16	13	12	2	1	-50,85
Congo (DROC)	2	4	7	11	11	0	0	-31,16
Portugal	24	17	13	12	10	1	1	-11,78

Source: Polish Statistical Office published by TDM.

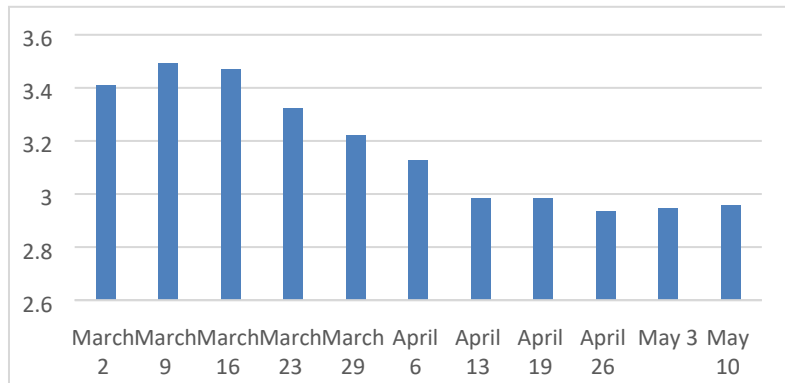
In addition to COVID-19, the poultry industry has struggled with HPAI since it was detected in a commercial flock on December 31, 2019 (GAIN [report](#) “Highly Pathogenic Avian Influenza Strikes Commercial Flocks in Poland”). After the December HPAI outbreak, several important export markets banned Polish poultry and egg products, notably South Africa, China, South Korea, Singapore, Japan, Taiwan, the United Arab Emirates, and the Philippines. Ukraine, Belarus, Hong Kong, Kazakhstan, Russia, Armenia, Cuba, and Saudi Arabia restricted Polish poultry imports ban based on Poland’s regionalization plan. In 2019, 87 percent of Polish poultry meat was exported to other EU markets, particularly the UK, Germany, and France. Its major non-EU poultry export markets were South Africa, Hong Kong, and China. In 2019, exports to these three destinations were valued at \$156 million and accounted for five percent of total poultry meat exports (Table 1).

As of May 21, there have been 32 HPAI outbreaks in Poland since December 31, 2019. The most recent was on April 1 on a commercial turkey farm with 29,000 birds in Lubuskie Province (near the German border). Some Polish regions remain subject to restrictions in connection with HPAI. HPAI protection and surveillance zones are established in accordance with Implementing Decision (EU) 2020/47 on measures to mitigate against the H5N8 subtype. In response to April 1 outbreak, Hong Kong, Russia, Bosnia and Hercegovina, and Belarus expanded the area restricted for products eligible to be exported to those countries, and Oman moved to ban on imports of poultry meat and poultry products. On May 5, Singapore lifted national import ban and moved to allow imports of Polish poultry meat and products from certain regions in Poland. Poland is still unable to export poultry meat to China, because of HPAI restrictions.

Because Poland exports half of its poultry production, the loss of its most important export markets has sharply increased domestic meat stocks, which is translated into lower farm-gate prices. From the beginning of March to the end of April 2020, the broiler farm-gate prices fell by 13 percent (Graph 1) and were 16 percent lower when compared to April 2019 prices.

In March 2020, broiler chick production reached a monthly record of 122 million head. The average production cycle of chicken broilers takes 4-6 weeks, meaning there could be a significant broiler production in May 2020. Increased production of baby-chicks combined with reduced domestic and international demand for poultry meat will put hatching egg producers, poultry hatcheries, and poultry meat producers in a very difficult situation.

Graph 1: March-May Farm-gate Prices for Chicken Broilers (PLN/kilogram)



Source: Ministry of Agriculture, Market Information Bulletin

Various industry organizations are demanding for government intervention. On May 13 during a virtual meeting of the EU's ministers of agriculture, Polish Minister of Agriculture Jan Krzysztof Ardanowski asked the European Commission to include poultry among the EU's new market intervention programs. He proposed to use funding from the EU budgetary crisis reserve for this purpose. At this point, the Commission has not offered any aid to the poultry sector.

Attachments:

No Attachments.