

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry Market Update

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Post: Sofia

Report Category: Poultry and Products

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Report Highlights:

Bulgarian broiler production grew by two percent in 2019, while duck meat output decreased sharply by 24 percent from 2018, due to animal health challenges. Consumer demand for poultry meat reached record levels. 2019 chicken meat imports grew by over 10 percent, stimulated by favorable domestic demand. Exports decreased by five percent in favor of domestic sales. Prospects for 2020 are cautiously optimistic and highly dependent on Bulgaria's COVID-19 situation and its effect on the economy and consumer incomes. Despite strong poultry meat retail sales following the novel coronavirus outbreak to date, Post expects that the subsequent shutdown of the food service industry and the decline in tourism sector will negatively affect the poultry demand.

MY2020 Supply and Demand Forecast

Bulgaria's 2019 broiler production expanded by two percent over 2018. Although 2019 chicken stocks began 16 percent higher than 2018, 2019 stock ended four percent lower from 2018 (Table 1). Animal health and related higher biosecurity challenges were drivers of this development.

In February and March 2020, Bulgaria notified eight highly pathogenic avian Influenza (HPAI) [outbreaks](#), mainly on duck farms in the Plovdiv area, which is a key center production. The [last](#) outbreak occurred on June 4, in the Plovdiv area on a large layer farm. The Bulgarian Food Safety Agency updated two major regulations ([Ordinance 11-252/January, 24, 2020](#) and [Ordinance 11-741/March 20, 2020](#)) regarding disease control for poultry farms, introducing more stringent biosecurity standards and stricter surveillance.

The latest data (January-March 2020) indicate stagnant broiler slaughter (0.4 percent increase) and a 42-percent increase in duck slaughter, resulting in 11-percent growth in total poultry meat output over the corresponding period in 2019. Post forecasts that 2020 broiler meat production will stagnate or increase slightly over 2019 due to COVID-19's impact on the economy and trade. Since consumer incomes, food service, and tourism largely drive domestic poultry meat consumption, 2020 demand is likely to decline. Post expects a recovery in local demand and production in 2021.

MY2019 Supply and Demand

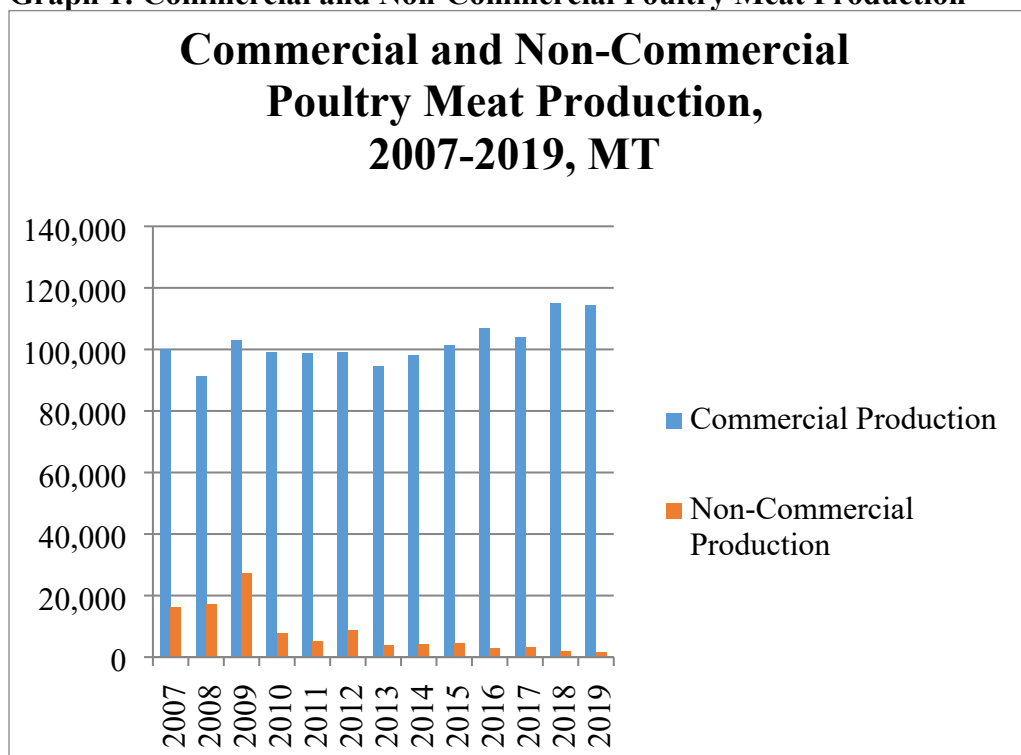
Farms: Large farms (over 10,000 birds) registered a decline in stocks (Table 2) while the number of small farms tripled and their stocks increased by almost 500 percent. However, collectively, these farms accounted for only 2.4 percent of Bulgaria's total chicken inventory. Larger farms accounted for 97.6 percent of the total inventory. Vertical integration and export demand continued to shape the industry.

Poultry Meat Supply: In 2019, commercial poultry production stagnated while non-commercial production continued to decline by 13 percent (Graph 1, Tables 4, 5).

Broiler Meat Output: Broiler meat output increased by 2.1 percent and accounted for 78 percent (76 percent in 2018) of commercially produced poultry meat, compared to 17 percent for duck meat (Graph 2, Table 3). The average carcass weight was consistent at 1.7 kg. The market share for cuts expanded and accounted for over 46 percent of broiler meat retail stocks. This trend indicates an increasing demand for value-added and convenience products.

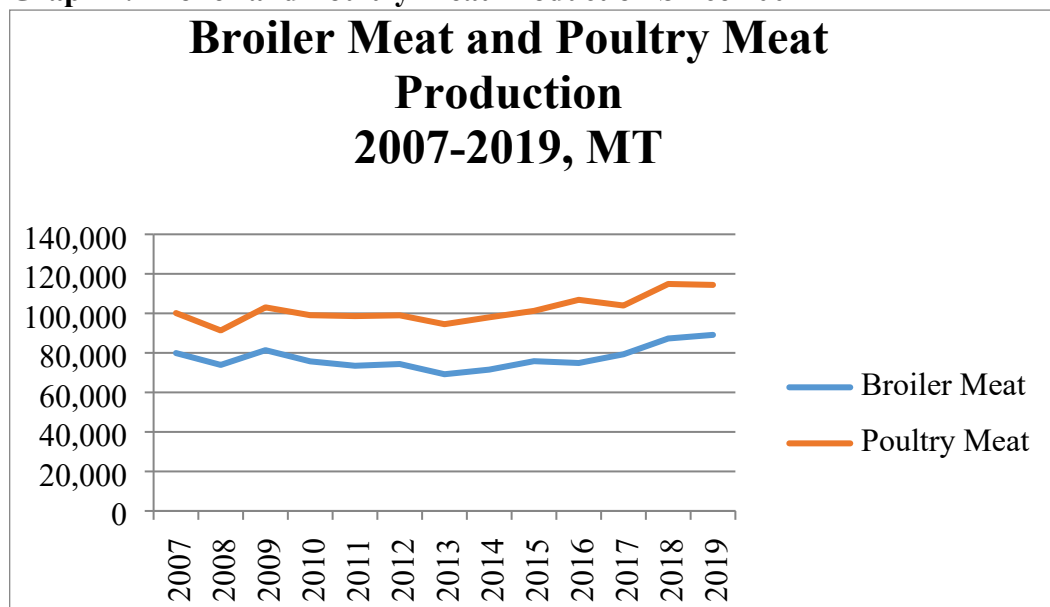
Duck Meat Output: Duck meat output declined substantially by 24.5 percent due to HPAI outbreaks. The decline in duck meat production drove downward the total poultry meat production figure (Table 3).

Graph 1: Commercial and Non-Commercial Poultry Meat Production



Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins

Graph 2: Broiler and Poultry Meat Production Since 2007



Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins

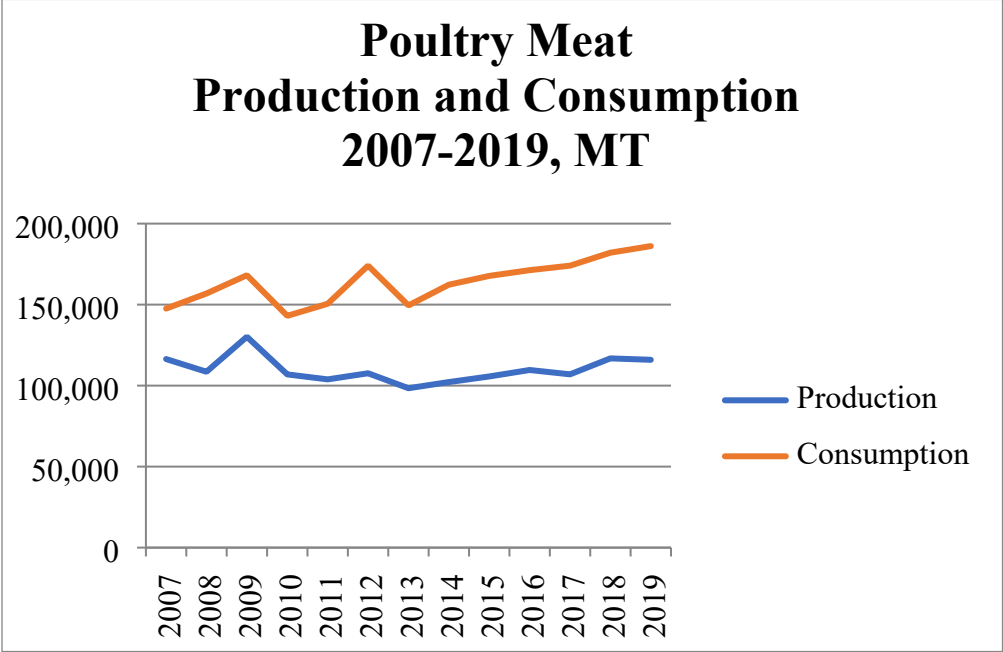
Consumption

Poultry consumption has increased due to higher purchasing power and the perception that poultry is more healthful. In 2019, consumption reached 186,000 MT, a two-percent increase over 2018 (Table

5). In 2019, local supply accounted for 62 percent of consumption versus 64 percent in 2018 due to stagnant domestic production and higher imports (Graphs 3 and 4). Consumption per capita grew from 11.4 kg/capita in 2018 to 12.0 kg/capita in 2019; the average quantity of purchased poultry meat by a household also increased from 24.0 kg (2018) to 25.1 kg (2019).

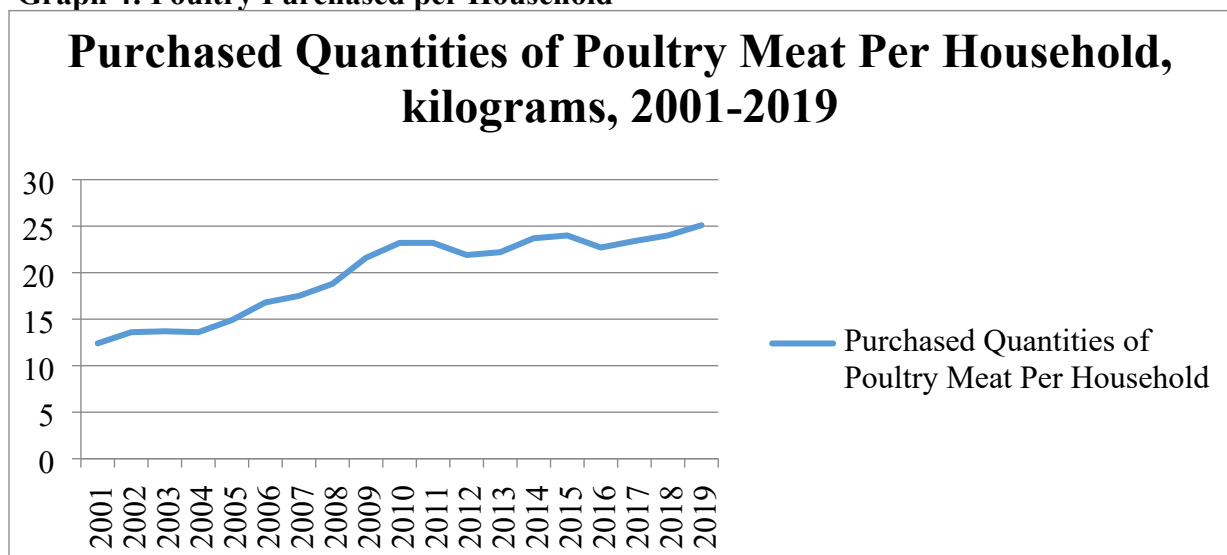
In 2020 to date, retail sales of broiler meat have been stable and growing since many consumers have switched to buying less expensive proteins/meats. On the other hand, the shutdown of the food industry outlets has already negatively impacted the sales. Higher-value meats, especially duck meat, is projected to be hit hard and prevent any growth in consumption. Total poultry meat consumption is likely to stagnate or witness a temporary drop followed by a recovery later in 2021.

Graph 3: Poultry Meat Production and Consumption, 2007-2019



Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins

Graph 4: Poultry Purchased per Household

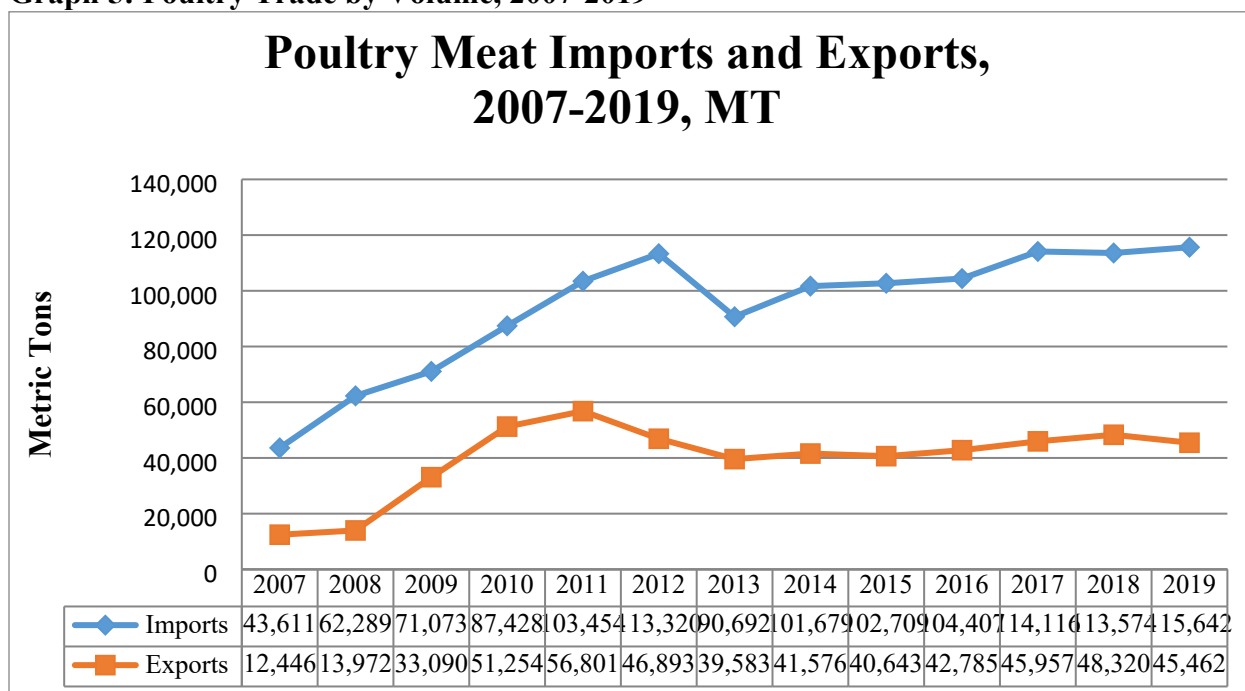


Source: Bulgarian National Statistical Institute

Trade

Local poultry meat producers target export markets to diversify their risk and increase sales. Imports are dominated by broiler meat, while export revenues come mainly from duck products (Graph 5, Table 6). According to industry sources, 2020 duck meat exports, to date, to primary markets in France and Belgium were hard-hit by the COVID-19 pandemic.

Graph 5: Poultry Trade by Volume, 2007-2019



Source: Eurostat/Trade Data Monitor (TDM)

Imports

2019 Bulgarian poultry imports by volume increased by 1.8 percent over 2018 (Table 6), but stagnated by value, at \$135 million. Major suppliers were Poland (40 percent), Romania (18 percent), and Hungary (12 percent).

Broiler meat imports accounted for 94 percent of total poultry meat imports in 2019. Imports grew over 10 percent in volume, but stagnated in value compared to 2018, due to lower average import price. Frozen broiler meat imports in 2019 (HS#020712 and HS#020714) increased by 2.2 percent to 54,000 MT, but its share in total poultry imports was stable at 50 percent. 2019 frozen chicken leg-quarter (CLQ) (HS#020714) imports grew by two percent over 2018 and remained Bulgaria's primary imported poultry product. Frozen CLQ meat accounted for 44 percent (43 percent in 2018) of total broiler meat imports by volume in 2019.

In January-March 2020, broiler meat imports by volume declined by 10 percent, and by six percent in value terms (Eurostat/TDM). Poland continued to be a leading supplier, although its exports to Bulgaria dropped by a half compared to the corresponding period in 2019. Poland was followed by Romania which also reduced its exports to Bulgaria by 26 percent. Conversely, Hungary, and Greece boosted their exports to Bulgaria by double-digit growth.

Exports

In 2019, poultry exports declined by six percent by volume and 23 percent by value to \$158 million, due to lower prices (Eurostat/TDM) (Table 6). Major markets were Greece and Romania for broiler meat, and France and Belgium for duck meat.

Broiler meat exports in 2019 decreased by five percent in tonnage and by 10 percent in value (Eurostat/TDM). Greece was the leading market and accounted for 58 percent of broiler meat exports, and Romania for 12 percent, respectively.

In January-March 2020, broiler meat exports declined 22 percent by volume and 20 percent by value from the same period in 2019. Exports to Greece and the United Kingdom declined while trade with Romania, Italy and North Macedonia saw good growth.

The difference between average prices for broiler meat in Bulgaria and the EU-28 provides an advantage for local exporters. In 2019, the average Bulgarian price was €150.56/100 kg (negative growth rate of -1.8 percent from 2018) compared to €189.77/100 kg for the EU average (negative growth rate of -0.3 percent from 2018). To date in 2020, Bulgarian prices have essentially stagnated. In [May 2020](#), the average Bulgarian price was €147/100 kg (down by 4.3 percent over last year) versus €176/100 kg for the EU average (8.2 percent less than in May 2019).

Table 1. Poultry Stocks as of December 31, 2015-2019, in thousands

Years	Layers	Chicken for Meat (Broilers)	Total Layers and Broilers	Turkey	Ducks	Geese	Other	Total Poultry
2015	6,980	7,278	14,258	28	1,229	16	69	15,600
2016	7,158	5,290	12,448	32	1,128	17	75	13,700
2017	6,898	5,966	12,864	30	1,666	16	180	14,756
2018	6,951	6,921	13,872	35	1,408	13	191	15,519
2019	7,107	6,635	13,742	23	1,573	36	191	15,565
Change 2019/2018 percentage	2.2%	-4.1%	0.9%	-34.3%	11.7%	11.3%	No change	0.3%

Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 370/April 2020

Table 2. Farms Raising Chicken for Meat as of December 2019

Farms Raising Chicken for Meat as of December 2019				
Number of birds per farm	Farms		Chicken raised for meat	
	Number	Change, percent 2019/2018	Numbers, 000	Change, percent 2019/2018
1-199	403	368.8%	11	471.8%
200-9999	25	19.0%	150	19.9%
10,000 – 99,999	87	7.4%	2,788	-1.6%
100,000 and above	11	-15.4%	3,686	-6.9%
Total	526	161.8%	6,635	-4.1%

Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 370/April 2020

Table 3. Commercial Poultry Meat Production 2019

Categories	Slaughtered birds, 000	Live Weight		Carcass Weight		Change, 2019/2018, in percent
		Total, MT	Average, kg	Total, MT	Average, kg	
Broilers	51,602	115,834	2.2	89,108	1.73	+2.1%
Hens and cocks	2,742	7,159	2.6	5,403	1.97	+20.1 %
Ducks	5,501	25,779	4.7	19,749	3.6	-24.5
Total	59,845	148,772		114,260		-0.1%

Source: Eurostat and Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 370/April 2020

Table 4. Non-Commercial Poultry Meat production 2019

Types of Poultry	Slaughtered Poultry, 000 head	Live Weight, MT	Carcass Weight, MT
Hens and chicken	668	1,723	1,291
Turkey	34	252	151
Other	115	311	231
Total	817	2,286	1,673
<i>Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 370/April 2020</i>			

Table 5. Poultry Meat Production, Imports, Exports and Consumption in 2010-2019, MT

Poultry Meat Production, Imports, Exports and Consumption 2010-2019, MT				
Commercial Production	Non-Commercial Production	Imports*	Exports*	Domestic Consumption
2019				
114,260	1,673	115,642	45,462	186,113
2018				
114,875	1,932	113,574	48,320	182,061
2017				
103,960	3,004	114,116	45,957	175,123
2016				
106,852	2,788	105,239	42,751	172,128
2015				
101,252	4,402	102,709	40,643	167,720
2014				
97,995	4,198	101,679	41,576	162,296
2013				
94,519	3,869	90,692	39,583	149,497
2012				
99,006	8,617	113,320	46,893	174,050
2011				
98,609	5,247	103,454	56,801	150,509
2010				
99,065	7,850	87,428	51,254	143,089
<i>Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins and Eurostat/TDM. Imports and Exports are calculated in poultry meat equivalent.</i>				

Table 6. Poultry Meat Trade 2016-2019

Poultry (Including Broiler) Meat Trade 2016-2019					
	2016	2017	2018	2019	Difference in Percentage 2019 vs 2018
Poultry Meat and Products Group/PG					
Imports in MT	105,239	114,116	113,574	115,642	+1.8%
Exports in MT	42,751	45,957	48,320	45,462	-6.0%
Imports in million U.S.\$	109.5	128.7	134.7	134.5	-0.1%
Exports in million U.S.\$	172.5	191.6	203.9	157.5	-23.0%
PSD Chicken (Broiler) Meat					
Imports in MT	93,615	105,055	105,634	108,910	+10.3%
Exports in MT	26,350	31,586	33,223	31,547	-5.0%
Imports in million U.S.\$	94.7	113.8	120.7	120.9	+0.2%
Exports in million U.S.\$	63.8	77.1	85.8	77.1	-10.0%
<i>Note: Poultry Meat and products Group includes the following HS#: 020710-14; 020721-27; 020731-39; 020741-45; 020750-55, 020760 and HS#160231-39</i> <i>PSD Chicken/Broiler) Meat includes the following HS#: 201711-12-13-14, and HS#160232</i>					
<i>Source: Eurostat/TDM</i>					

Attachments:

No Attachments.