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EU-28

Poultry and Products Semi-annual

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Report Highlights:
EU-28 chicken meat production is expected to increase slightly again in 2019 driven by both domestic and export demand. In recent years, EU-28 consumers have been switching to chicken meat from other types of meat as it is less expensive and easy to prepare. Imports are forecast to slightly increase in 2019, with about 15 percent of imports projected to come from Ukraine, now a major supplier. In 2019 exports are expected to continue to increase significantly to Sub-Saharan Africa and to Asia.

Commodities:
Poultry, Meat, Chicken

DISCLAIMER

The numbers in the PSDs in this report are not official USDA numbers, but they result from a collaborative effort by FAS EU offices to consolidate PSDs from all 28 EU member states.

This report is the result of active collaboration with the following EU FAS colleagues in the following member states:

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Production:

Polish and German chicken meat production figures were revised slightly down for 2017 and 2018 lowering the overall EU-28 production figures.

EU-28 chicken meat production in 2019 is now forecast to increase by 2 percent from 2018. It follows 2.5 percent growth in 2018, driven by significant production increases in Poland which is now the leading chicken meat producing country in the EU-28. Poland exports almost 50 percent of its production. The increase was driven by increased domestic EU-28 consumption and higher than anticipated exports. However, compared to previous years the rate of growth has slowed in most EU-28 countries as higher feed prices, environmental regulations, such as in the Netherlands, lack of profitability of broiler farming compared to other poultry production, such as in Spain, and lack of investments in updating production facilities, such as in Germany, limit stronger growth in western European countries.

Consumption:

EU-28 domestic consumption of chicken meat is still expected to increase more than total population growth in 2019, indicating a small increase in per-capita consumption. This is due to the switch from other meats to chicken meat because of weak economic conditions in some EU-28 countries as well dietary changes to leaner and easier to prepare types of meat.

Trade:

EU-28 chicken meat imports are expected to remain stable in 2019 aside from small increase in UK imports. While imports from Thailand, Ukraine and China are anticipated to remain strong, imports from Brazil are declining after several Brazilian poultry plants were delisted in 2017 and 2018 due to sanitary concerns. Chicken meat imports from Ukraine and China in 2019 could be impacted by policy changes (see policy section).

EU-28 chicken meat exports in 2019 are expected to remain strong, driven by higher exports to Ghana, Philippines, Ukraine, Vietnam and Democratic republic of Congo. After a sharp drop in 2017 due a HPAI-linked ban combined with a special duty on EU-28 sourced chicken meat, EU-28 chicken meat exports to South Africa plateaued in 2018 and unlikely to grow in 2019. Traditional French frozen whole chicken exports to Saudi Arabia also plummeted by 16 percent as they could not compete with Brazilian exports.

EU-28 chicken meat exports (mostly frozen wings, legs and mechanically deboned meat) jumped by 13 percent to Ukraine benefiting from the EU-28 and Ukraine free trade agreement.

Note that the potential impact of a hard Brexit (a departure of the United Kingdom from the European Union without any trade agreement) has not been assessed in this report.

Policy:

The EU-28 chicken sector has been spared of major development of highly pathogenic avian influenza (HPAI) cases in the fall of 2018 and early winter of 2019. The European Commission dedicated website features details and maps showing the different outbreaks since 2009.

EU Cuts WTO Deal With China on Poultry

On January 31, 2019, the EU published an agreement[1] that it reached with China relative to the WTO dispute *DS492 European Union – Measures affecting Tariff Concessions on Certain*

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22019A0131(02)&from=EN

Poultry Meat Products that China had won in 2017. As a compensation, the EU agreed to open following Tariff Rate Quotas (TRQ) for Chinese poultry products:

— a TRQ of 6,060 MT for the tariff line 1602.3929 (with specific country allocation of 6,000 MT to China and 60 MT to all others), with an in-quota duty rate of 10.9%;
— a TRQ of 660 MT for the tariff line 1602.3985 (with specific country allocation of 600 MT to China and 60 MT to all others), with an in-quota duty rate of 10.9%;
— an erga omnes TRQ of 5,000 MT for the tariff line 1602.3219, with an in-quota duty rate of 8%.

EU Poultry Producers Urge European Commission to Plug Import Loophole for Ukrainian Poultry

On 1 January 2016, Ukraine started benefitting from its Deep and Comprehensive Free Trade Area[2] (DCFTA) agreement with the EU. Under this FTA, the EU granted Ukraine duty-free access to the EU market for poultry for a TRQ of 16,000 MT and incrementally increasing to 20,000 MT after five years. However, Ukraine started exporting chicken cuts with a small wing bone included under HS02071370 and HS02071470, thus benefitting from a loophole in the quota. These volumes beyond the quota grew ten times in two years. They went from 3,650 MT in 2016, to 27,100 MT in 2017 and reached almost 48,000 MT in the first 10 months of 2018.

EU-28 poultry producers are unhappy, as they perceive these chicken meat imports as abuse by Ukraine of the FTA agreement circumventing the negotiated quota. They have been lobbying the Commission to close this loophole. In early February 2019, the Delegation of the European Union to Ukraine announced that the EU Commission was willing to re-negotiate the reciprocal TRQs between Ukraine and EU. Media also reported that Members States gave the EU Commission the permission to negotiate the association agreement with the Ukraine, so the loophole for the chicken cuts could be closed in exchange for an bigger overall quota.
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Production, Supply and Demand Data Statistics:

Meat, Chicken	**2017**		**2018**		**2019**	
Market Begin Year	**Jan 2017**		**Jan 2018**		**Jan 2019**	
European Union	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks	0	0	0	0	0	0
Production	12060	11912	12315	12200	12470	12475
Total Imports	693	693	650	703	680	720
Total Supply	12753	12605	12965	12903	13150	13195
Total Exports	1335	1326	1425	1429	1500	1450
Human Consumption	11418	11279	11540	11474	11650	11745
Other Use, Losses	0	0	0	0	0	0

[2] http://trade.ec.europa.eu/doclib/press/index.cfm?id=1425

Total Dom. Consumption	11418	11279	11540	11474	11650	11745
Total Use	12753	12605	12965	12903	13150	13195
Ending Stocks	0	0	0	0	0	0
Total Distribution	12753	12605	12965	12903	13150	13195
(1000 MT)						

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