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Report Highlights:

Most governments in Europe intermittently closed restaurants, businesses and implemented lock-downs since late February 2020 because of the worldwide COVID-19 epidemic. Cross border trade slowed and demand for imported products slumped. Those disruptions led to an overall 1.5 percent decline in EU-27+UK chicken meat production. Imports fell more significantly as a large share of imported chicken meat is sold to the HRI sector. Exports shrank by 4.6 percent as many importing countries also banned EU chicken due to Avian Influenza outbreaks. Consumption declined by two percent, as the increase in retail chicken meat sales did not compensate for losses in the HRI sector. EU-27+UK chicken meat production, imports and consumption in CY 2021 are forecast to increase from 2020 with COVID-19 vaccination programs underway in 2021 and a likely return to open restaurants by summer or fall. However, EU-27+UK chicken meat exports will continue to be restricted by AI-related bans.

Production

EU-27+UK chicken meat production in CY 2021 is forecast to increase by 1.4 percent from CY 2020. This increase follows a 1.5 percent decline in CY 2020, a direct impact of the COVID-19 pandemic with total or partial lockdowns in most EU-27+UK countries including hotels, restaurants, and institution (HRI) closures. The shutdown impacted the intra-EU-27+UK trade of chicken meat, as more of this cross member state trade is bound for restaurants. Post projects Polish production declined the most within the EU-27+UK as its industry is focused on exporting chicken meat cuts to the EU HRI sector. Spanish production also declined as a consequence of the closure of the hospitality and tourism industries.

Chicken meat production in the Netherlands also declined although their lockdown was not as strict as in other EU-27 MS such as France, Spain, and Italy. The sector suffered from the drop in demand from the United Kingdom and other markets and increasing competition from Poland. Third–country imports to the Netherlands stayed fairly constant as traders wanted to maintain their licensed volume. After a 3 percent decline in 2020, production growth is forecast to increase again in 2021. However, the increase will be limited by the availability of animal production licenses based on the volume of phosphate produced by the birds. The change to more sustainable production methods and animal welfare measures that raise costs and decrease flock sizes also limit growth.

In other countries such as Italy and France the industry was able to redirect most of the production originally destined for the HRI sector to the retail sector, leading a steady or slight increase in domestic production. The increase in retail sales also led to higher sales and production of chicken meat produced under certain quality schemes such as organic and free range as consumers are more sensitive to these labels in retail markets.

Temporary closure of slaughter facilities in several countries such as Netherlands, Germany and UK due to COVID-19 cases did not significantly impact the total production as the lost weeks of production were compensated by higher slaughter rates the following weeks and uptakes in other establishments.

HPAI (Highly Pathogenic Avian Influenza) outbreaks in late 2020 and early 2021 are not anticipated to negatively directly impact the EU chicken meat production in CY 2021 with the exception of Germany where HPAI mitigation includes extended strict sanitary measures in affected districts. However, the closure of some export markets such as South Africa for HPAI Member States may lead chicken meat producers to reduce the installment of new chicks grown for exports. In most EU-27+UK countries, such as Spain, Germany and France, governments reinforced surveillance and biosecurity measures on poultry farms including temporarily prohibiting free-range farms. With the development of the COVID-19 vaccination program and the subsequent ending of lockdowns, post projects demand growth and lead to production increases. However, higher feed prices, stricter environmental regulations, such as in the Netherlands and Belgium, high labor costs, such as in France, high commercial stocks, such as in Germany will keep the growth below 1.5 percent.

Note: UK chicken meat production has been included within EU-27+UK production data.

Consumption

EU-27+UK domestic consumption of chicken meat declined by two percent in CY 2020 as increased chicken meat sales at the retail level did not make up for the losses in the HRI sector. Post projects with the vaccine program predicted to lessen the pandemic affects by summer or fall, consumption growth beyond population growth in CY 2021 with the anticipated lockdown lifting and opening of the HRI sector. However, because there is no information on poultry meat stocks, the real decline in consumption in CY2020 could eventually be higher than estimated. Poland, Germany and the Netherlands processors are reported to have frozen some of their production intending to sell it in 2021.

Consumption longer term will continue to grow because of an increase in consumer preference for chicken meat over other types of meats. Chicken meat is more affordable and consumers view it as healthier, more versatile and easier to prepare.

Trade

EU-27+UK chicken meat imports decreased by 15 percent in CY 2020. A large share of those imports are bound for the HRI sector that suffered broad closers and restrictions since the pandemic. Imports from Thailand dropped the most, 21 percent, while imports of chicken meat from Brazil marginally fell 2 percent. Imports of chicken meat from Ukraine declined by 26 percent after the EU-27+UK temporarily banned Ukraine's chicken meat due to HPAI outbreaks in early 2020, a trend enhanced by the closure of the trade loophole. In CY 2021, EU-27+UK chicken meat imports are anticipated to increase from 2020 because restaurants should re-open.

EU-27+UK chicken meat exports in CY 2020 declined overall by 4.6 percent driven by a 20 percent drop in exports to Ukraine, 32 percent drop to South Africa, 40 percent drop to Vietnam, and a 66 percent drop to China. This decline is due to a combination of HPAI-related full or partial bans of exports to South Africa, China, Vietnam, South Korea, Singapore, Japan, Taiwan, United Arab Emirates, and the Philippines, and the consequences of COVID-19 drop in demand in those countries. Overall South African imports of chicken meat from Europe declined by 10 percent in CY 2020. Polish chicken meat exports to South Africa shrank by 92 percent from 79,000 MT in 2019 to less than 5,000 MT in CY 2020 because of the export ban due to the HPAI outbreak in Poland. Those lost exports were partially replaced by increased South Africa imports from Spain, Ireland and Netherlands. Exports to Ukraine also declined by 20 percent because of the ban on Polish chicken that was partially replaced by exports from other markets as well.

EU27+UK exporters were able to export poultry at increased volumes to several countries that did not implement bans in CY 2020 and that were less affected by COVID-19. For example, exports to Ghana increased 16 percent in CY2020 from 2019 and it is now the largest export market for EU chicken meat. Exports to Cuba also grew by 60 percent, and other countries such as the Democratic Republic of Congo and Gabon are now major markets for EU chicken meat. The increase of EU chicken meat sales to those markets are because they became more affordable relatively to other sources, such as Brazilian chicken meat. The CIF import price is up to 30 percent lower than Brazilian chicken in those markets. EU27+UK chicken meat exporters are able to discount their exported products as the EU27+UK processors are able to sell the highest value chicken and chicken meat domestically.

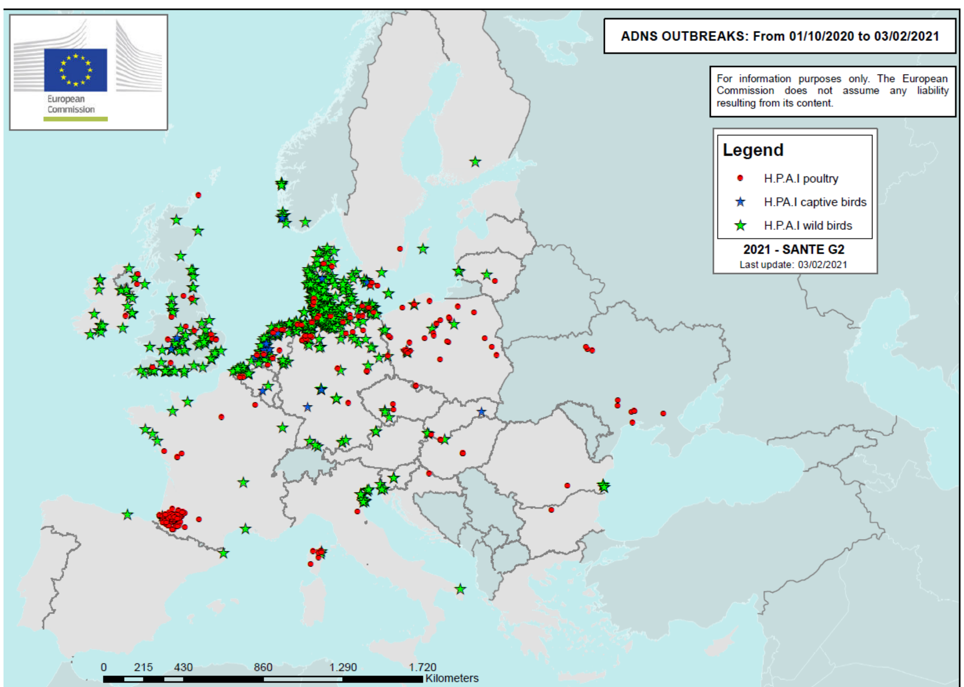
Continued HPAI outbreaks in 2021 are likely to continue to impact EU-27+UK chicken meat exports. FAS the Hague reports that in CY 2020 the Netherlands had more than half of Ghana's import market share for chicken meat, but Ghana banned its imports in early 2021 due to HPAI cases in late 2020. Thus we anticipate another 2 percent drop in EU-27+UK chicken meat exports in CY 2021.

Policy

Avian Influenza Situation Update

Since fall 2020, a wave of High Pathogenic Avian Influenza (HPAI) has swept through the EU-27+UK MS because of migrating wild birds. Between October 2020 and end of January 2021, the disease was confirmed in farmed poultry in Belgium, Croatia, Denmark, France, Ireland, Germany, the Netherlands, Poland, Sweden and the United Kingdom. The majority of the cases involve HPAI H5N8, but cases of HPAI H5N5 and HN1 were also identified.

Highly Pathogenic Avian Influenza Findings in Autumn 2020



Source: European Commission

Related Reports

Belgium : Highly Pathogenic Avian Influenza Outbreak in Belgian Broiler Farm December 03, 2020 | BE2020-0021

Belgium : Highly Pathogenic Avian Influenza Found in Wild Birds in Belgium November 16, 2020 | BE2020-0017

Denmark : HPAI Detected in Commercial Flock in Denmark November 19, 2020 | DA2020-0015

Denmark : Highly Pathogen Avian Influenza Detected in Denmark November 10, 2020 | DA2020-0014

France : Two cases of HPAI on duck farms in France threatening the foie gras industry December 11, 2020 | FR2020-0026

Netherlands HPAI Detected on Sixth Farm as Trade Implications Mount November 24, 2020 | NL2020-0063
Netherlands : HPAI Detected on a Commercial Poultry Farm October 29, 2020 | NL2020-0055

Poland : HPAI Hits Commercial Egg Farm in Western Poland December 02, 2020 | PL2020-0049

Poland : Turkey and Products Market Brief November 18, 2020 | PL2020-0048

Romania : Challenging Prospects for Romania's Poultry Industry December 03, 2020 | RO2020-0031

Spain: Spanish Livestock and Poultry Sector Update September 30, 2020 | SP2020-0034

Sweden : HPAI Detected in Commercial Turkey Flock in Sweden November 25, 2020 | SW2020-0008

DATA

Meat, Chicken	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	12560	12560	12200	12375	12100	12550
Total Imports (1000 MT)	724	724	620	609	675	650
Total Supply (1000 MT)	13284	13284	12820	12984	12775	13200
Total Exports (1000 MT)	1541	1541	1450	1467	1425	1450
Human Consumption (1000 MT)	11743	11743	11370	11517	11350	11750
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	11743	11743	11370	11517	11350	11750
Total Use (1000 MT)	13284	13284	12820	12984	12775	13200
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	13284	13284	12820	12984	12775	13200
(1000 MT)						

Note: Per revised FAS instructions; exports of chicken paws to Hong Kong, China and South Africa have been excluded from EU-27+1 chicken meat exports.

For Trade data: HS Codes Included: 0207.11, 0207.12, 0207.13, 0207.14, 1602.32 as well as imports of HS 0210.99.39 from South America and Thailand (only).

Attachments:

No Attachments