United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** July 09, 2024

Report Number: BU2024-0011

Report Name: Poultry Market Update

Country: Bulgaria

Post: Sofia

Report Category: Poultry and Products

Prepared By: Mila Boshnakova-Petrova

Approved By: Levin Flake

Report Highlights:

FAS/Sofia expects growth in Bulgarian poultry production in 2024, driven by declining feed/production costs and improving competitiveness, as well as by continued growth in consumer incomes, travel, and tourism. Expanding demand is already leading to higher poultry meat output in the first months of 2024. High Pathogenic Avian Influenza (HPAI) outbreaks began to hit the industry in the fall of 2023 but only one broiler farm has been affected, while the impact on layer and duck farms has been much more significant. Consumption of poultry meat in the country reached a new record in 2023, driven by improving incomes, and a significant rebound in the food service industry. Demand recovered faster than domestic supply and was met by double digit percentage growth in imports.

Executive Summary

The Bulgarian poultry industry consists of two major type of sub-industries – chicken/broiler production and duck meat production. Usually, domestic broiler meat supply represents 75-80 percent of total poultry meat output with the remaining 20-25 percent coming mainly from duck meat. The official statistics for poultry meat also includes a small category of "meat from spent hens, other birds and rabbits" but its share is usually around four percent - 5,000 metric tons (MT) to 7,000 MT.

The country exports about 25-30 percent of its broiler meat, and about 55-60 percent of its duck meat, with the latter a more expensive product and considered to be an important source of revenue. The industry has been almost entirely commercialized although there is still about one percent of non-commercial poultry production which does not go through market channels.

2024: Prospects for 2024 are optimistic. Industry growth is projected to accelerate and to be maintained due to an improving economic situation, more affordable feed and energy prices, better consumer income, and stronger sales in the travel, tourism, and food service industries. In the first four months of 2024 (January-April), broiler meat output had a growth of 2.3 percent, and duck meat production increased by 1.5 percent compared to the corresponding period of 2023. Total poultry meat production grew by 2.4 percent (39,200 MT).

Since October 2023, the local poultry industry has been hit by HPAI outbreaks (11 outbreaks in 2023 and 15 outbreaks in 2024 as of early July). However, there was only one outbreak at a large broiler farm on April 12, 2024, with more than 390,000 culled bird numbers. Layer farms have been the most impacted (four outbreaks), with about 30 percent (two million bird numbers) being culled to date. Nine duck farms were hit by HPAI in 2024 to date with 100,000 bird numbers culled. If the industry can address the HPAI challenge, the combination of strengthening demand and lower operating costs is expected to drive supply growth in 2024.

Poultry Industry, Overview for 2023

Bulgaria's poultry sector stagnated in 2023. The year began with higher number of broilers (Table 1, see the bird numbers at the end of 2022). However, due to production related challenges such as high feed grain, energy, and labor costs as well as food inflation, it ended with about 11 percent lower broiler numbers (Table 1). Broiler meat slaughter and production was stable at around 90,500 MT. The duck meat sector performed better despite several HPAI outbreaks and witnessed an 18-percent growth in ending bird numbers. Slaughtering was higher and resulted in an 11-percent increase in duck meat output, rising to 24,900 MT.

As a result of the above developments, total poultry numbers at the end of 2023 declined by 6.4 percent from 2022, while the total poultry meat production (commercial and non-commercial) had a small growth of 2.4 percent over 2022 (Tables 1 and 3) to 122,000 MT. Commercial poultry meat output alone grew by 1.1 percent to 121,000 MT.

Domestic poultry meat consumption grew by 8.2 percent to a new record high of over 190,000 MT following the stagnation experienced in 2022 (Table 4) and was supported by increased imports. Poultry meat imports in 2023 had over 10 percent growth (Tables 4 and 6) driven by more dynamic consumer demand, mainly at the food service industry. Imports of chicken meat represented 95 percent of total poultry imports (Table 6) at 102,000 MT, with only small imports of about 6,000 MT of other types of poultry meat (mainly turkey meat), while duck meat imports were insignificant.

Note: The marketing year for poultry is the calendar year.

Supply and Demand, 2023 and 2024 Estimates

Poultry Meat Supply

2024: Although 2024 started with lower broiler numbers, declining feed grain and energy prices, along with expanding domestic consumption, are supporting more growth for the industry. Consumer demand has stayed elevated with expectations for a full recovery of tourism and food service outlets.

Chicken Meat: Slaughter data for the first four months of the year shows 9.2 higher broiler slaughter. However, due to lower average carcass weight, it resulted in 2.3 percent increase in broiler meat output. The latest price data as of mid-June indicates that broiler prices have decreased by 1.1 percent compared to a year ago (€213.71/100 kg) and compared to the EU decline of two percent ((€271.25/100 kg). Domestic prices have been more stable and the gap between local and EU prices has shrunk. As of mid-June, the domestic broiler price was at 79 percent of the EU average compared to 77 percent in the last year. Overall, broiler prices at slaughterhouses remain at least 20 percent below the average EU prices (please, see MinAg June dashboard, page 4 and MinAg monthly price bulletins, page 3). Bulgaria has the second lowest broiler prices in the EU, after Poland (MinAg monthly price bulletins, page 4).

Duck Meat: The duck meat industry faces more challenges this year due to HPAI outbreaks and inventory losses, as well as due to lower duck meat prices compared to 2023. In the first four months of 2024, the growth in the number of ducks slaughtered was at 6.8 percent, however, it translated to only a 1.5 percent increase in duck meat output due to a decline in the average carcass weight.

Poultry meat: As a result of these developments, total poultry meat production for the first four months of 2024 was 2.4 percent more than a year ago. It is forecasted that this growth has the potential to accelerate to above three percent for the year, and in the case of broiler meat, the output may increase to 92-93,000 MT. The expectations for the duck meat production are for stagnation or a small decline to 24,000 MT, while total poultry meat is estimated at about 123,000 MT.

2023: The year 2023 started positively with 9.5 percent higher poultry numbers from the year before. This included a 21 percent increase in the number of broilers. This growth, however, melted throughout the year due to the challenging production situation and ended with broiler numbers down (11 percent) at the end of the year. At the same time, duck numbers grew by 18 percent. As a result, at the end of 2023 the total poultry numbers were 6.4 percent lower compared to the start of the year.

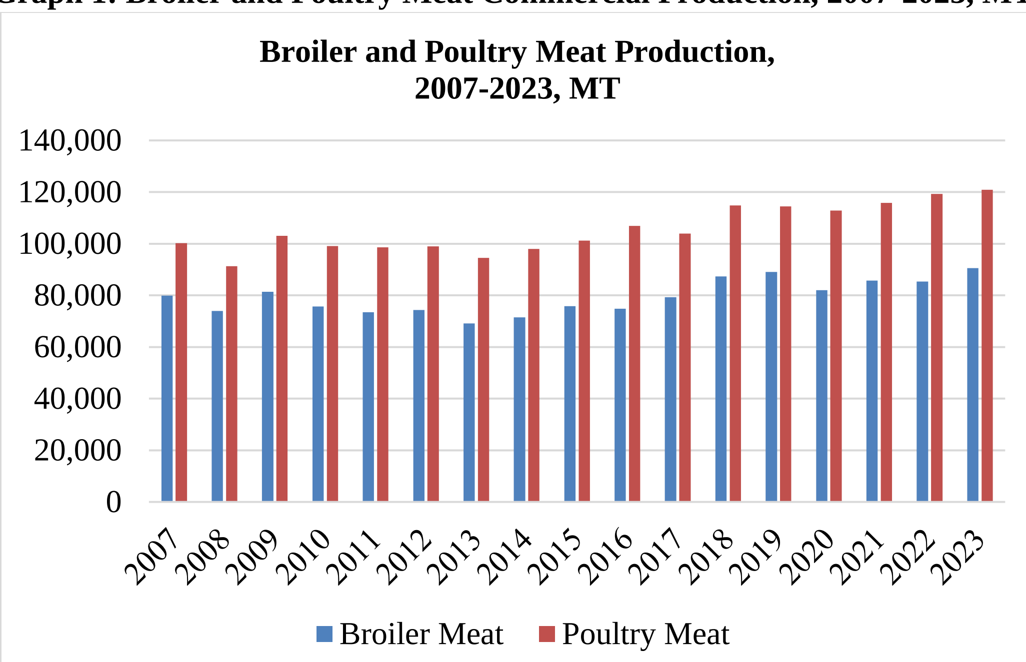
Chicken Meat Supply: Commercialization and consolidation have continued, and large farms accounted for 99 percent of Bulgaria's total chicken numbers and vertical integration continued to shape the industry. However, due to a challenging year in 2023 the number of broiler farms decreased by 13 percent and the decline was spread over all categories of farms (Table 2). Unlike in the past, the largest farms with over 100,000 bird numbers were also negatively impacted, and their number declined by 21 percent from 2022. The bird numbers in all categories of farms also decreased except for small farms with up to 10,000 bird numbers.

A total of 20 slaughterhouses operated in the country, of which 14 for broilers and eight specialized for ducks only. The latest Eurostat monthly data for commercial production at slaughterhouses in 2023 indicates stable broiler slaughter (+0.7 percent compared to 2022). The average carcass weight for broilers went down by 0.4 percent due to feeding optimization and this resulted in flat broiler meat output, at the same level as in 2022 (90,500 MT).

Broiler prices were depressed at an average of €209.10/100 kg for 2023 with a 2.8 percent decline compared to 2022, while the EU had an average growth in broiler prices of 6.4 percent. Bulgaria was one of the very few EU member-states with a decline in broiler prices, reportedly, due to lower purchasing power because of inflation and consumer incomes lagging behind prices. This occurred at times of increasing production costs and had a negative impact on producers' margins.

Duck Meat Supply: In the duck industry, the year began with a decline in duck numbers of 14 percent (Table 1) from the previous year. Due to the good performance of the duck meat industry, however, its ending bird numbers grew by 18.0 percent. The Eurostat monthly data for commercial production at slaughterhouses in 2023 indicates much higher duck slaughter (+17 percent) compared to broilers. Similar to broilers, however, the average carcass weight declined and therefore, duck meat output grew by 10.9 percent to about 25,000 MT. Producers were encouraged by very favorable duck meat prices and positive margins.

Graph 1: Broiler and Poultry Meat Commercial Production, 2007-2023, MT



Source: Eurostat and Bulgarian Ministry of Agriculture Statistical Bulletins

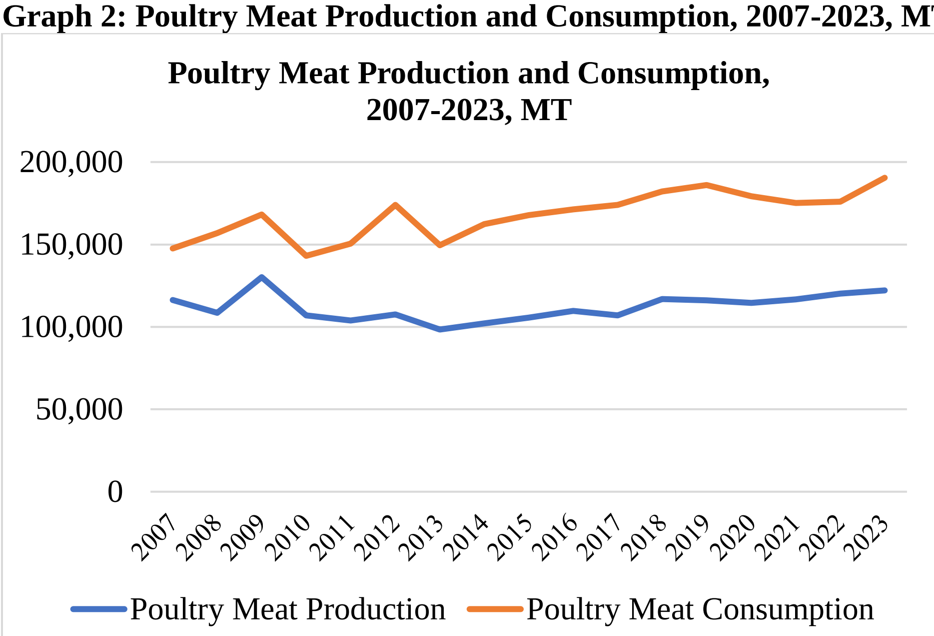
Poultry Meat Supply: Commercial poultry slaughter had 1.8 percent growth compared to 2022 (national data shows slightly higher poultry slaughter at slaughterhouses of 2.3 percent, Table 3) while commercial poultry meat production had a small growth of 1.4 percent at 121,000 MT (Table 3). Non-commercial slaughter still exists although its share is small. In 2023, less than one percent of poultry was slaughtered at farms, producing also about one percent of poultry meat (Table 3). This meat usually does not enter commercial channels and is used for household consumption at farms and in rural areas. Unlike in the past when non-commercial production has been gradually shrinking, in 2023 it had a small growth, mainly due to food inflation which encouraged more subsistence farming and home use (Table 3). With non-commercial production included, the total domestic poultry meat supply was at 122,000 MT, 2.4 percent more than in 2022.

Poultry Meat Consumption

2024: Poultry meat remains the most popular and affordable meat and source of protein in the country with consistent growth in consumption since 2013 (Graph 2). This is despite some fluctuations in 2020-2022 caused by HPAI and the COVID pandemic.

FAS/Sofia forecasts higher poultry meat consumption in 2024 due to improving consumer demand, both at the retail level and in the food service industry. Food inflation has been under control and persistently declining since the middle of 2023, while consumer incomes have increased contributing to better purchasing power. The MinAg monthly data indicate stable prices for frozen and chilled whole broilers at both the wholesale and retail levels as of mid-June, with less than a percent difference compared to a year ago, encouraging stable and growing consumption. These prices, however, remain significantly below the average EU prices (please, see MinAg June dashboard, page 4)

Graph 2: Poultry Meat Production and Consumption, 2007-2023, MT



Source: Bulgarian Ministry of Agriculture Statistical Bulletins and Trade Data Monitor (TDM)

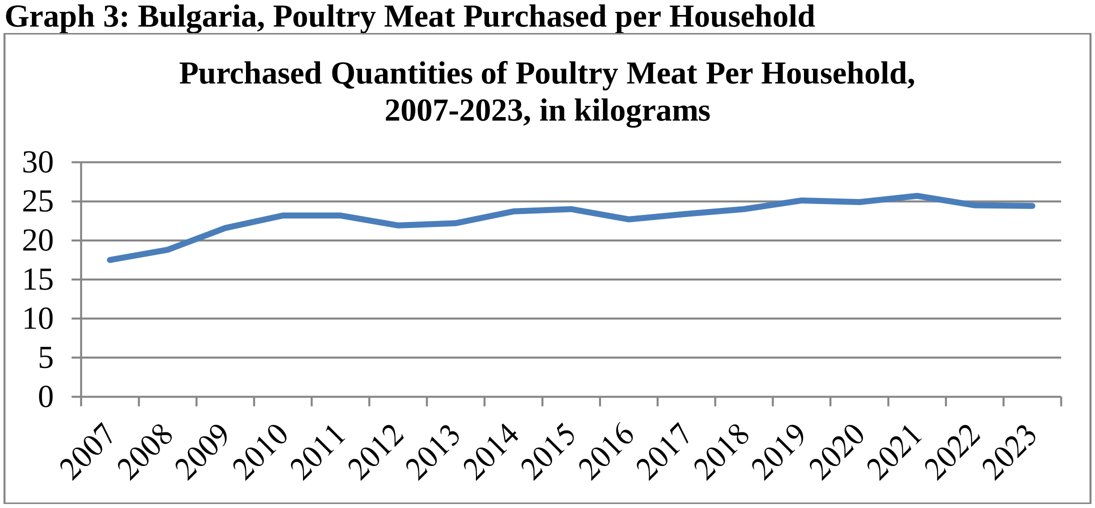
Also, chicken meat imports grew by 3.1 percent while exports (volume) dropped by 26 percent in the first quarter of 2024, indicating stronger domestic demand. Based on this data, broiler meat consumption is expected to grow in 2024 with a potentially stronger rate than in 2023. Currently, the MinAg does not follow consumption and/or prices of duck meat and there is no official data about it. Bulgarian imports of duck meat are very small, while exports declined in the first quarter of 2024, indicating slightly growing local sales.

2023: FAS/Sofia estimates 2023 poultry meat consumption reached over 190,000 MT (Table 4) with a growth of 8.2 percent from 2022 due to more dynamic consumer demand (Graph 2). This demand was met mainly by 10 percent higher imports, followed by a 2.4 percent increase in domestic supply. Imports of chicken meat represented 95 percent of poultry imports. Import prices averaged at $1,697.13/MT for 2023 and although 8.7 percent higher than in 2022, reportedly, it was competitive relative to domestic prices (source: TDM).

There is no official data about the structure of poultry meat consumption. FAS/Sofia estimates 2023 poultry meat consumption to consist of about 167,000 MT of chicken meat, 11,000 MT of duck meat, 6,000 MT of turkey meat, and about 6,000 MT of processed products.

It is important to note that the estimated growth in consumption came from the food service industry which was rebounding after the pandemic due to improved dining out and tourism, while the retail sales remained stable. This is clearly indicated by the difference between official household/home consumption (mainly a result of retail sales), and total poultry meat consumption in the country (which also includes the food service industry). While overall consumption is rising, consumption per capita in official statistics (which excludes consumption in the food service industry) was practically stable at 12.2 kg/capita in 2023 compared to 12.3 kg/capita in 2022. The average quantity of purchased poultry meat by a household was also stagnant at 24.4 kg (2023) compared to 24.5 kg (2022) (Graph 3). Unlike in the past when the amount of purchased food was in strong correlation with its price, in 2023 the poultry meat purchases were stable despite 14 percent growth in the average purchase price. This demonstrates the resilience of consumption and gradual shift of consumer preferences which is also confirmed by trade sources. Households buy mainly domestically produced chicken meat while most imports are consumed in the food service industry.

Graph 3: Bulgaria, Poultry Meat Purchased per Household



Source: Bulgarian National Statistical Institute

Trade

Bulgaria has a well-established and efficient poultry industry which claims to be competitive with the industries in the other EU member states, especially those dominating EU poultry supply such as Poland and Hungary. However, domestic supply is not sufficient to meet demand and Bulgaria is a net importer of chicken meat. Trade sources report that potentially larger expansion and faster progress of the local industry is hampered by lower purchasing power of local consumers and very price competitive EU imports. Industry sources believe that more competitive EU imports are reportedly caused by higher subsidies provided in major EU exporters. Imported chicken meat is usually sold through the food service channels or for further processing while local products are sold mainly through retail channels.

Local poultry meat producers target export markets to diversify their risk and increase sales. Exports are often seen as a more profitable source of revenue due to better pricing balancing for less profitable local sales. Exports of higher quality and value-added product - for example specialty poultry cuts and/or higher value processed poultry products, or products suitable for the needs of the hotel industry/fast food restaurants - are the most frequently used patterns for increasing export sales and revenue. Some processing companies have established cross border trade with Romania and Greece to import chicken meat in bulk, add value by taking advantage of more affordable local labor costs, and export back a processed product serving certain market niches.

Imports are dominated by broiler meat, both in volume and in value. For example, in 2023 imports of broiler meat represented 95 percent of total poultry meat imports in volume and 91 percent in value. Conversely, most of export revenues (in value) come from duck products, although volumes are much smaller than for broiler meat (Graph 4, Table 5). In 2023, duck exports in volume were about 40 percent of total poultry exports but accounted for 71 percent of export revenue.

Broiler Meat Trade

Imports, 2023 and 2024 To Date

In January-March 2024 (PSD Chicken (broiler) Meat, TDM), imports of broiler meat (in volume) increased by 3.1 percent, at 3.6 percent higher import prices compared to a year ago, which translated to 6.8 percent growth in imports in value. Romania was the leading supplier with 21 percent share in imports (in volume), followed by Hungary (20 percent), and Poland (16 percent) (Graph 4).

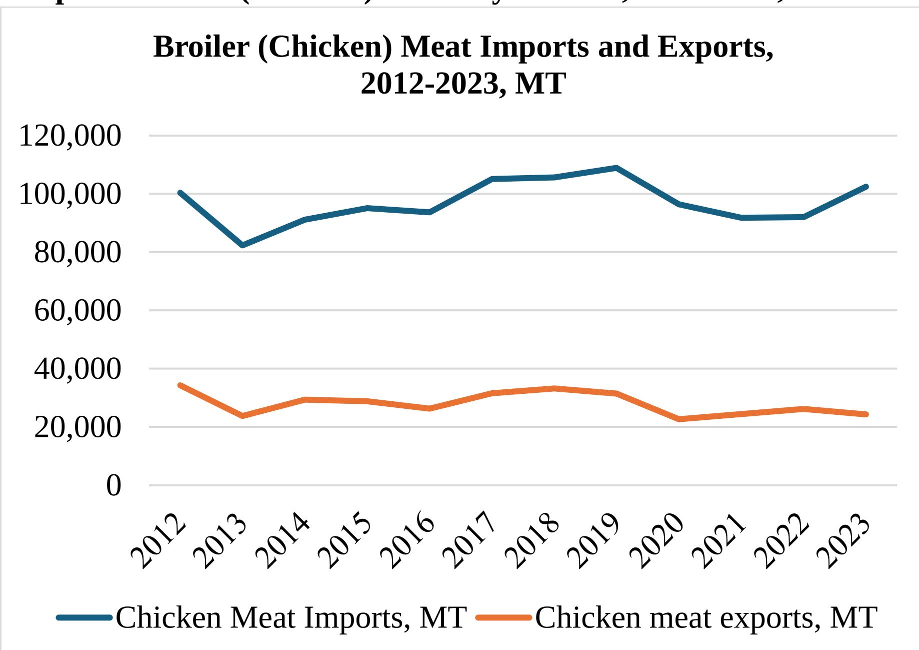
In 2023, broiler meat imports increased by 11.2 percent in volume and by 20.9 in value (TDM, Table 6). All leading suppliers expanded their exports to the local market. Hungary was a top supplier, followed by Romania, Greece, the Netherlands, and Poland. Growth in imports is estimated to be driven by competitive prices and improved demand complementing stagnant broiler meat production.

Exports, 2023 and 2024 To Date

In January-March 2024 (TDM), exports sharply declined by 26.1 percent (volume) but due to a 14.5 percent higher export price, the decline in value softened to 15.4 percent. The top export markets continued to be Greece, accounting for 45 percent of Bulgarian exports, followed by Romania (12 percent), and North Macedonia (10 percent). According to industry sources, for many medium-sized producers, domestic sales were often more profitable than exports.

In 2023, exports of broiler meat were reduced by 7.3 percent by volume and by 1.8 percent by value from 2022. The main export market was Greece with 45 percent share in total exports, followed by Romania with 18 percent share, and North Macedonia with eight percent (Table 6).

Graph 4: Broiler (Chicken) Trade by Volume, 2012-2023, MT



Source: Bulgarian Ministry of Agriculture Statistical Bulletins and TDM

Duck Meat Trade

Bulgaria is a net exporter of duck meat, subproducts, and some processed duck products. The country imports duck genetics from France, Hungary, and the United States, and exports finished products to the EU market. The main tariff codes used for this trade are HS#020741, HS#020742, HS#020743, HS#020744 and HS#020745. The last two tariff codes - frozen and chilled cuts and offal as well as HS#020742 (frozen duck meat not in cuts) account for most of this trade in volume. The main export markets are France, Belgium, Spain, the Netherlands, and Germany. The most expensive product, however, is fatty liver, HS#020743, which is usually exported to France and Belgium (Graph 5, Table 5).

<u>Imports</u>

Bulgaria imports an insignificant amount of duck meat.

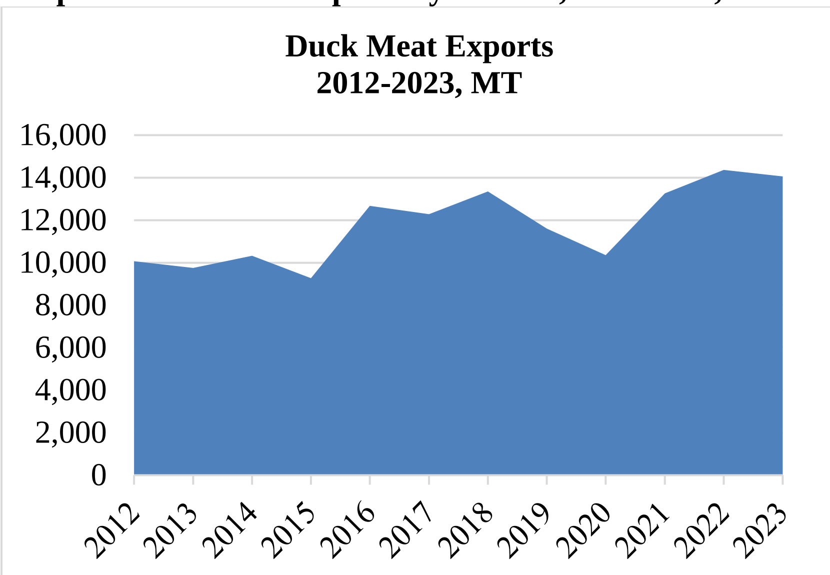
<u>Exports, 2023 and 2024 To Date</u>

The duck industry was hit by HPAI outbreaks, and this affected its production and exports. From January-March 2024, exports were at 3,219 MT, much lower than in the corresponding period a year ago. Exports in value were also lower at around $25 million. The decline (in value) for different categories of products (HS#) varied from 28 to 70 percent.

In 2023, the country maintained its exports at 14,000 MT with only 2.2 percent decline compared to 2022. Due to higher duck product prices, the growth in exports in value was at 11.1 percent reaching

$167 million. The main export destinations remained France, Belgium, Spain and the Netherlands (Table 5).

Graph 5: Duck Meat Exports by Volume, 2012-2023, MT



Agricultural Policy

The local poultry industry continued to be proactive and had intensive consultations with the authorities regarding economic challenges, domestic support, and regulations. The authorities approved a critical regulation related to compensations to farms impacted by HPAI. According to the industry (Poultry Union), favorable epizootic environment, including heavy monitoring and control over HPAI, along with high biosecurity standards at farms, is the top priority. Due to high density of broiler and layer farms next to duck farms, the Poultry Union position on using a vaccine against HPAI is positive provided that this will not affect trade and especially exports. The industry also managed to achieve improved domestic support for poultry producers. Another priority for the industry is several regulations, part of the EU Green Deal, such as animal health welfare, emissions from the poultry farms, and deforestation regulation. These regulations are seen as challenging for implementation, increasing production costs, and not supporting industry growth.

Appendix: Tables

Table 1. Poultry Numbers as of December 31, 2015-2023, in thousands

Years	Layers	Chicken for Meat (Broilers)	Total Layers and Broilers	Turkey	Ducks	Other	Total Poultry
2015	6,980	7,278	14,258	28	1,229	69	15,600
2016	7,158	5,290	12,448	32	1,128	75	13,700
2017	6,898	5,966	12,864	30	1,666	180	14,756
2018	6,951	6,921	13,872	35	1,408	191	15,519
2019	7,107	6,635	13,742	23	1,573	191	15,565
2020	7,062	5,349	12,411	21	1,360	172	13,964
2021	6,659	5,517	12,176	16	1,889	87	14,168
2022	7,139	6,673	13,812	8	1,627	60	15,507
2023	6,583	5,947	12,530	15	1,919	58	14,522
% Change 2023/2022	-7.8%	-10.9%	-9.3%	87.5%	18.0%	-4.0%	-6.4%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins (#436, April 2024)							

Table 2. Farms Raising Chicken for Meat as of December 2023

Farms Raising Chicken for Meat as of December 2023				
Number of bird numbers per farm	**Farms**		**Chicken raised for meat**	
	Number	% Change 2023/2022	Numbers, Thousands	% Change 2023/2022
1-199	109	-15.5%	2	0.0%
200-9,999	15	-6.3%	67	6.3%
10,000 – 99,999	65	-8.5%	2,376	-14.6%
100,000 and above	11	-21.4%	3,502	-8.5%
Total	200	-13.0%	5,947	-10.9%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin #436/April 2024				

Table 3. Commercial and Non-Commercial Poultry Meat Production 2021-2023

	2021	2022	2023	% Change 2023/2022
Total Slaughtered Poultry, ‘000 bird numbers	60,209	60,226	61,703	+2.5%
- Incl. slaughtered in slaughterhouses	59,723	59,792	61,145	+2.3%
- Slaughtered at farms	486	434	558	+28.6%
Poultry Meat Production, MT	116,649	120,094	122,081	+2.4%
- Incl. poultry meat produced at slaughterhouses	115,828	119,262	120,888	+1.4%
- Poultry meat produced at farms	821	832	1,193	+43.3%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin #436/April 2024				

Table 4. Poultry Meat Production, Imports, Exports and Consumption in 2013-2023, MT

Poultry Meat Production, Imports, Exports and Consumption 2013-2023, MT				
Commercial Production*	**Non-Commercial Production**	**Imports***	**Exports***	**Domestic Consumption**
2023				
120,888	1,193	108,186*	39,831*	190,436
2022				
119,262	832	98,273	42,387	175,980
2021				
115,828	821	94,272	35,787	175,134
2020				
112,809	1,736	99,904	35,269	179,180
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
Note*: Includes subproducts, FAS estimates based on TDM. Source: Bulgarian Ministry of Agriculture Statistical Bulletins and TDM. Imports and Exports are calculated in poultry meat equivalent. Data for 2023 is based on TDM only.				

Table 5. Duck Meat and Products Trade, 2022-2024

	2022	2023	Percent Change 2023 vs 2022
Imports, MT	**276**	**173**	**-37%**
-HS#020741	45	79	
-HS#020742	46	29	
-HS#020743	21	0	
-HS#020744	53	1	
-HS#020745	111	64	
Imports, US$	**614,445**	**579,162**	**-5.7%**
-HS#020741	174,867	317,596	
-HS#020742	79,427	84,843	
-HS#020743	23,529	453	
-HS#020744	153,119	970	
-HS#020745	183,503	175,300	
Exports, MT	**14,365**	**14,053**	**-2.2%**
-HS#020741	693	129	
-HS#020742	1,485	1,010	
-HS#020743	495	470	
-HS#020744	2,268	2,750	
-HS#020745	9,424	9,694	
Exports, US$	**149,939,129**	**166,619,856**	**+11.1%**
-HS#020741	2,022,842	386,073	
-HS#020742	3,523,601	4,028,288	
-HS#020743	13,225,769	16,417,280	
-HS#020744	24,334,019	26,492,156	
HS#020745	106,832,898	119,296,059	
Source: TDM			

Table 6. Poultry Meat Trade 2019-2023

Poultry (Including Broiler) Meat Trade 2019-2023						
	2019	**2020**	**2021**	**2022**	**2023**	**Percent Change 2023 vs 2022**
Poultry Meat and Products Group/BICO						
Imports in MT	115,642	103,104	97,189	97,806	108,186	+10.6%
Imports in million U.S.$	134.5	109.9	126.8	159.2	191.0	+20.0%
Exports in MT	45,462	35,250	39,529	42,317	39,831	-5.9%

Exports in million U.S.$	157.5	117.7	153.4	232.2	247.9	+6.8%
PSD Chicken (Broiler) Meat						
Imports in MT	108,910	96,445	91,791	92,061	102,401	+11.2%
Imports in million U.S.$	120.9	96.4	114.5	143.7	173.8	+20.9%
Exports in MT	31,547	22,672	24,422	26,216	24,293	-7.3%
Exports in million U.S.$	77.1	51.8	61.4	74.2	72.9	-1.8%
Note: Poultry Meat and Products Group includes the following HS#:020710-14; 020721-27; 020731-39; 020741-45; 020750-55, 020760 and HS#1602 31-39 PSD Chicken (Broiler) Meat includes the following HS#: 201711-12-13-14, and HS#160232						
Source: TDM						

Attachments:

No Attachments.