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Approved by:
Norval E. Francis, Jr.
U.S. Mission to the European Union, Brussels
Prepared by:
Justina Torry

Report Highlights:
EU chicken exports rose sharply in 2002 from 2001 and from previous forecasts, as the EU took advantage of the Russian embargo on U.S. poultry. Dutch, French, and German exports to Russia soared, and were further fueled by high export refunds. On the world market, EU poultry is expected to face increased competition, however, on-going export contracts may allow significant volumes of EU chicken to be exported during the first part of 2003. EU exports to the Middle East are foreseen to continue to decline due to competition from Brazil.

Includes PSD changes: Yes
Includes Trade Matrix: No
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EXECUTIVE SUMMARY

Overall EU chicken production in 2002 is estimated to be higher than previously anticipated as farmers expected continued increases in consumption. However, EU chicken consumption actually declined in 2002, compared to the exceptionally high 2001 level, which was induced by consumers turning their back on beef as a result of the BSE scare. Additionally, on the world market, the EU experienced increased competition from Brazilian poultry. Total use of chicken is expected to stabilize in 2003 at a marginally lower level than 2002, but should still be higher than before the 2000 BSE crises.

The EU turkey market to a large extent shows similar developments as discussed for chicken. Total EU use of turkey meat declined in 2002. Some increase in consumption is still expected in Germany in line with the growing popularity of turkey meat.

Finally, it should be noted that in 1997 the EU introduced a sanitary regime concerning poultry that did not permit the use of antimicrobial treatments, which most U.S. poultry producers use to reduce the level of pathogens in their products. U.S. poultry exports to the EU of around $50 million per year have since disappeared, however the U.S. government continues to raise this concern with the EU requesting that the EU approve the use of certain antimicrobial treatments.

This EU consolidated report includes active contributions from the following staff in their respective FAS office:

Xavier Audran from FAS Paris
Bob Flach from FAS The Hague
Steve Knight from FAS London
Sabine Lieberz from FAS Berlin
Diego Pazos from FAS Madrid
Yvan Polet from FAS Brussels

Note: All figures in the PSD are stated in carcass weight equivalent.

CHICKEN - 16 weeks

PSD Table						
Country	European Union					
Commodity	Poultry	Meat, Chicken-16wks			(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	6,822	0	6,750	6,850	6,760	6,800
Whole, Imports	0	0	0	0	0	380
Parts, Imports	418	0	550	400	600	0
Total extra-EU imports	418	0	550	400	600	380
TOTAL SUPPLY	7,240	0	7,300	7,250	7,360	7,180
Whole, Exports	0	0	0	0	0	780
Parts, Exports	718	0	670	820	695	0
Total extra-EU exports	718	0	670	820	695	780
TOTAL Use	6,522	0	6,630	6,430	6,665	6,400
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	7,240	0	7,300	7,250	7,360	7,180

(Source: FAS Offices in various EU member states)

Note: Total use reflects consumption, commercial stocks and losses.

Overall EU chicken production in 2002 is estimated to have been higher than previously anticipated as farmers were expecting a further increase in consumption. However, France experienced a 3 percent decline in production due to a drop in chicken consumption as consumers switched back to beef following the 2001 BSE crisis. The decline in France was offset by slight to moderate production increases in Spain, the Netherlands, the UK, and Germany.

EU chicken imports in 2002 are expected to have declined from 2001 levels as well as from previous expectations, as the EU closed a loophole in tariff regulations on salted poultry meat. The change mainly affected imports from Brazil and Thailand. Stricter EU sanitary regulations also limited Thai chicken imports into the EU. Additionally, growing EU production and declining price levels made the EU market less attractive for other countries as a destination for their exports.

EU chicken exports rose sharply in 2002 from 2001 and from previous forecasts, as the EU took advantage of the Russian embargo on U.S. poultry. Dutch, French, and German exports to Russia soared, and were further fueled by high export refunds. Overall, the EU experienced increased competition from Brazilian poultry. French exports of cheap mechanically recovered meat to Sub-Sahara Africa rose in 2002, however, overall French exports to the Middle East declined by about 1 percent in volume and 20 percent in value, as they faced aggressive competition from Brazil.

EU chicken consumption declined in 2002, compared to the exceptionally high 2001 level, which was induced by consumers turning their back on beef as a result of the BSE scare. The return to pre-BSE consumption patterns occurred earlier in France than in the other countries. Despite the overall decline some segments are still growing, such as consumption of free range and high quality chicken in France.

In 2003, EU chicken production is forecast to follow the current declining consumption pattern seen in 2002. Lower production levels are anticipated in France, the Netherlands, Spain and Italy and are not expected to be offset by stable production in the UK or by small production increases in Germany.

EU chicken imports are expected to be slightly lower in 2003 since the EU closed a loophole in tariff regulations concerning salted poultry meat. In the future the salt content of poultry meat must be higher than in the past in order to qualify for lower tariffs of the "salted meat" category. However, even with higher duties attached to frozen poultry meat, these imports might retain their competitiveness, thus limiting the anticipated decline in trade. Industry contacts also suggest that Brazil and Thailand might shift to a higher salt content that could be mixed with locally produced unsalted poultry meat and be used in processed poultry meat products.

EU chicken exports are predicted to decline in 2003, as US poultry exports to Russia are back on track combined with the fact that Brazil has become an important poultry supplier to the Russian market.

On the world market, EU poultry is expected to face increased competition, however, on-going export contracts may allow significant volumes of EU chicken to be exported during the first part of 2003. EU exports to the Middle East are foreseen to continue to decline due to competition from Brazil.

Total use of chicken is expected to stabilize at a marginally lower level than 2002, but to be still higher than before BSE in 2000.

EU chicken production by member state (top 3 countries)

	2002	2003
EU total	6,850	6,800
UK	1,215	1,220
France	1,040	1,030
Spain	910	900
Other member states	3,685	3,650

Total use of chicken in the 3 EU by member state (top 3 chicken countries)

	2002	2003
EU total	6,430	6,400
UK	1,365	1,370
Spain	930	925
Netherlands	865	860
Other member states	3,270	3,245

EU chicken export by member state (top 3 countries)

	2002	2003
EU total	820	780
France	275	260
Netherlands	255	245
Germany	80	85
Other member states	210	190

TURKEY

PSD Table						
Country	European Union					
Commodity	Poultry,	Turkey			(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	2	0	2
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1,777	0	1,750	1,760	1,755	1,765
Whole, Imports	0	0	0	0	0	0
Parts, Imports	86	0	120	110	120	85
Total extra-EU imports	86	0	120	110	120	85
TOTAL SUPPLY	1,863	0	1,870	1,870	1,875	1,850
Whole, Exports	0	0	0	0	0	0
Parts, Exports	261	0	350	300	355	280
Total extra-EU exports	261	0	350	300	355	280
TOTAL Use	1,602	0	1,520	1,570	1,520	1,570
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1,863	0	1,870	1,870	1,875	1,850

(Source: FAS Offices in various EU member states)

Note: Total use reflects consumption, commercial stocks and losses.

The EU turkey market to a large extent shows similar developments as discussed for chicken.

EU turkey production for 2002 is expected to have declined from 2001. The lower production occurred mainly in France, due to poor market conditions, and was not offset by growth in other EU member states. For 2003, higher production is forecast for Germany, which is expected to offset lower production elsewhere, so that EU production in total is expected to show a slight increase.

EU turkey imports are expected to decline in 2003 due to a change in tariff regulations for salted turkey meat (see section on chicken). EU turkey exports are likely to decline as fewer shipments to Russia are predicted following the end of the Russian embargo against U.S. poultry.

Total EU use of turkey meat declined in 2002, with consumers returning to beef and is expected to remain relatively stable in 2003. Some increase in consumption is still expected in Germany in line with the growing popularity of turkey meat. This could offset decreases elsewhere.

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