



COMPETITIVENESS OF THE EU POULTRY MEAT SECTOR

CDG Poultry Meat and Eggs, 16 July 2019

Birthe Steenberg, Secretary General, AVEC

Wageningen University & Research

Research initiated by AVEC

Wageningen Economic Research (WEER):

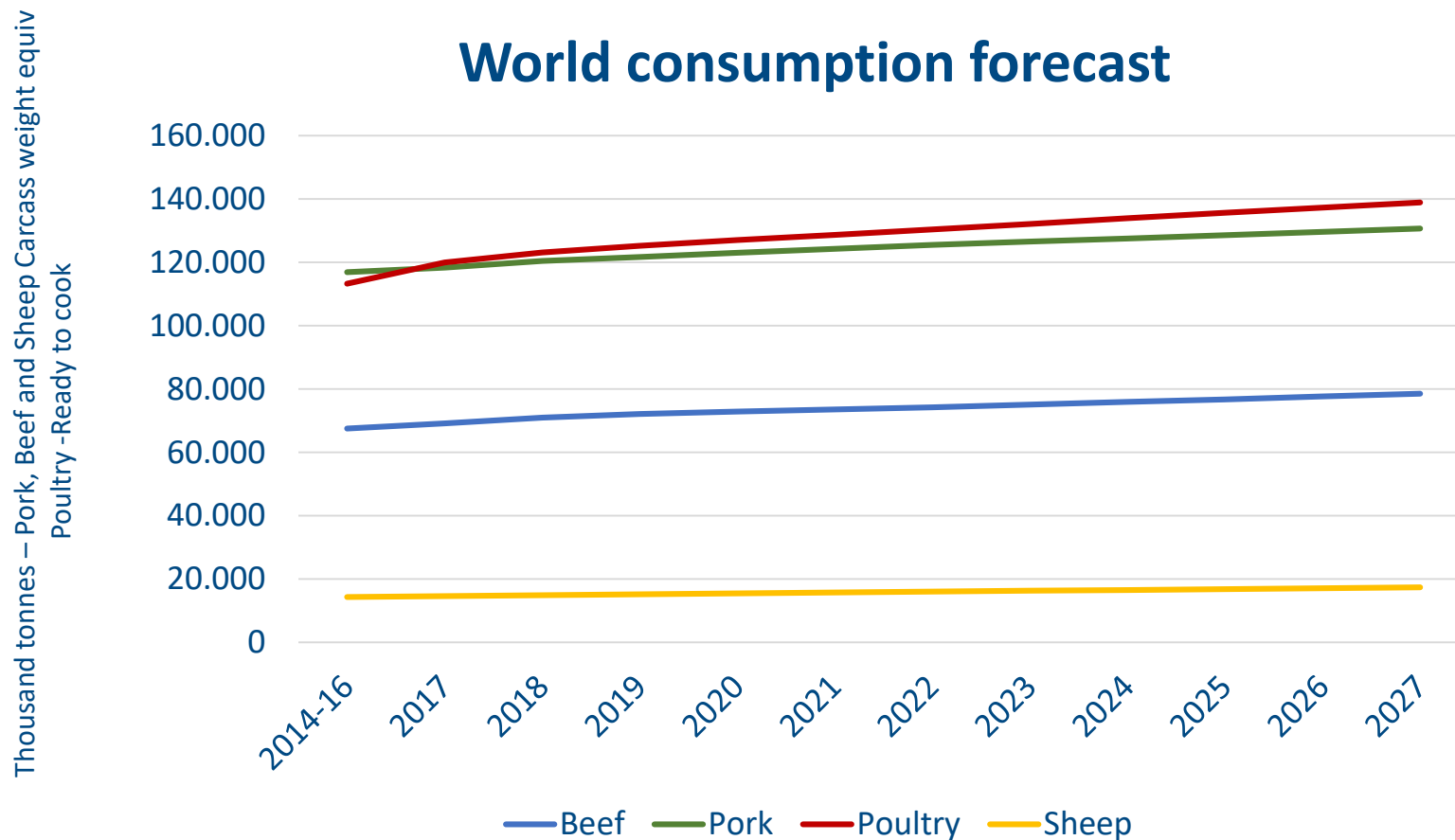


- Independent Research Institute, NL
- Part of Wageningen University and Research
- Locations: The Hague / Wageningen / Lelystad
- Clients: NL Ministry, EU, EP, Industry, FAO etc
- Project leader **Peter van Horne: Poultry economist.**

Content presentation / report

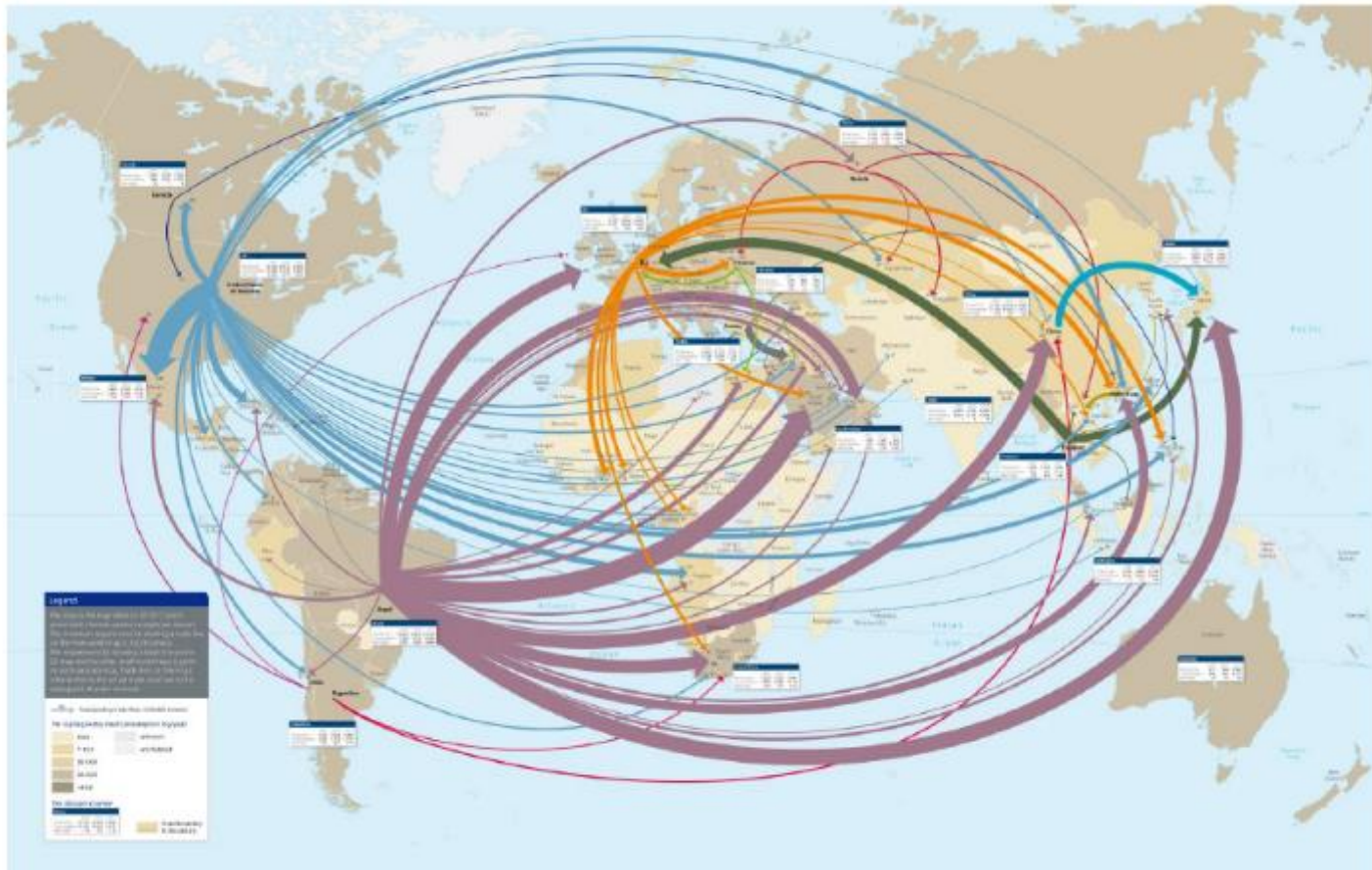
- EU legislation
- Production costs in selected EU countries
- Production costs in selected non-EU countries
- Scenarios on free trade
- Discussion and Conclusions

Poultry – Meat the future

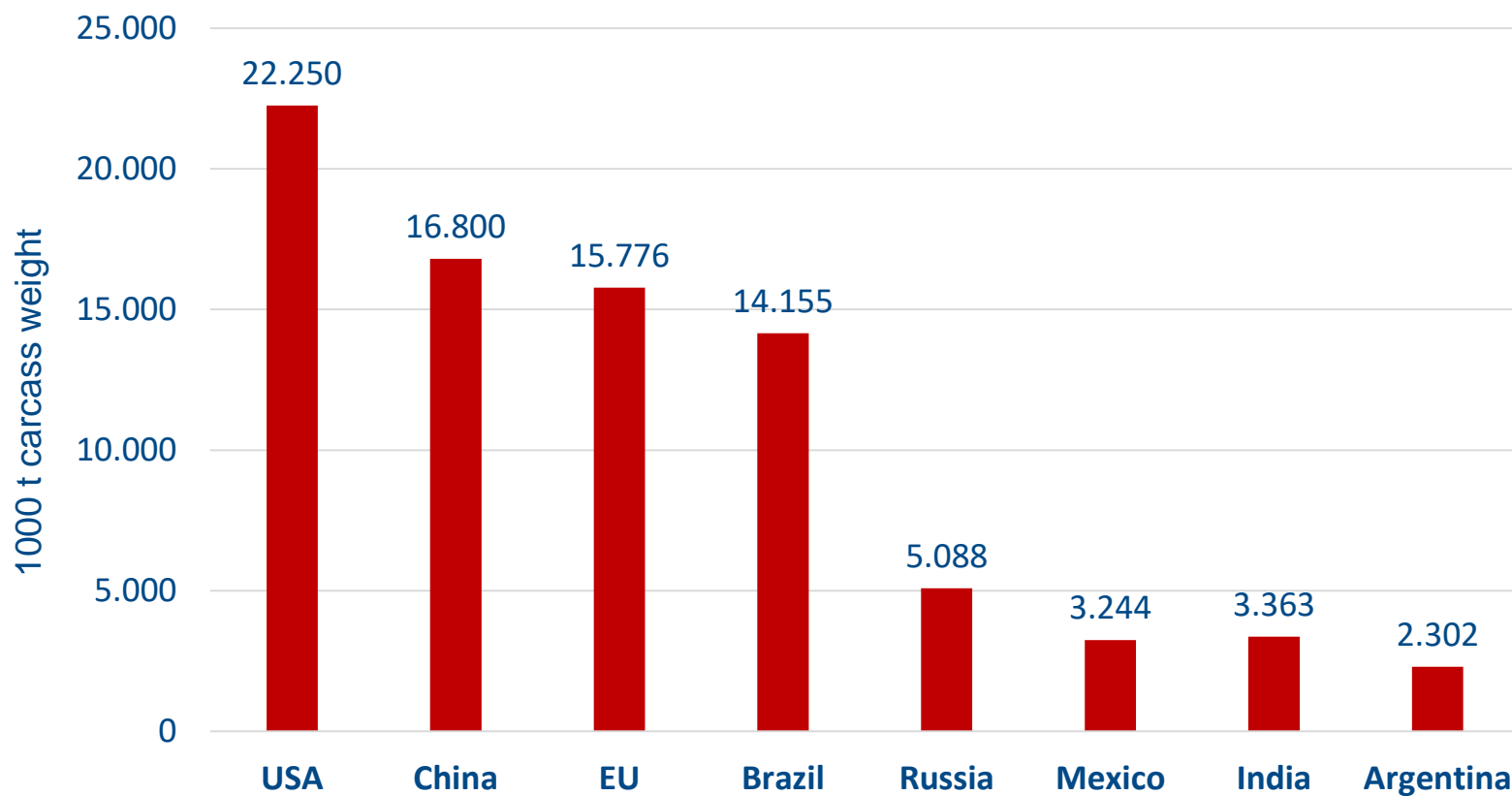


World trade

Rabobank 2018 poultry trade map



Poultry meat Production 2018

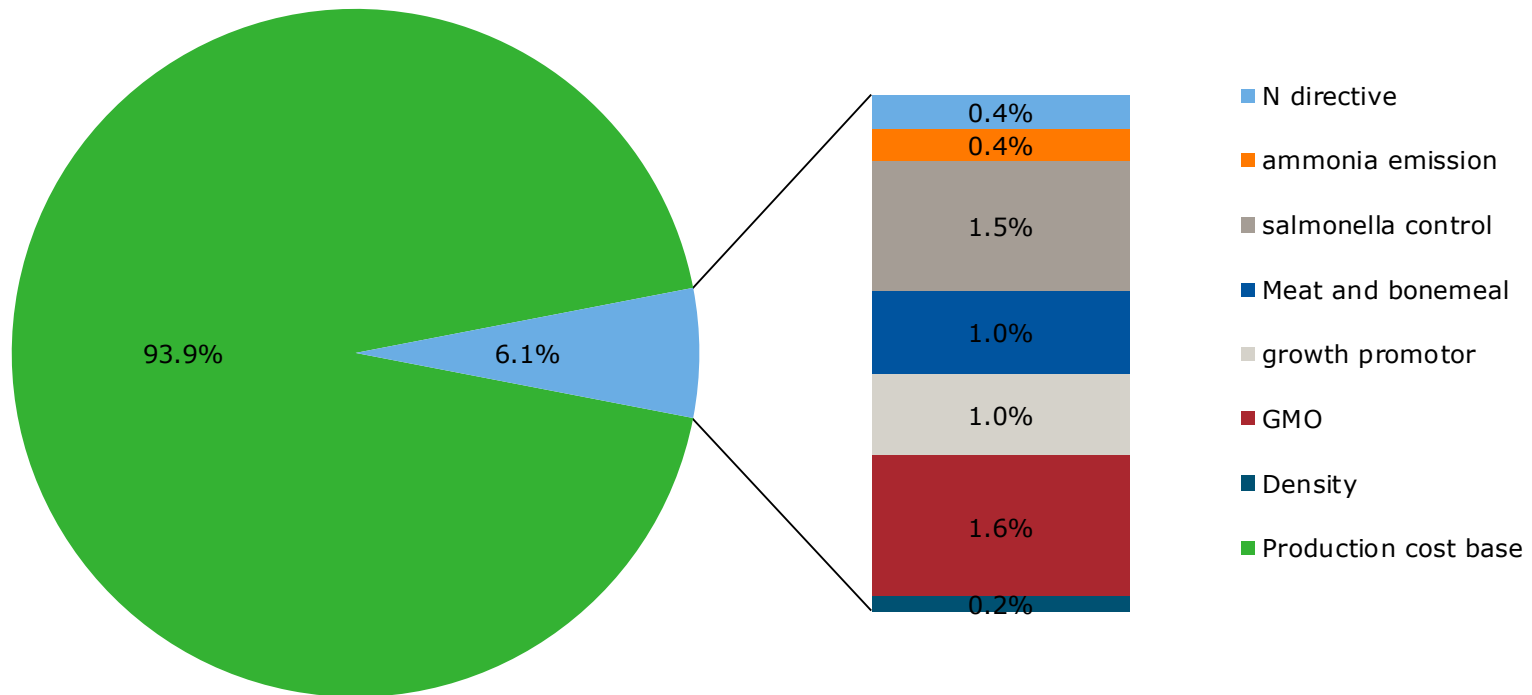


Legislation



- **Environment**
 - Nitrate Directive / IPPC Directive
 - Reduce ammonia emission
- **Food safety**
 - Salmonella control
 - No meat and bone meal
 - Ban on growth promoters
 - GMO feed ingredients
- **Welfare broilers**
 - Housing conditions (density / mortality)
 - Transport

Costs related to EU Legislation at farm level



Cost of legislation are 5 eurocents per kg Live Weight
Share in total costs is 6.1%
Difference between countries

Legislation



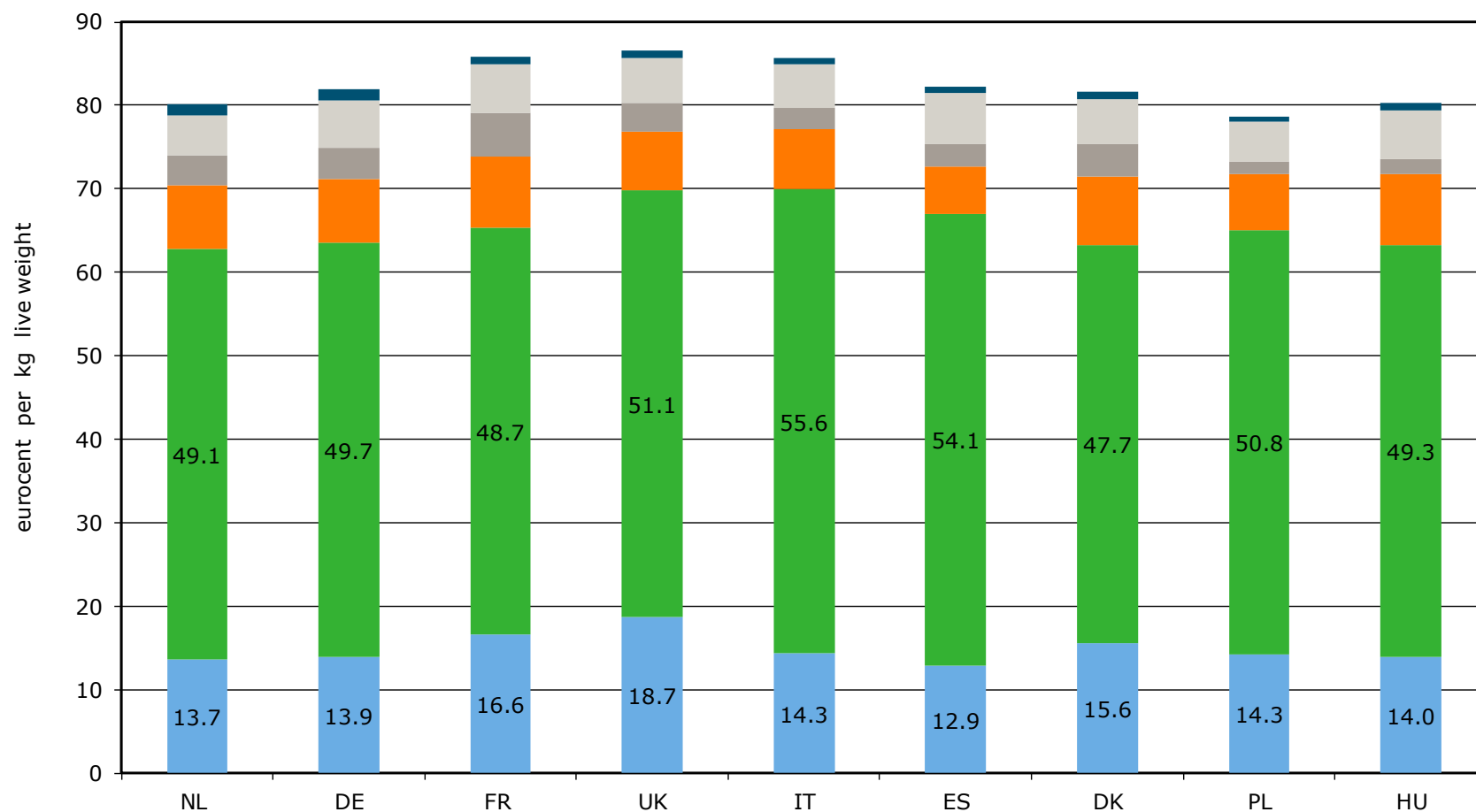
- **Focus on farm level**
- **Industry**
 - Salmonella control
 - Ban on Meat and bone Meal (disposal offal)
 - Stunning of poultry
 - Origin labelling
 - Campylobacter
- **Recent legislation / National legislation**
 - Reduce fine dust (NL, DE)
 - Foot pad lesions (NL, DK, SW)
 - Reduce use of antibiotics (NL, DK)
 - Campylobacter prevalence (UK)

Legislation in third countries (BRA ARG,THA,USA)

Topic	Political and Societal interest	Regulation in place	Situation in current practice
Environment:			
Manure disposal	Medium	Differs *	Manure revenue
Ammonia emission	Low	No	No measures
Food safety:			
Salmonella	Medium	Differs **	Limited action
Meat and bone meal	Low	No	MBM is used
antibiotics	Differs	Differs **	Common use AGP
GMO	Low	No	All GMOs are used
Animal welfare:			
Stocking density	Low	No	Low densities

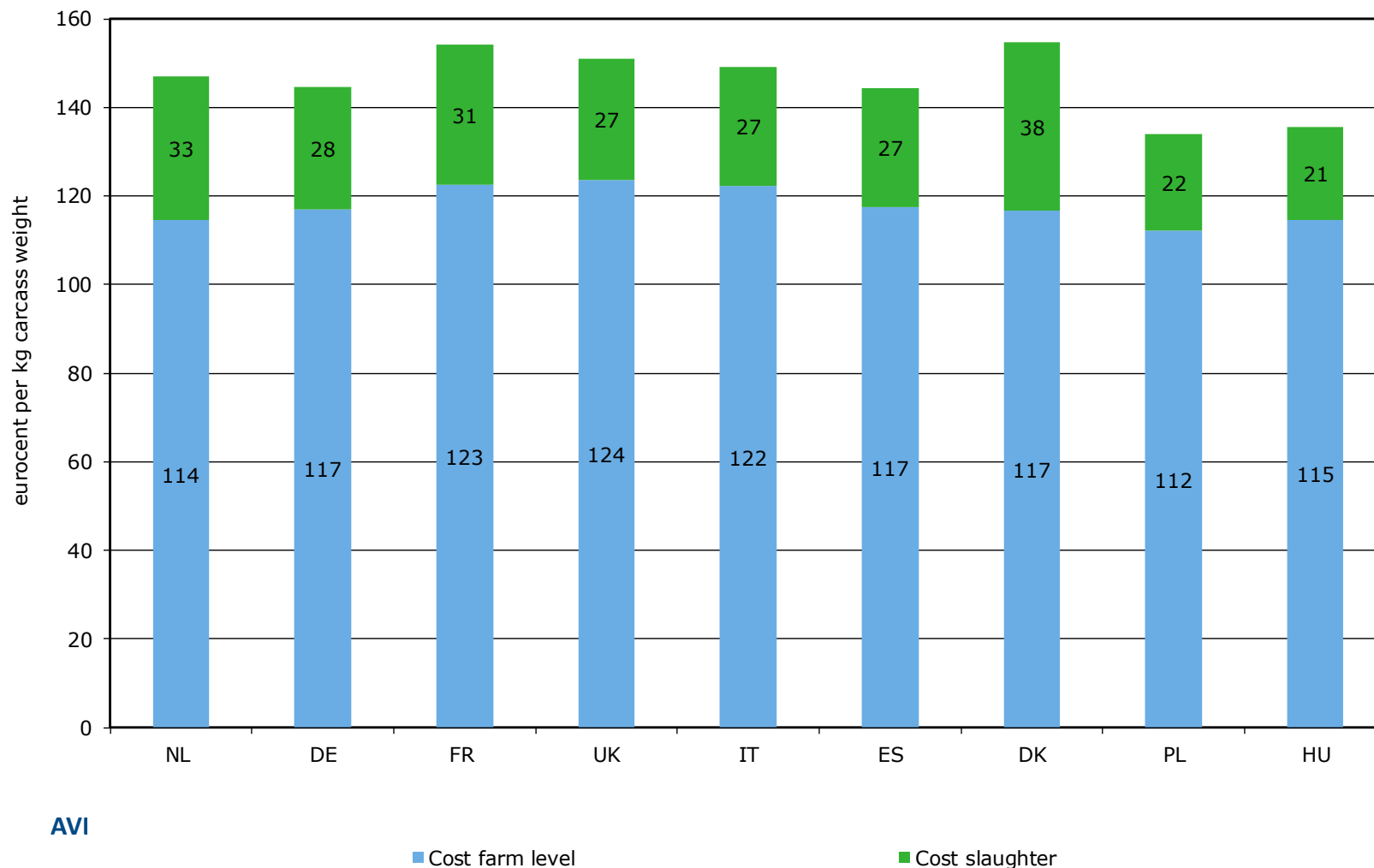
Production costs broilers in the EU 2017

Farm level

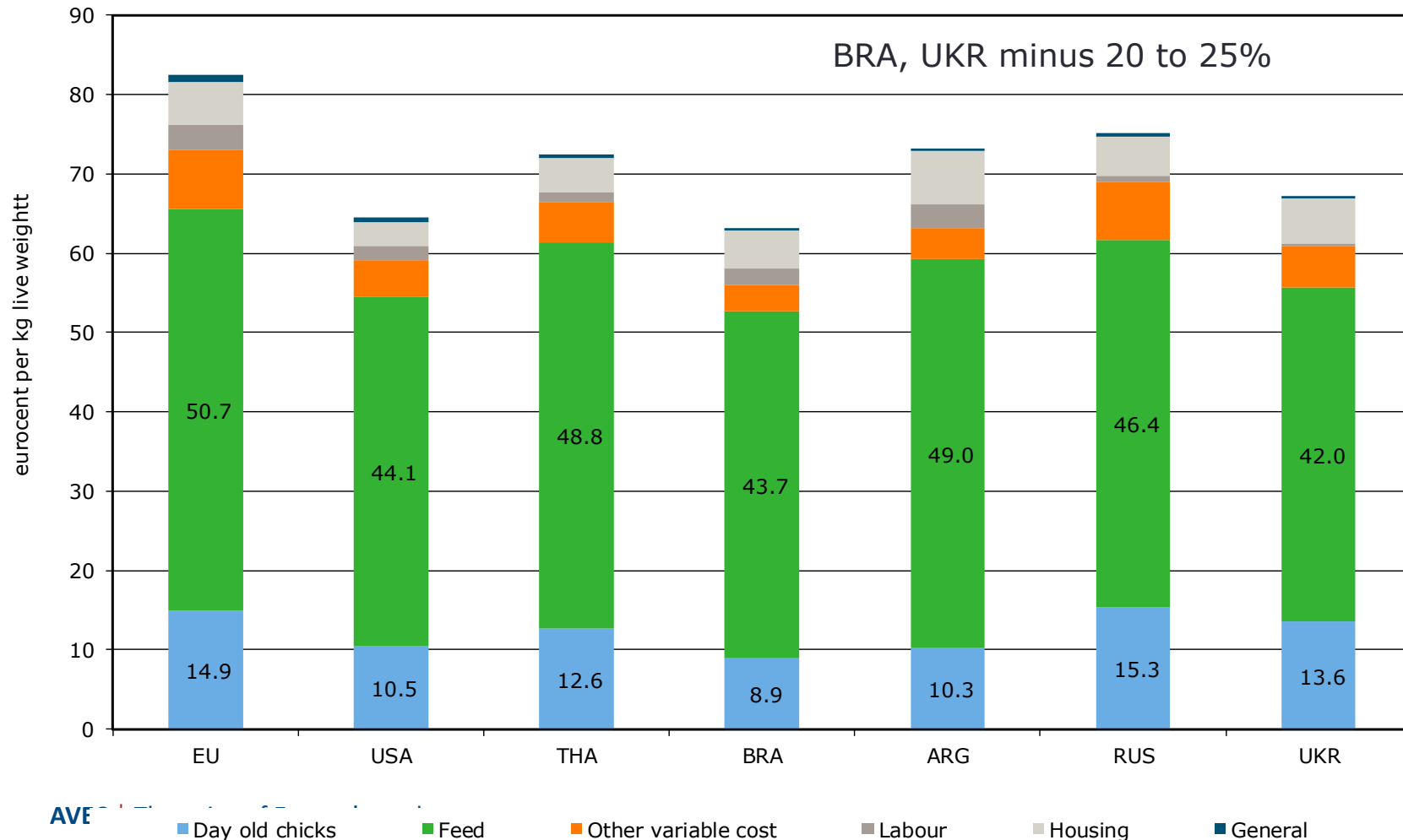


Production costs broilers in the EU 2017

Farm and slaughter

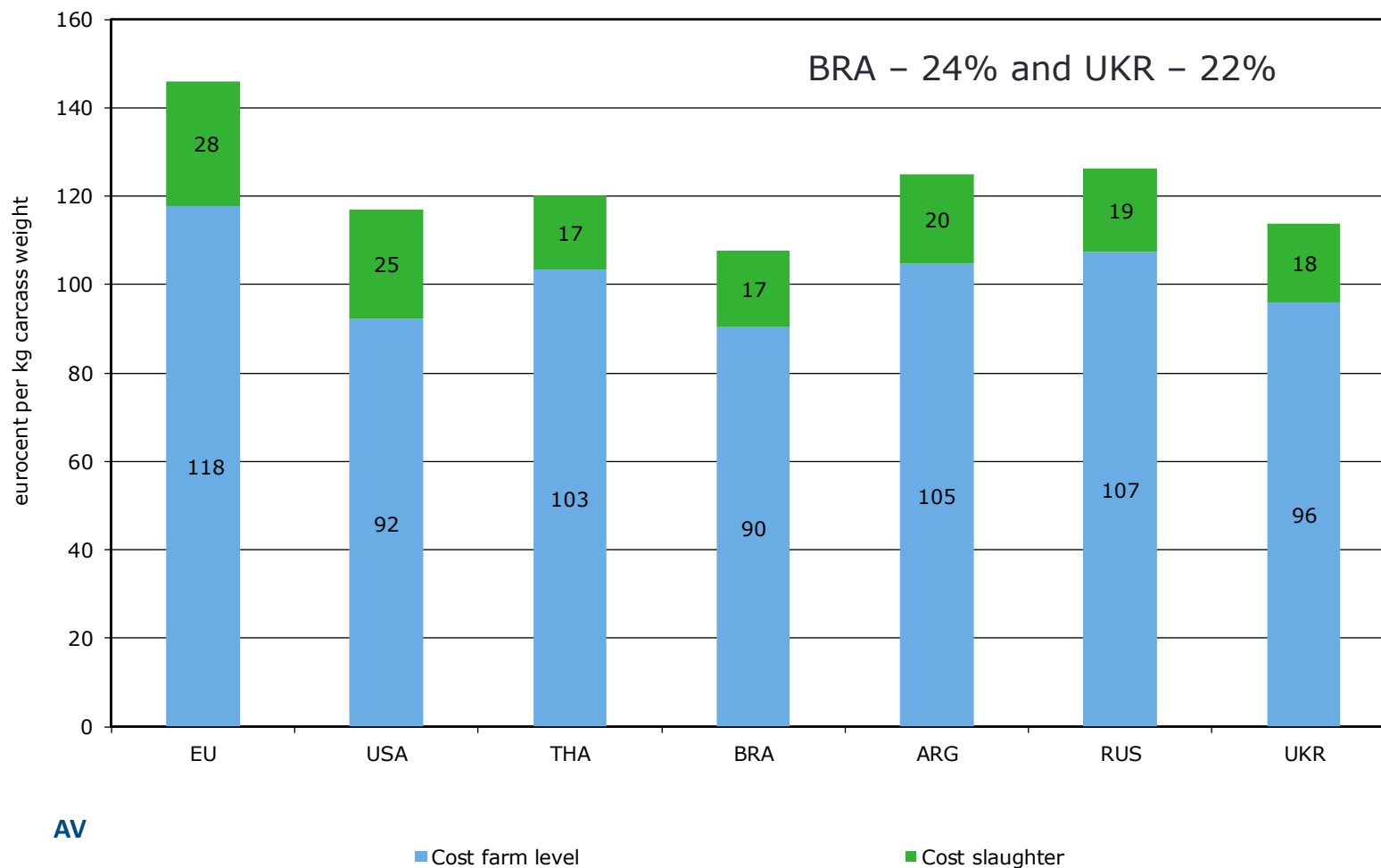


Production costs broilers in Third Countries 2017 Farm level

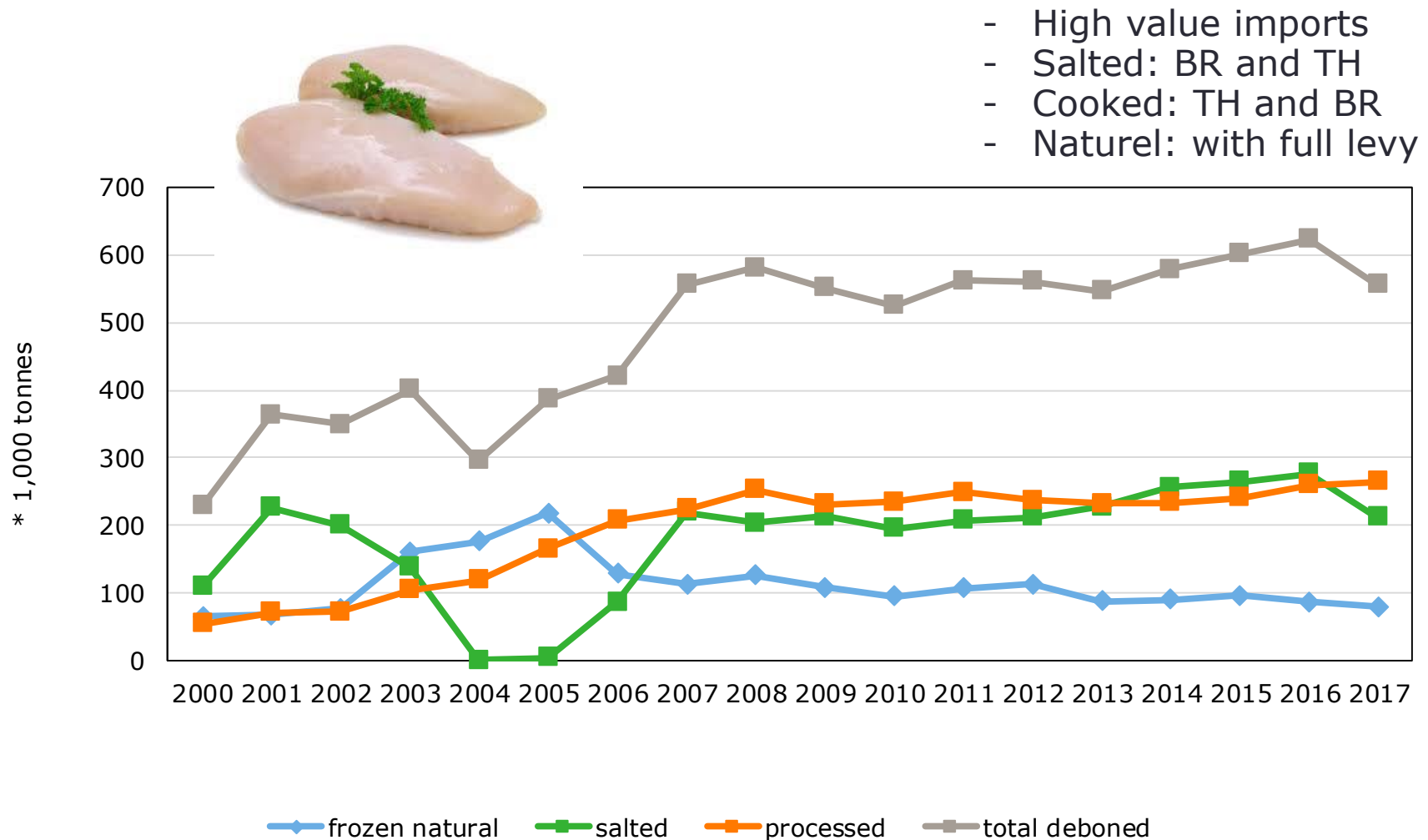


Production costs broilers in third countries 2017

Farm and slaughter



EU Imports third countries (1000 ton) breast fillet



Scenarios for the future

- Import tariffs on poultry meat. Reduction as a result of
 - WTO agreement
 - Multilateral or bilateral agreements
- Exchange rates
 - large fluctuation.

Scenario examples:

- 50% reduction in import tariff (no additional levy)
- 10% change in exchange rate to Euro



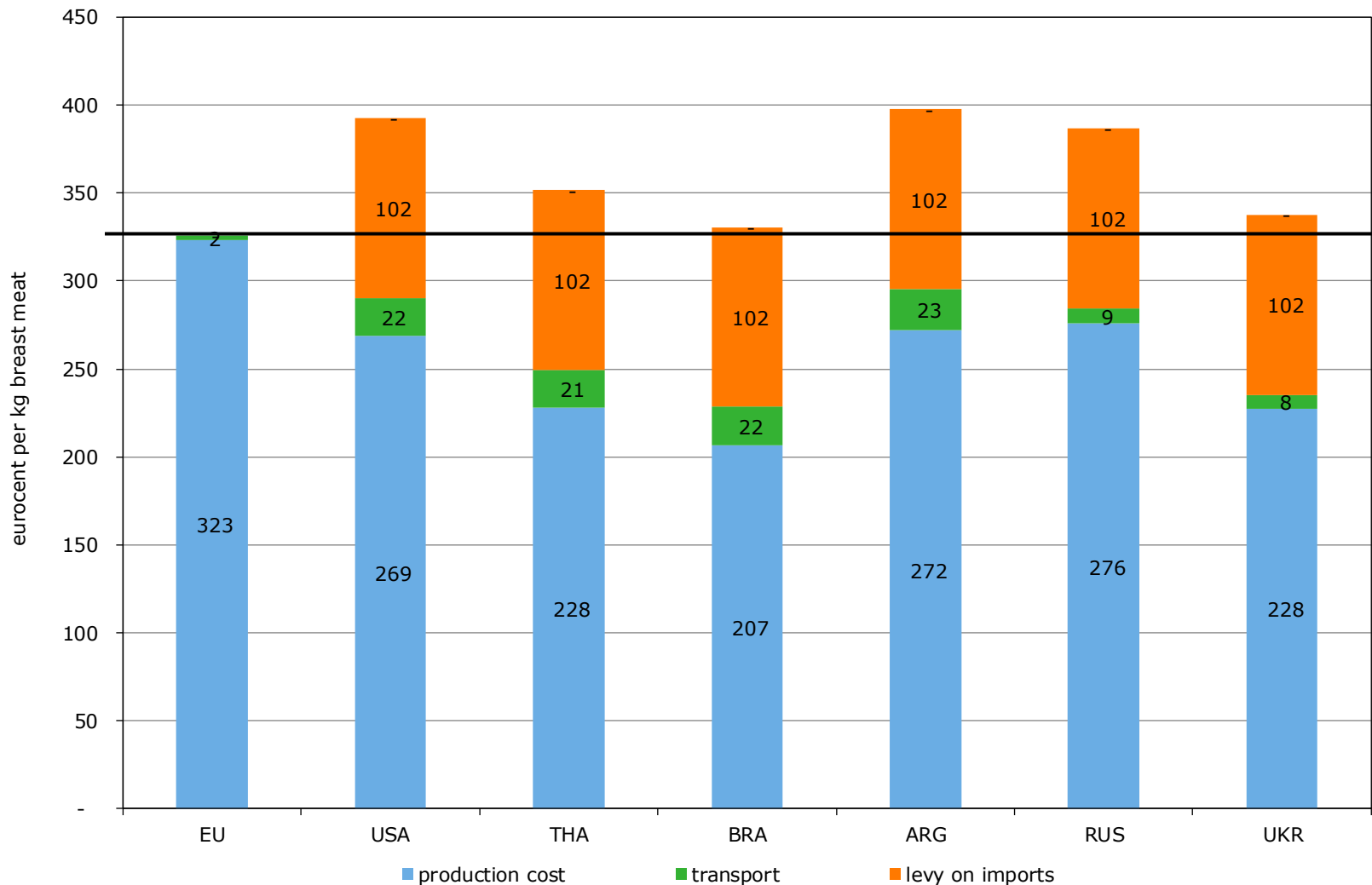
Calculating offer price

- Production cost farm level and slaughter
- Additional:
 - Cut up bird
 - Deboning breast cap
 - Revenue other parts
 - Revenue offal



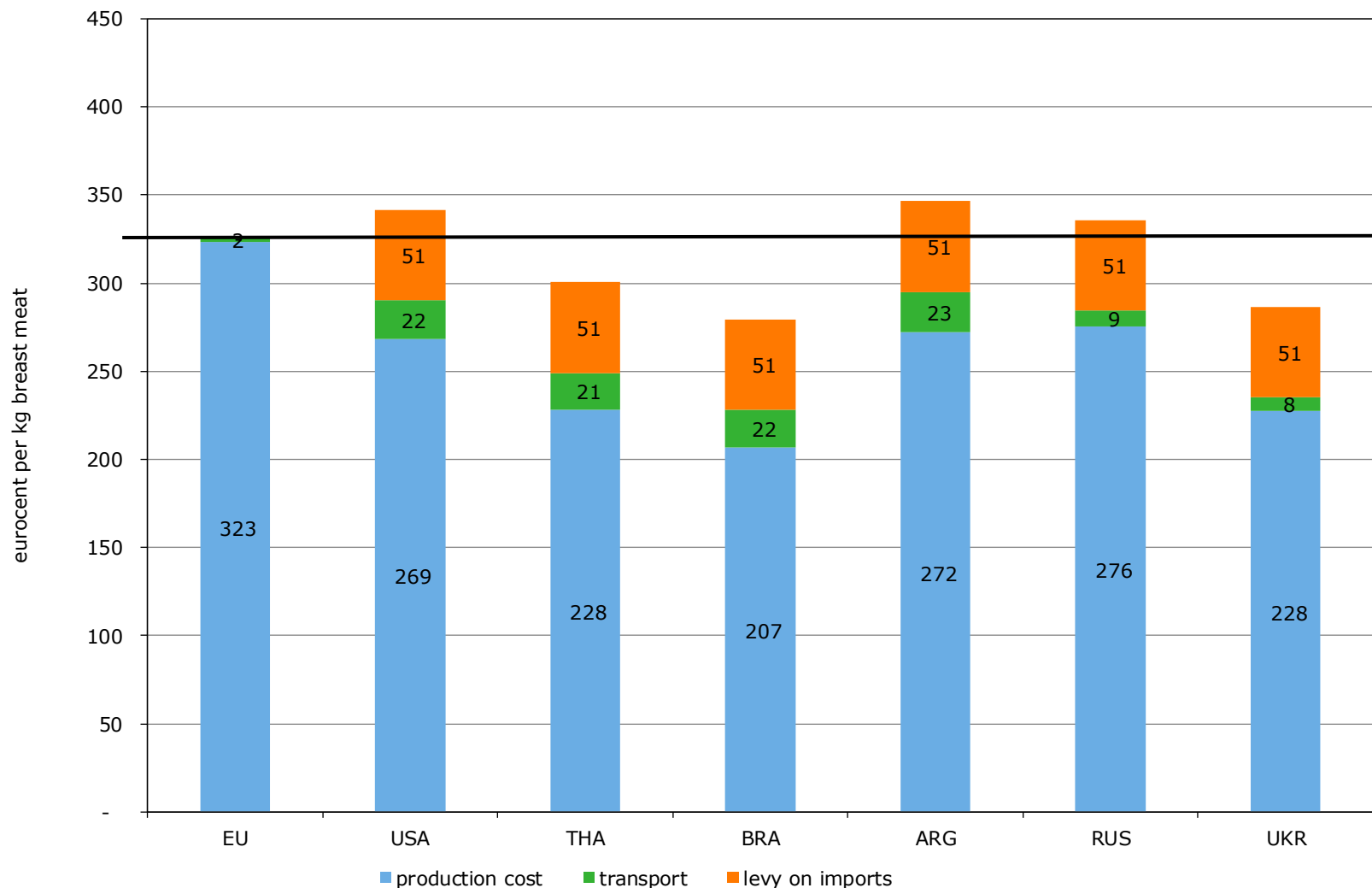
→ **Calculated offer price fillet**

2017: Offer price breast fillet EU and non EU



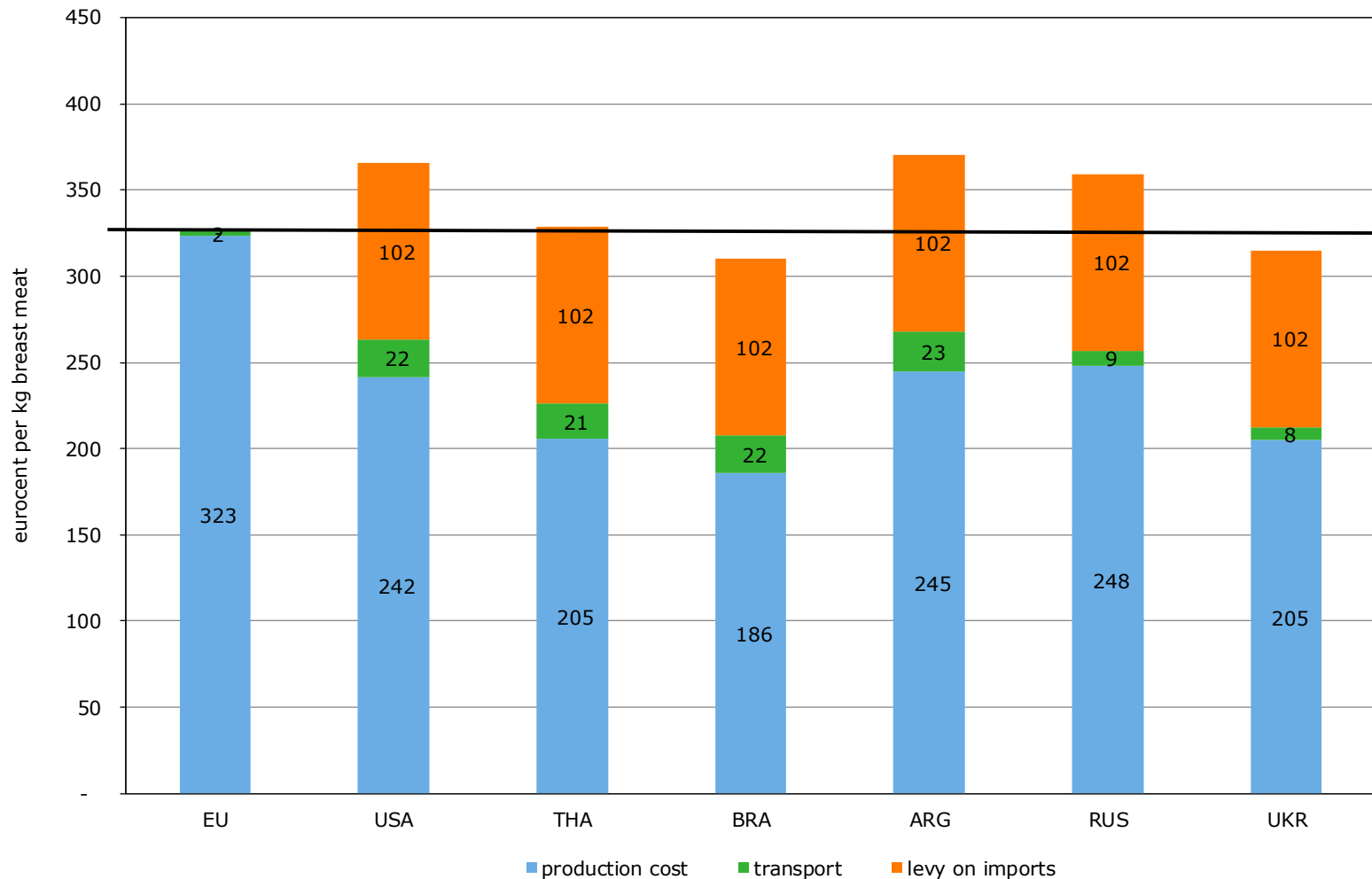
Scenario 1: 50% lower basic levy, no additional levy

Offer price breast fillet EU and non EU

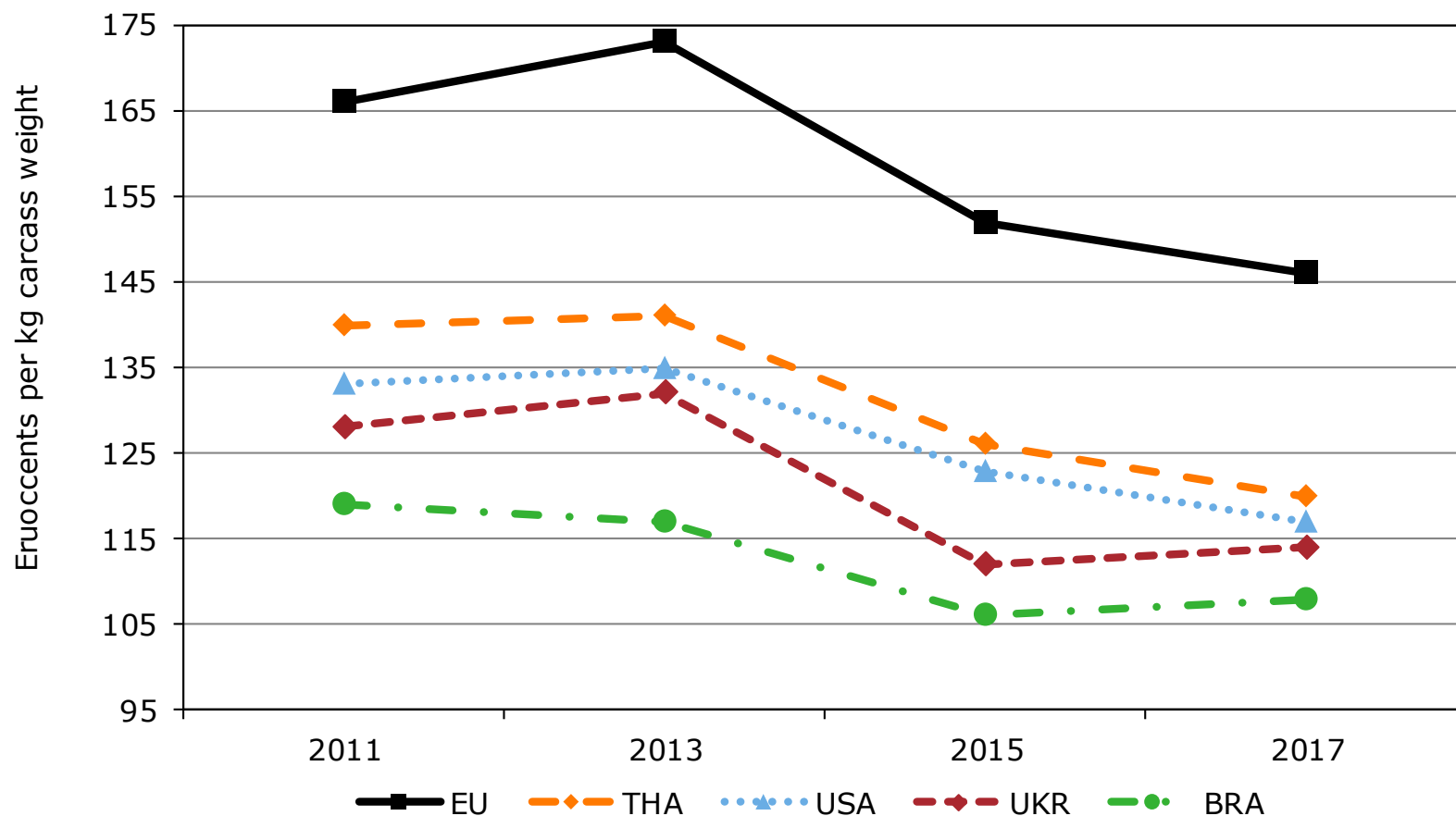


Scenario 2: 10% lower exchange rate to the Euro

Offer price breast fillet EU and non EU



Overview production cost farm level: average EU – third countries in years 2011-2013-2015-2017



Conclusions (1)

- Many EU regulations on environment, food safety and animal welfare. Some countries with additional national regulations.
- In 2017 estimated costs of EU regulations is 6.1% of production cost (farm level). More regulations in 'pipeline'
- Third countries: No or very little legislation
- In EU relatively small differences in production costs at farm level (+ or – 5%).

Conclusions (2)

- Third countries have significant lower production costs farm and slaughter:
 - Brazil – 24%
 - Ukraine – 22%
- Import of high value breast fillet
- Quota and Import levies protect EU from large volumes of imports of poultry meat.

Conclusions (3)

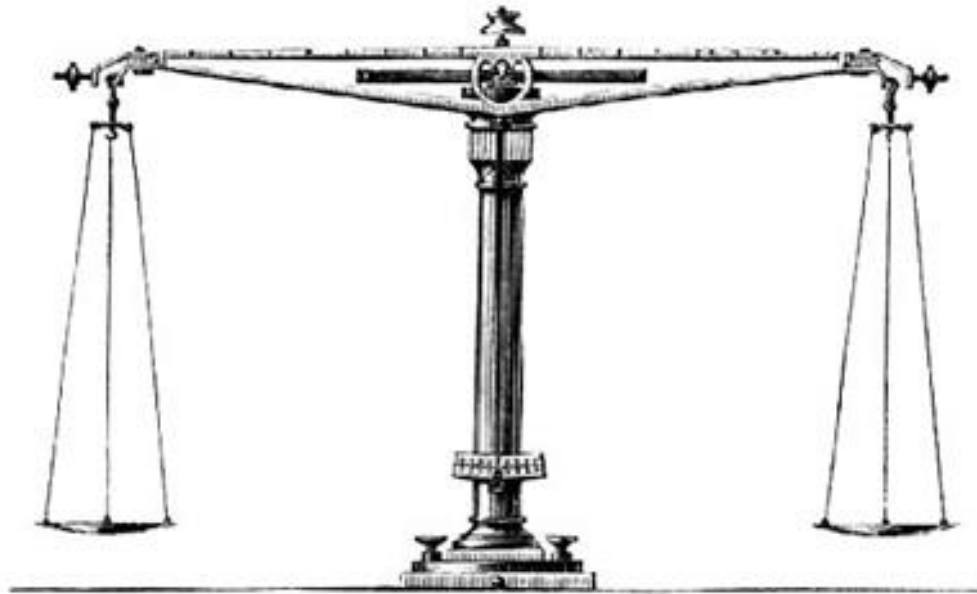
- Scenarios with lower import levies (e.g. 50%): lower offer price of breast fillet: clearly below EU level for Brazil, Ukraine and Thailand.
- Fair competition?: Outside EU in general no or little legislation on topics of public concern in the EU.

Future perspective:

- Further increase of legislation
 - Lower import levies or more market access
- Weaker competitive position for EU poultry meat industry

Free trade

Fair trade



Production cost in EU
due to public concern

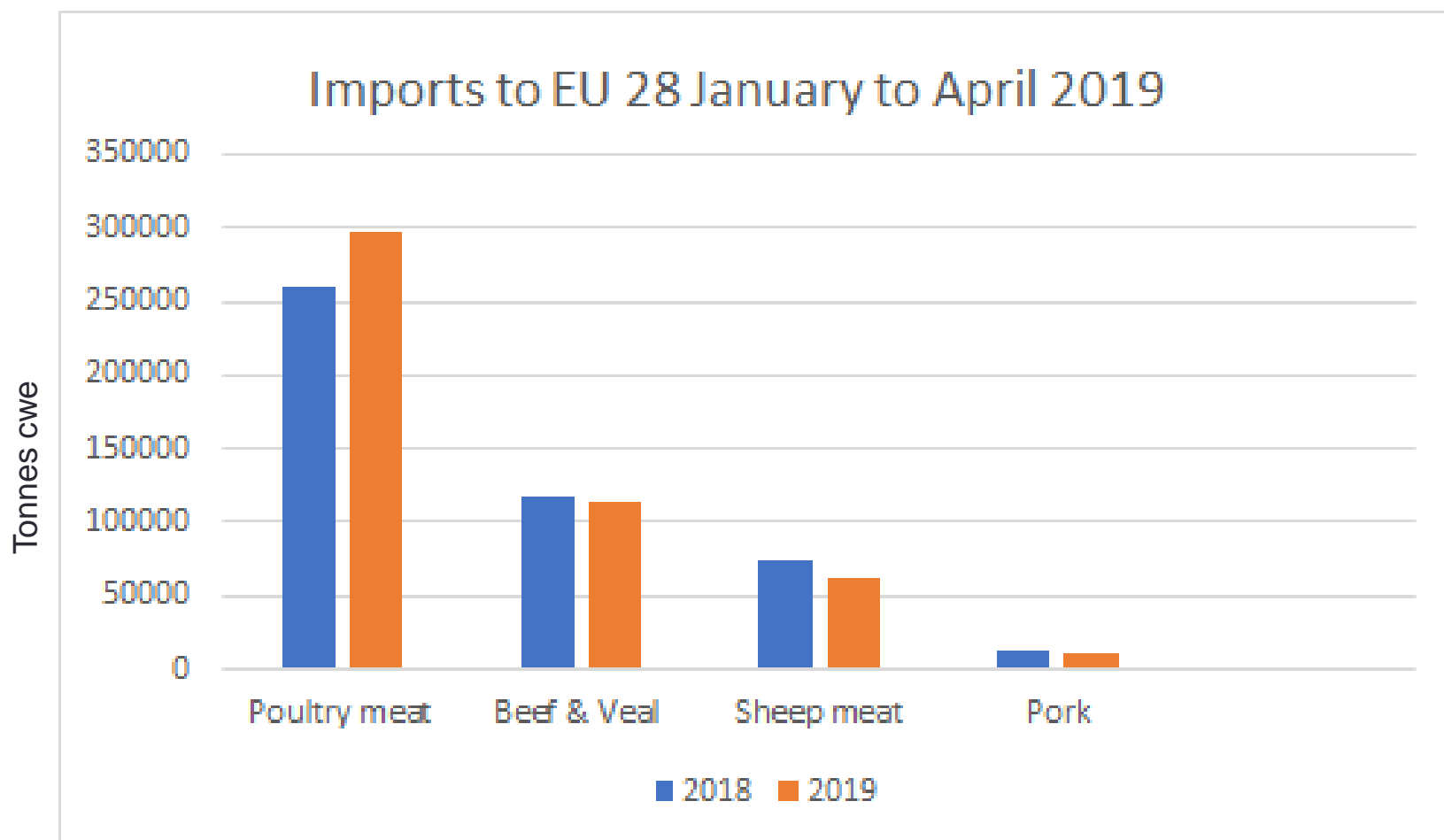
Import levies

Report

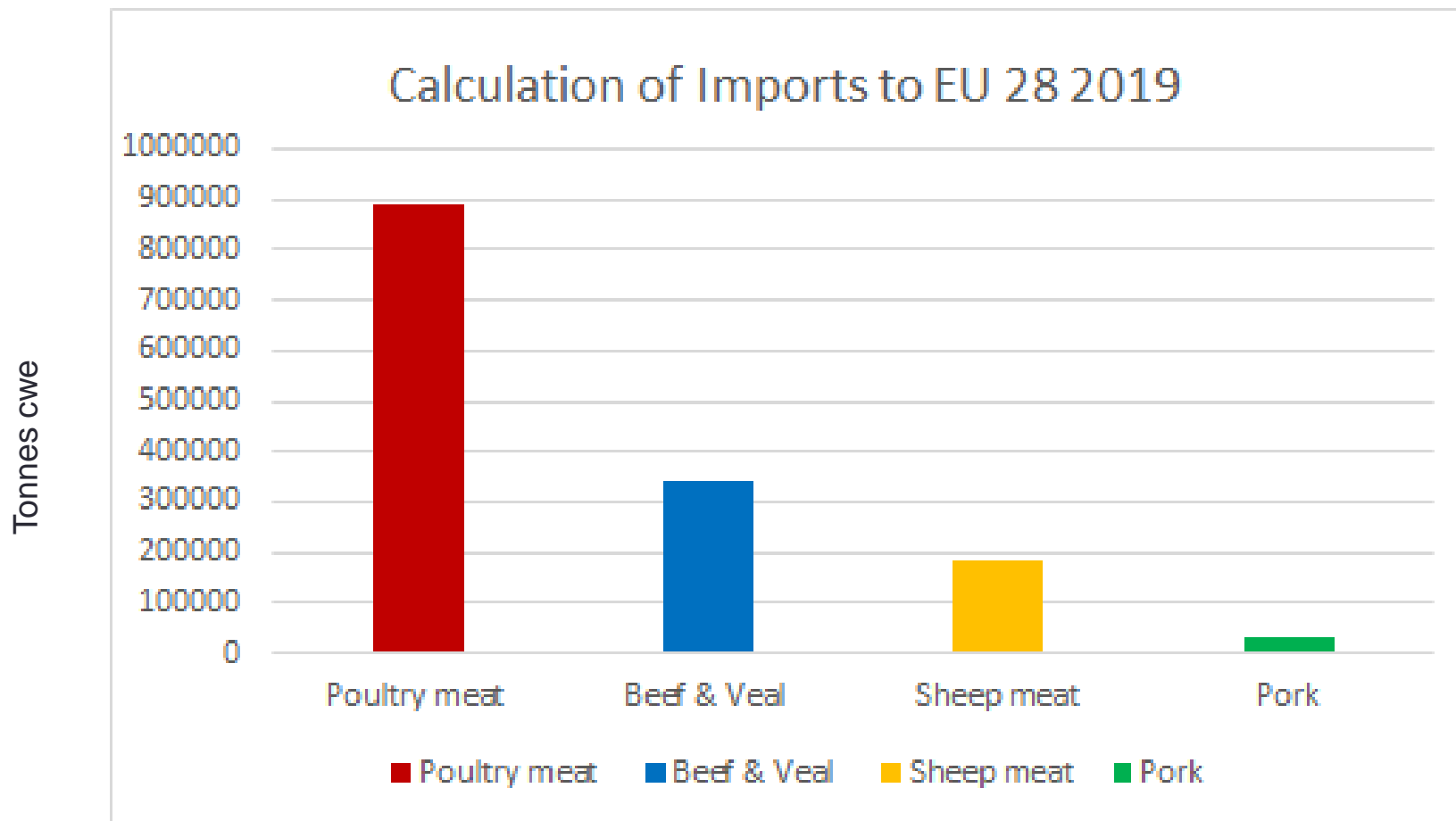


<https://www.avec-poultry.eu/resources/avec-reports/>

Imports to EU



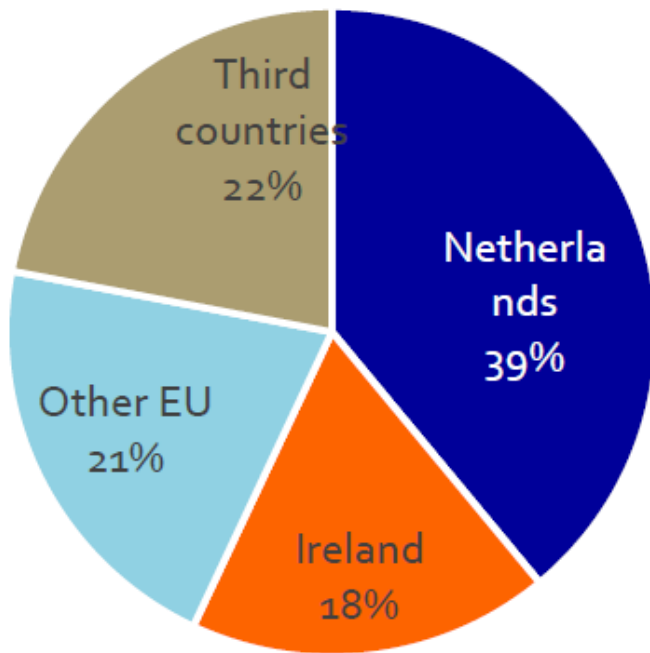
Imports to EU ... in all of 2019



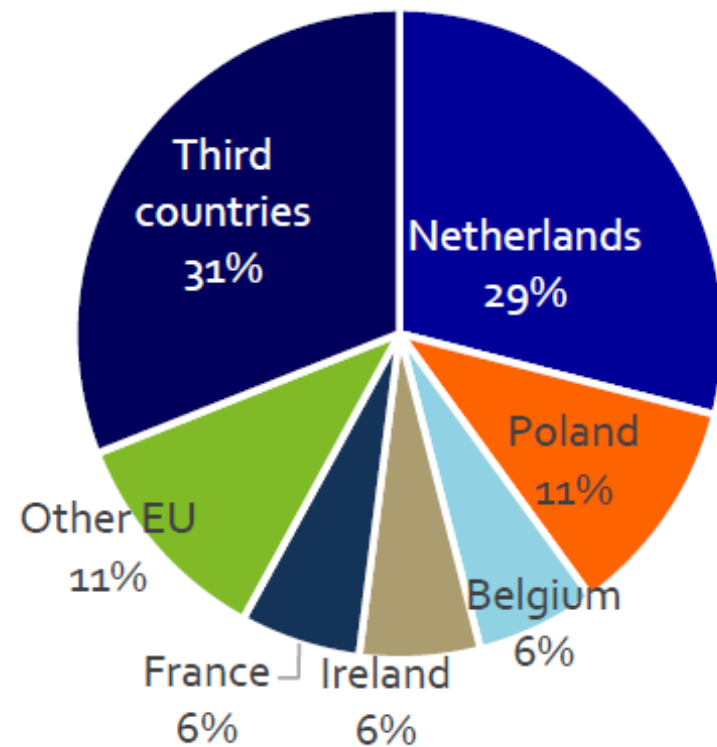
Brexit ...

UK poultry

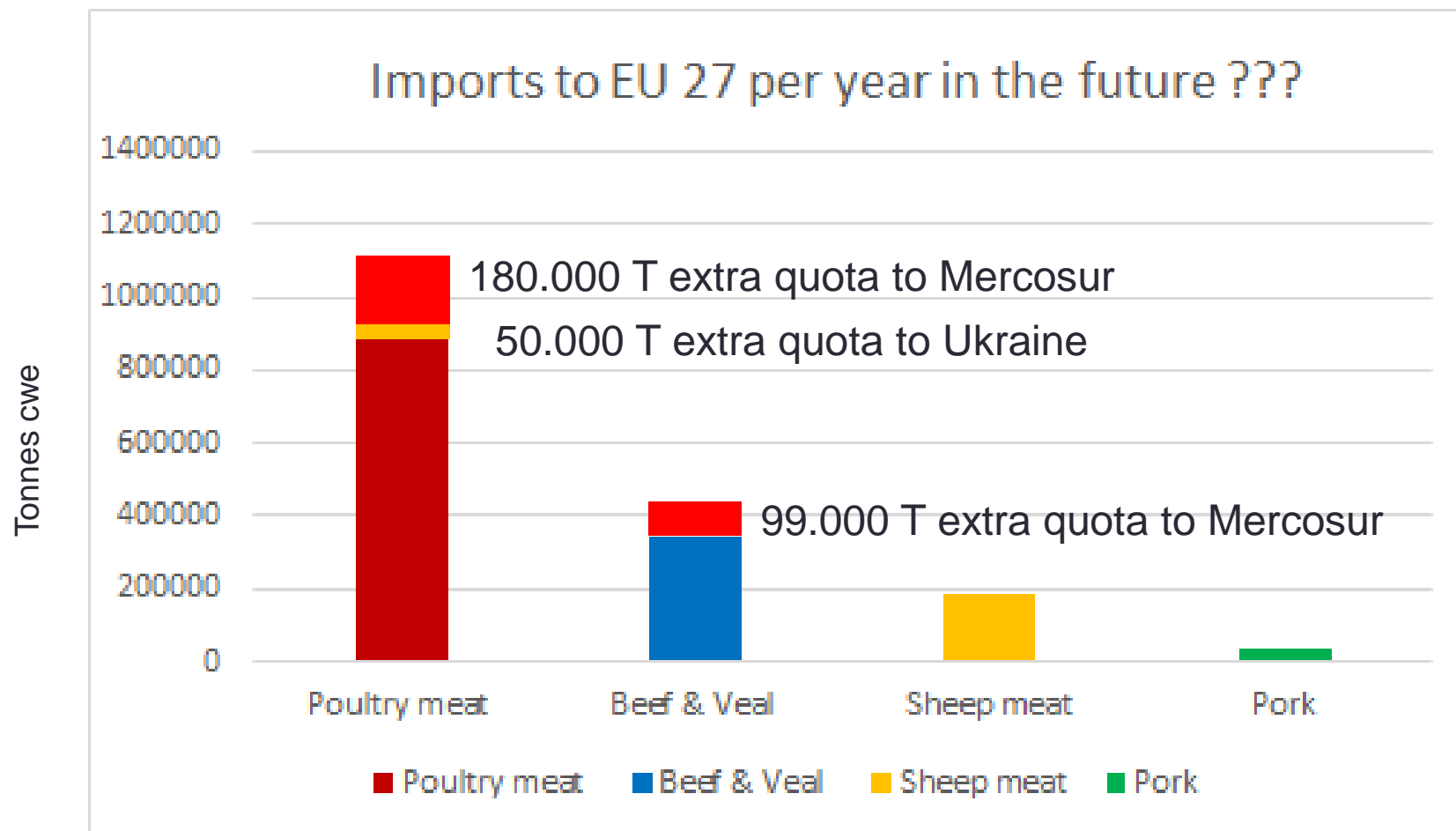
exports: 320,000 tonnes



imports: 720,000 tonnes



Imports to EU 27 ... in the future ??



Something needs to be done!

How will the EU Commission **compensate** the effects of new concessions and Brexit?

We need **thorough controls** on poultry meat from third countries at the EU borders

We need **origin labelling** (EU / Non EU) of all poultry meat products – also in restaurants etc.

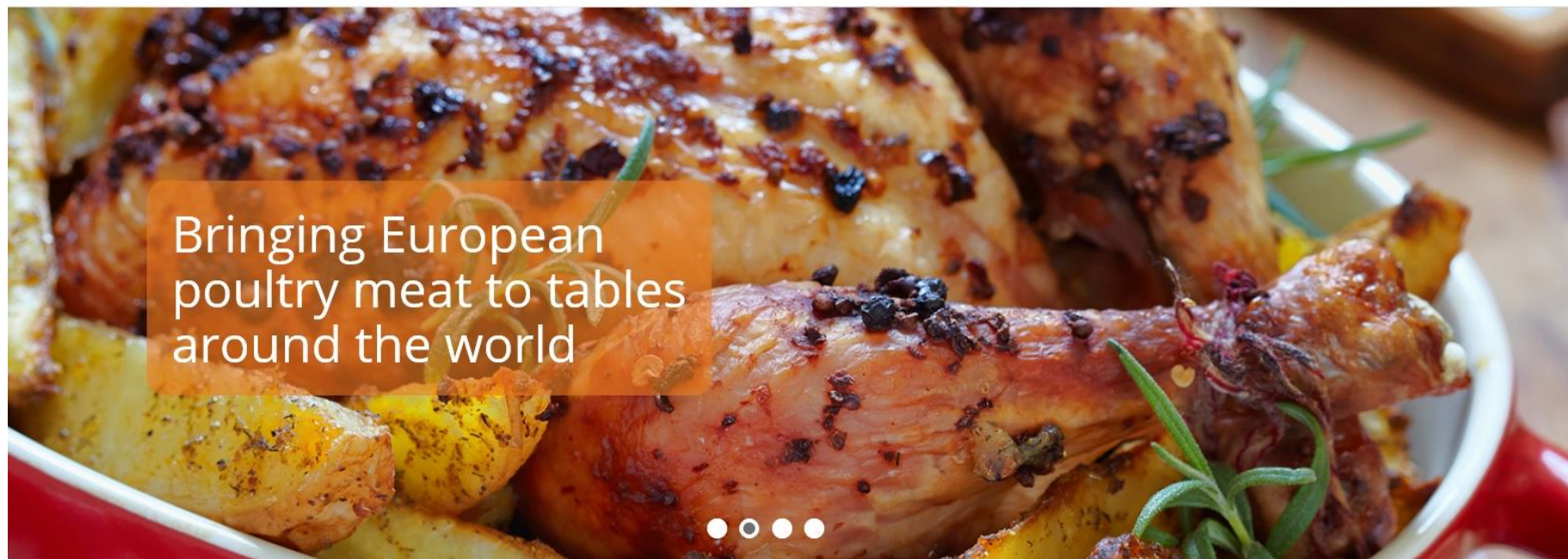
EU Poultry Meat



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Bringing European
poultry meat to tables
around the world