



THE ENERGY SITUATION IMPLICATIONS FOR THE POULTRY SECTOR

September 2022

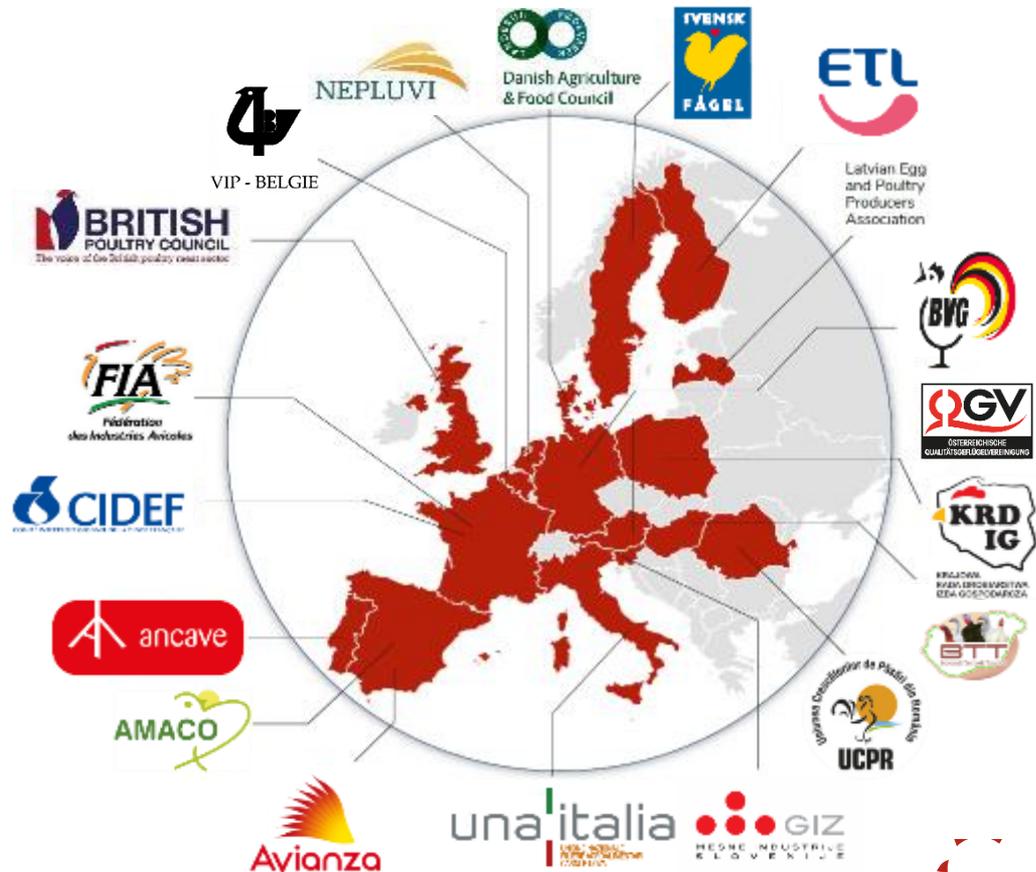
AVEC



AVEC is the association of poultry processors and poultry trade in Europe

The members are national organisations representing poultry processors and the poultry trade in 17 European countries.

AVEC represents 95% of European poultry meat production.



Historic surge of energy prices: Gas

ICE Endex Dutch TTF Gas Futures

CONTRACT	LAST	TIME(GMT)	% CHANGE	VOLUME
 SEP22	289.000	8/24/2022 1:26 PM	7.415	24715

INTRADAY 3 MONTHS 1 YEAR **2 YEARS**

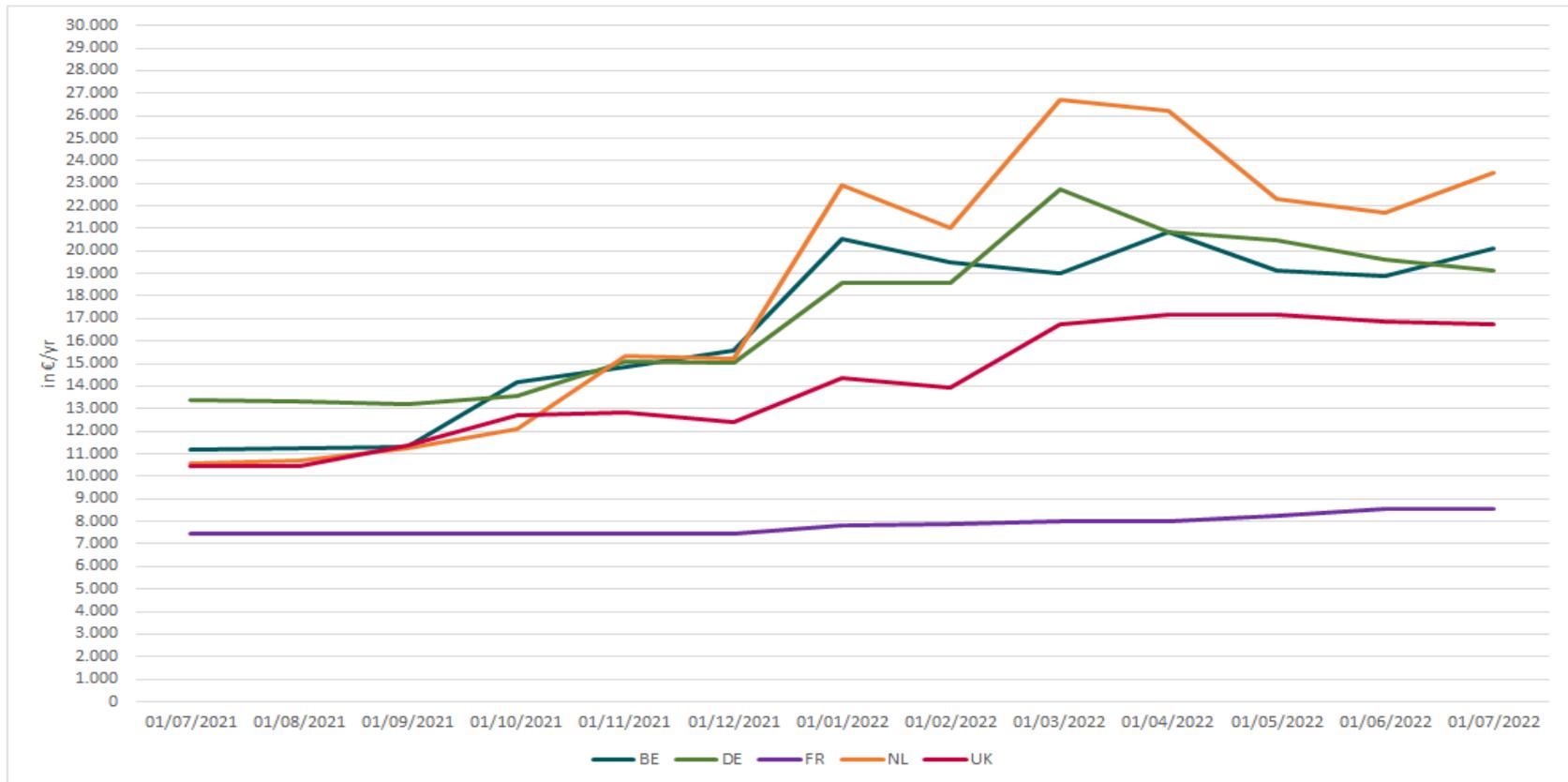
LAST UPDATE TIME: 08-24-2022 1:38 PM GMT



Source: <https://www.theice.com/products/27996665/Dutch-TTF-Gas-Futures/data?marketId=5419234>

Historic surge of energy prices: Electricity

Evolution prix électricité (facture totale, hors TVA) pour usage professionnel (50 MWh)



Source: <https://www.creg.be/fr/professionnels/fonctionnement-et-monitoring-du-marche/evolution-prix-de-lenergie-belgique-et-pays>

AVEC | The voice of Europe's poultry meat sector

Historic surge of energy prices: Oil



Source: <https://prixdubaril.com/>

Very worrying messages

German Power Prices Smash Record as Energy Panic Engulfs Europe

- Nord Stream pipe set for three-day maintenance from Aug. 31
- Gas settles at record high, while French power, coal surge



WATCH: Germany may consider delaying shutdowns of its remaining nuclear plants as Russia squeezes gas supplies. Birgit Jennen reports. *Source: Bloomberg*

Very worrying messages

Belgian PM says 'prepare for the worst' as energy prices reach record highs

By Anne-Sophie Gayet | EURACTIV.com

📅 23 août 2022 (updated: 📅 23 août 2022)



"The next five to ten winters will be difficult. The developments are very tough throughout Europe. Some sectors are facing serious difficulties with these high energy prices," De Croo said as he visited a liquefied natural gas (LNG) terminal in Zeebrugge. [EPA-EFE/STEPHANIE LECOCQ]

Very worrying messages

● Council of the EU Press release 26 July 2022 12:15

Member states commit to reducing gas demand by 15% next winter

In an effort to increase EU security of energy supply, member states today reached a political agreement on a **voluntary reduction of natural gas demand by 15% this winter**. The Council regulation also foresees the possibility to trigger a 'Union alert' on security of supply, in which case the gas demand reduction would become mandatory.

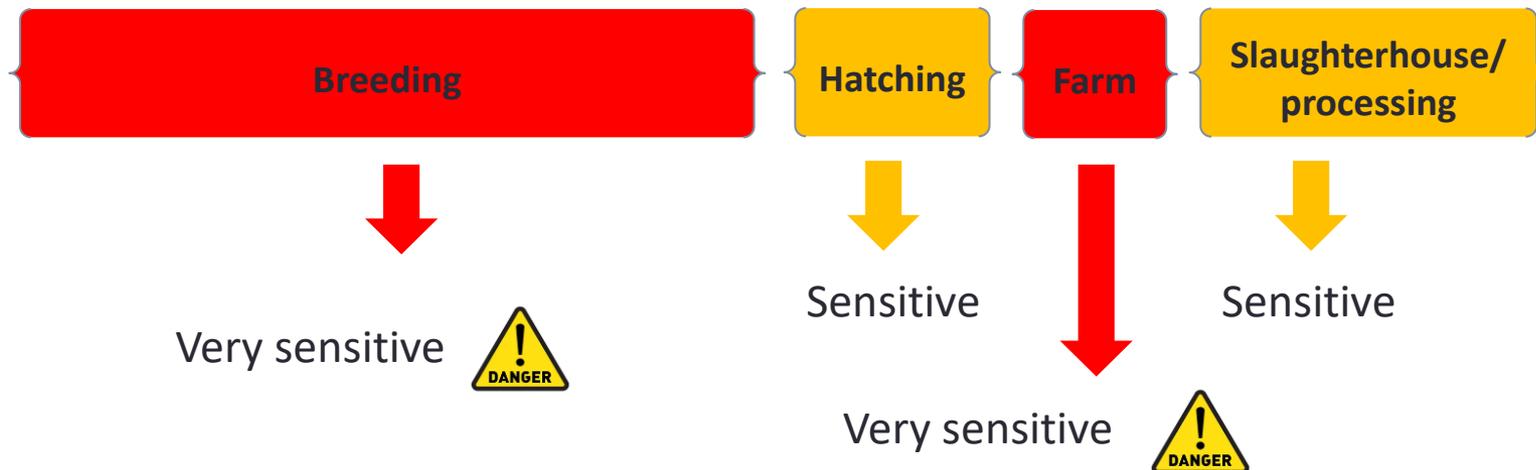
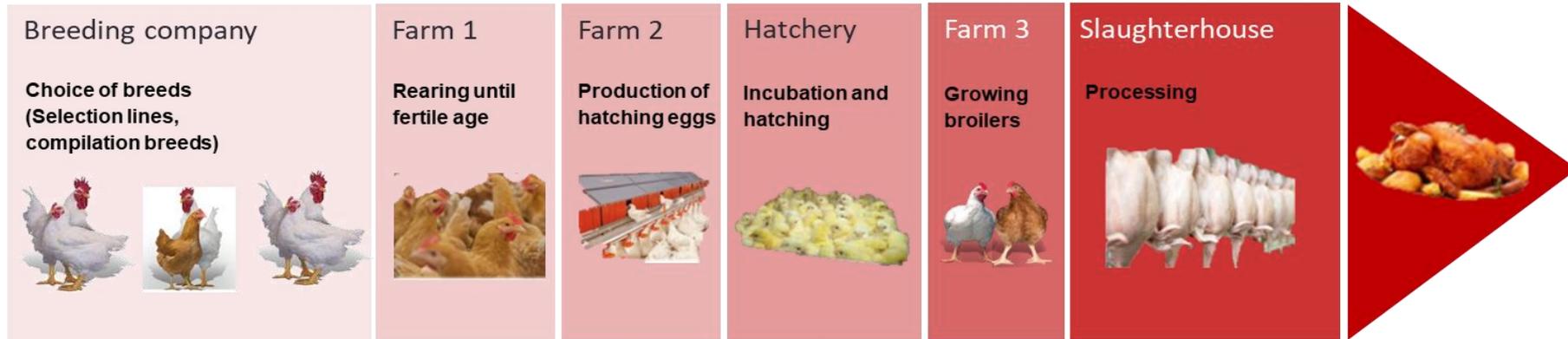
The purpose of the gas demand reduction is to **make savings ahead of winter in order to prepare for possible disruptions of gas supplies from Russia** that is continuously using energy supplies as a weapon.



The EU is united and solidary. Today's decision has clearly shown the member states will stand tall against any Russian attempt to divide the EU by using energy supplies as a weapon. Adopting the gas reduction proposal in record time has undoubtedly strengthened our common energy security. **Saving gas now will improve preparedness. The winter will be much cheaper and easier for EU's citizens and industry.**

— Jozef Sikela, Czech minister of industry and trade

Consequences for the poultry production chain



Energy use – Breeding level

- Gas is mainly used to warm the chicken up during 4-8 weeks
- Electricity is used for lightings and ventilation/feeding systems
- Fuel is used for the transport of feed/live birds



**Lack of energy supply =
All producers (including
alternative systems) out of
production within 18
months**

Energy use – Farm level

- Gas is mainly used to warm the young chicken or during the entire cycle during winter time
- Electricity is used for lightings and ventilation/feeding systems



Farm 3

Growing broilers

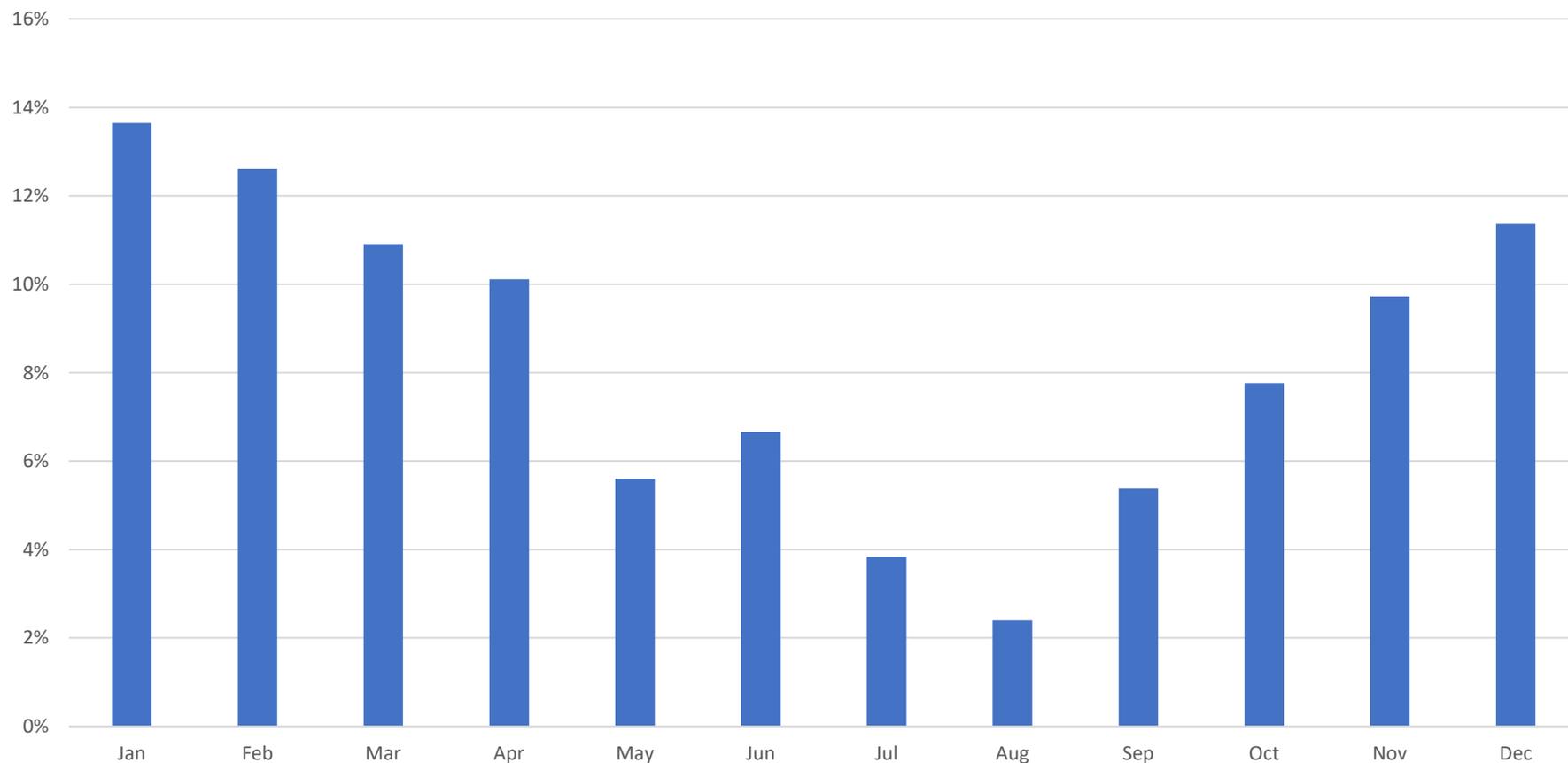


Lack of energy supply =

Most producers (including alternative systems) would not be able to produce with huge consequences on animal welfare

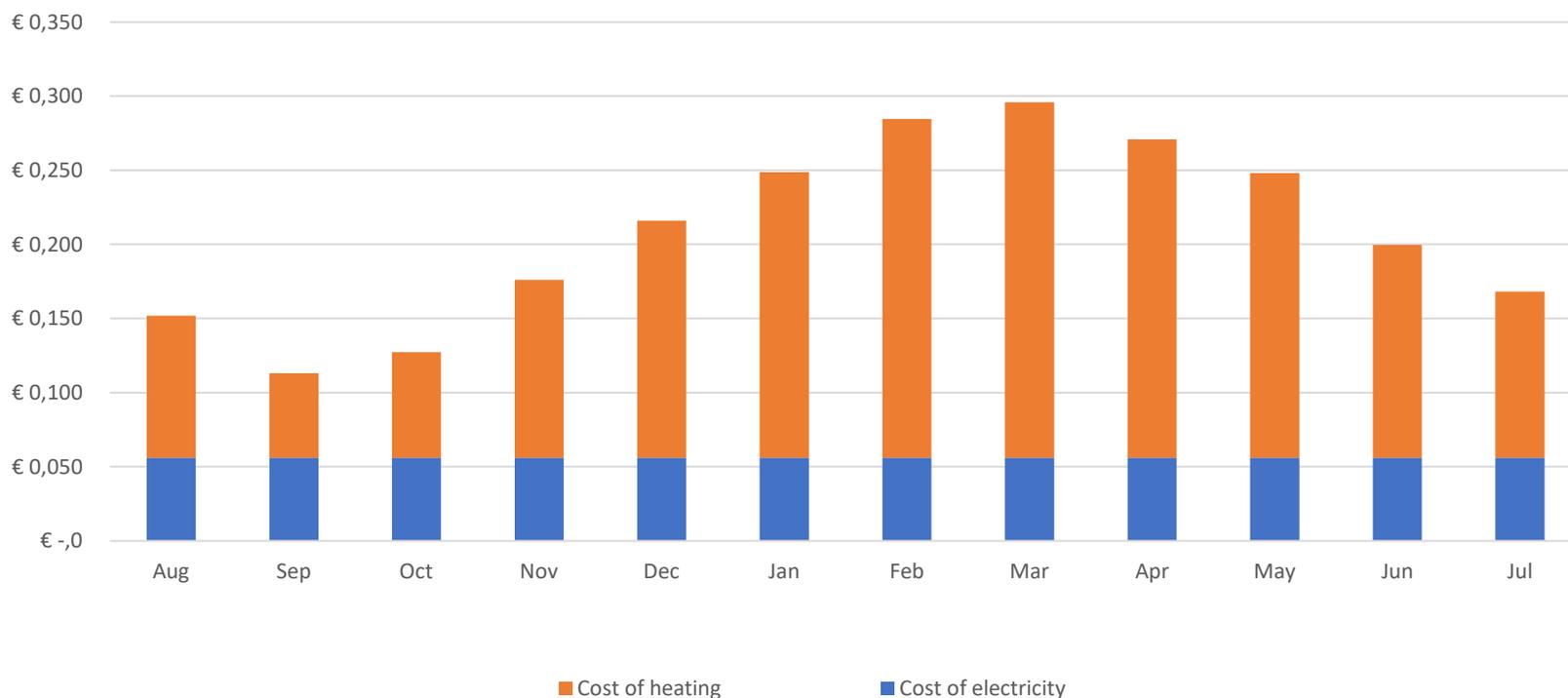
Energy use – Farm level (Dutch example)

Heating use profile per month in % over whole year



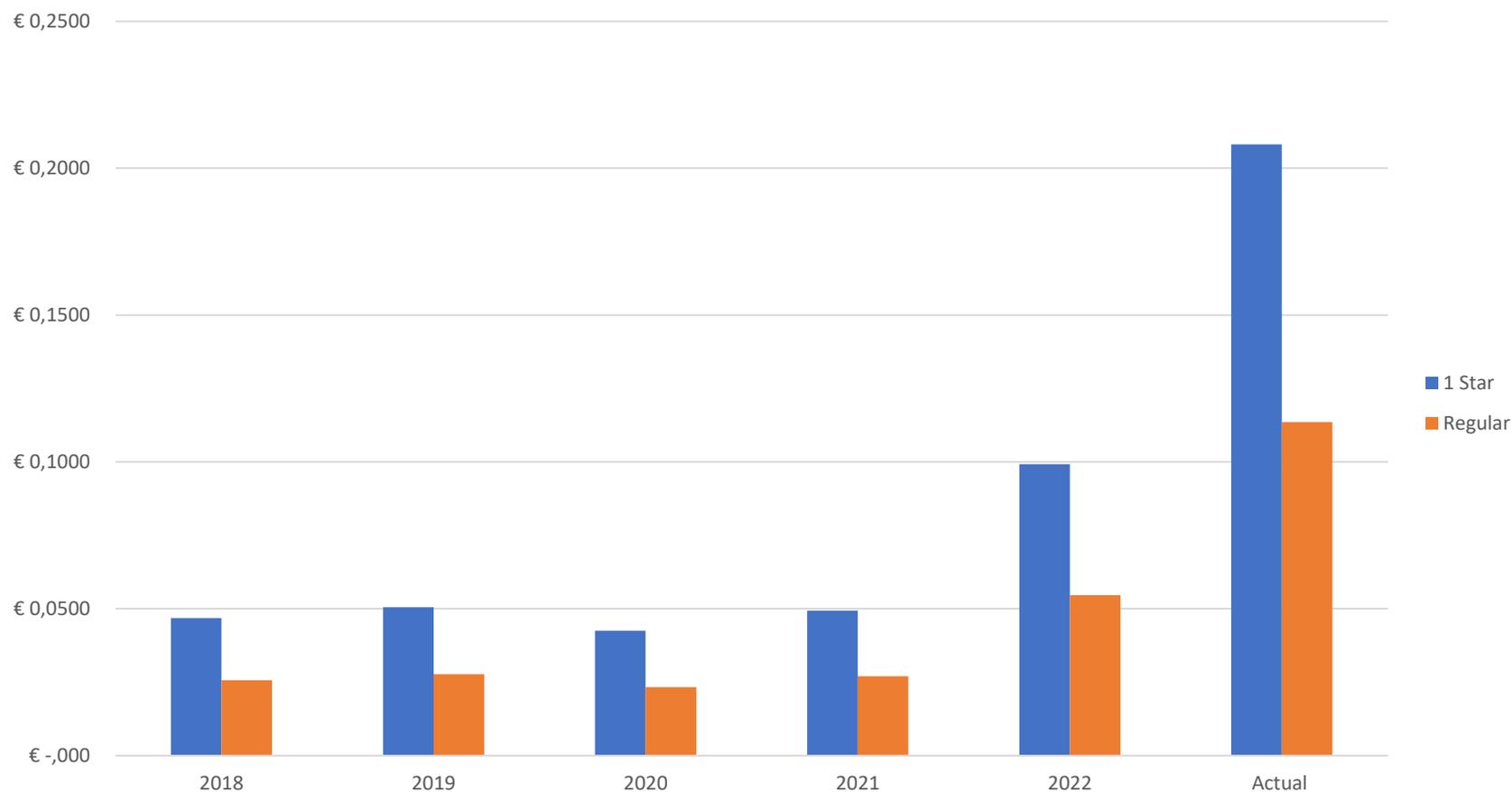
Energy use – Farm level (Dutch Example)

Cost of energy per kg live weight (Broiler) – from August 2021 to July 2022



Energy use – Farm level (Dutch example)

Cost of energy per kg live weight (Broiler) per annum

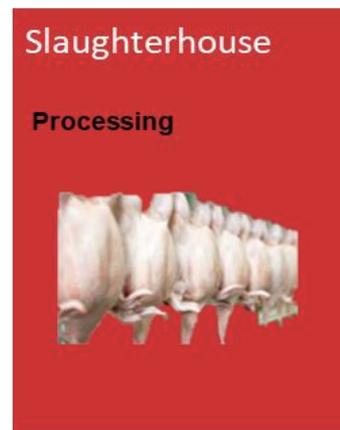


Energy use - Slaughterhouse/processing level

- Gas is mainly used to heat water both for plucking and cleaning the premises every day
- Cooling system is also using energy (electricity)
- Electricity is used for the functioning of machines/equipments

Additional big issues:

- CO2 shortages for gas stunning
- Availability of packaging may be at risk with energy cost rises



Lack of energy supply = Important consequences for the slaughter process and as a consequence for meat availability

Energy use – Production of feed

- Steam is needed to heat the feed to make sure it is safe for the birds



- Mainly gas is used for the heating of the feed



Lack of energy supply =

Higher risks of contamination leading to higher mortality, lower FCR (higher CO2 emissions)

What are the SHORT term solutions ?

At Parent stock/broiler farm:

Change to LNG and Oil heating systems



This will require changing of the machinery of the farms, which is a big investment – and **quite impossible on short term basis**

Important: Placing of day-old chicks on 50% of the area in the first two weeks should be a last resort solution since this will have a negative impact on the welfare of the birds

What are the SHORT term solutions ?

A hatchery/slaughterhouse/feed production level:

Use of bivalent heaters which are able to run on gas and on oil



This will require changing of the machinery, which is a big investment – and **very challenging on short term**

Ultimately, reduction or no production might be the most cost-efficient solution for producers... without financial support

What are the LONG term solutions ?

There is NO one single simple solution !

At parent stock/farm level:

Change from gas heating systems to

1. Biogas energy for the heating.
Big investment, need to create ecosystem in large production areas
2. Use of biomass heating systems (wood, hay,...)
Very local and sustainable alternative for producers

At hatchery level:

Invest in electricity rather than gas (in countries where electricity is produced)

Support investments in solar panels/windmills



What are the LONG term solutions ?

For slaughter/processing:

- Increase the use of electricity coming from renewable sources (investments in solar panels, windmills)
- Use of fat as energy source (when rendering plant on site)
- Need to produce heat (for scalding) and cold (for cooling): possible to invest in heat pump systems



For feed production:

- Change towards more renewable sources of heating systems
- Change the system to multi-heater systems

How can the Commission help?

Short term:

- Direct support to farmers to cope with inflation
- Support the use of alternatives to Russian gas: LNG – oil heating system – biomass heating systems



Long term:

- Support producers in their investments towards more sustainable sources of energies
- Create « ecosystems » to develop sustainable solutions (biogas especially)
- Inform producers on the sustainable solutions (avoid that producers invest in solutions that will not be considered as sustainable in the future)



The European Poultry Meat Sector

- We produce EU Poultry Meat to feed EU citizens
- We defend our **high EU standards** of food safety, animal welfare and environmental protection

