

# **Global Poultrymeat Outlook with focus on EU export markets**

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**Summary of Presentation to EC Poultrymeat Working Group, 4th June 2019**

# **Key event impacting all meats globally: ASF Crisis in China ... and Asia**

# Expanding Asian Crisis

*Rapid expansion throughout the whole of CN ... and onward*

## ✓ CN – rapid nationwide spread in 2H18 ...

- Complex, robust, persistent virus into naïve herd
- Slow to identify & announce
- Inadequate compensation to farms: cull for food
- Human factor in disease spread
- Swill feeding banned: but difficult to enforce
- Vulnerable backyard herds: no biosecurity

✓ In Vietnam since late 2018, now spread to Cambodia, Thailand is next... other countries vulnerable (MN, MY, PH ...)

✓ **Major impact** on Asian Pk production which can't be met by import supply from RoW

✓ **Price rises** ... and Asian **demand shifts** to other meats including poultrymeat

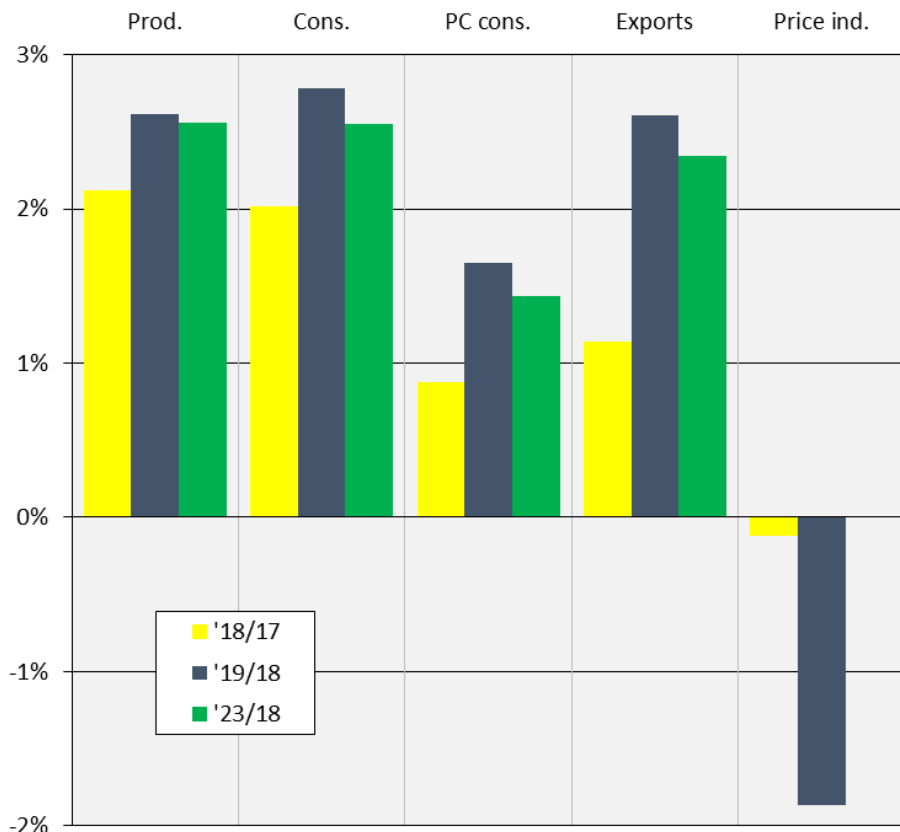
✓ **Boost in meat import demand**



# **Recent events on Global Poultrymeat Markets - Impact on EU trade**

# 2018-2023 Global poultrymeat headlines

*Growth, except in real prices – BUT: ASF impact may push prices higher*



Source: Gira forecasts

Production push driven by recent profitability in most countries

- Helped by low feed costs preventing significant price rises
- BUT: Asian import surge may push prices higher than forecast

Cheap supplies support strong demand

- ASF-impact may accelerate PC cons growth

Much better sanitary situation

- Recent HPAI cases: Africa, S-Asia, EU (BG)

Trade increases

- Lifting of bans on trade from the US & EU
- But BR experiencing several difficulties
- US/CN trade war – worse than expected

Possible merger of BRF & Marfrig

# 2018-2023 Global poultrymeat headlines: trade

## *Strong demand but efforts to raise self-sufficiency ratios*

### Imports

- ✓ CN: 2019 import rise to offset Pk, ban on Py genetics (FR, US), anti-dumping on BR
  - But: key BR exporters exempted from the 18–32% anti-dumping tariffs
  - New/restored market access for TH, PL, RUS
- ✓ EU: restrictions on BR. Rising UA quota:
  - TRQ raised from 20,000 to 70,000 t (closing the loophole), +20,000 t frozen product.
- ✓ MX: continued large volumes ← US
- ✓ RU: further falls (now a net exporter)
- ✓ UA demand for cheaper cuts
- ✓ MENA: BR disruptions + SA Halal specs
- ✓ SS-Africa: rising demand, esp. in oil-producing countries

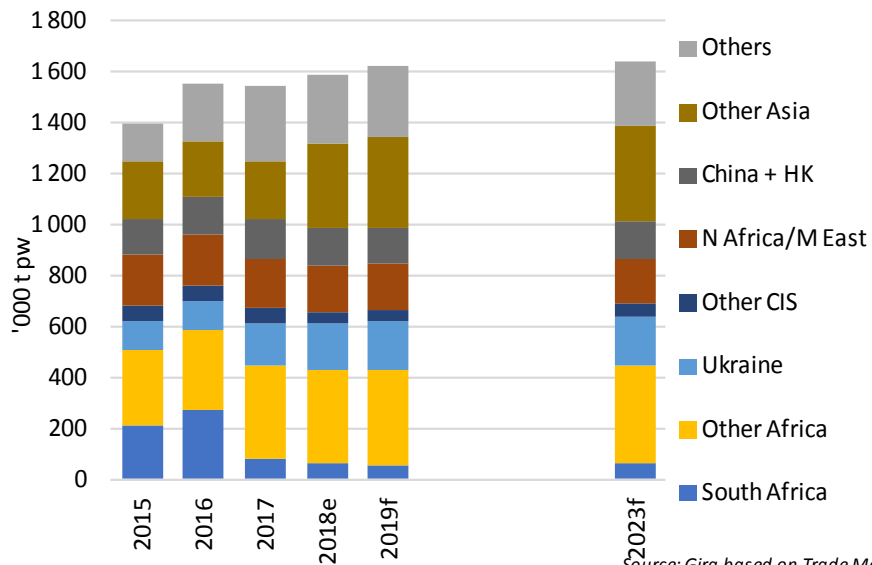
### Exports

- ✓ US: further lifting of AI bans, rising output
- ✓ BR: 2<sup>nd</sup> year of decline despite weak BRL; domestic disruptions and export issues
  - 2019 minor recovery; many issues to remain: EU suspension of 20 BR plants; S-Arabia de-listed 5 major BR exporters
- ✓ EU: recovery from AI bans, less BR competition, but weak MENA market
- ✓ RU & UA developments
- ✓ MENA exports (2/3 intra-regional)
- ✓ CN: investments for processed exports. Rising to JP... but not to the US
- ✓ TH: no AI; further push processed & raw; expanding portfolio in Asia (CN access)

# EU poultrymeat exports to 3rd countries by destinations

*MENA losing weight, growing exports to SS Africa, Far East, CN, UA*

## EU exports by destination 2015-2019f, 2023f



Source: Gira based on Trade Map

### 2018e:

- Re-opening of target markets after HPAI
- Growing supplies to SS Africa, Asia, Ukraine
- -22% to South Africa (35.3% safeguard duty)
  - But: possible increase of the general SAfr customs duty would make the EU more competitive (EU supply is free of the general duty)
- -6% to MENA
  - Saudi ban on stunned poultry since June - Doux has only one facility meeting Saudi criteria -, though the ban hits also Brazil since early 2019
- Algeria and Egypt also restricting imports

### 2019f:

- Growing supplies to Africa, Asia, UA, and CN
- But: competition from TH and UA on target markets, non-tariff barriers in Africa and MENA

### 2023f: +0.7% p.a.

- Weak Euro, demand growth in Africa/Asia, SAfr safeguard duty down to 15%, but: high EU costs

Thank you for your attention.

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