

Poultry: 2006 Forecast Overview

Broiler Meat

- **Despite AI, positive outlook for broilers**

Since the November 2005 forecast, avian influenza (AI) has reached well beyond Asia and Russia into Western Europe and Africa, including an outbreak on a commercial turkey operation in France. Despite numerous AI outbreaks, production, consumption and trade remains strong among selected countries and will continue to increase. While Chinese broiler meat production was revised downward to 10.4 million tons due to AI, this figure still represents an increase from the 10.2 million tons produced in 2005. Alternatively Brazilian broiler production was revised upward to a record 10.0 million tons, a 7 percent increase over 2005 production. Brazilian broiler meat production is benefiting from strong domestic demand, export expansion, and fewer competitors in the world market for frozen poultry meat due to AI-related trade restrictions.

While the 2006 forecast for broiler meat exports by major traders is revised downward since the November 2005 forecast, exports are anticipated to increase nearly 6 percent in 2006 as a result in gains by Argentina, Brazil, China and Thailand. Though unable to ship uncooked product to key markets, Thai cooked products will continue to benefit from their reputation of better quality and lower prices than their competitors such as Brazil and China. The current Thai broiler export forecast reflects that there have been no new AI outbreaks and there will be continued recovery of the sector. The end result is that there is still overall growth in broiler meat consumption and exports by selected countries, however the outlook is slightly less optimistic.

- **EU reaction to AI**

EU broiler meat production and consumption is forecast to be marginally affected by the current AI situation. In the November 2005 forecast, EU broiler meat production was anticipated to remain unchanged at 7.7 million tons for 2005 and 2006. The current forecast shows a slight decrease (1 percent) from 7.6 million tons in 2005 to 7.5 million tons in 2006. Similarly, the current forecast projects an over 1 percent decline in EU broiler meat consumption from 2005 to 2006. However, negative consumer reaction is expected to be short-lived and largely concentrated in more southern EU countries such as Italy, Greece, and France. The impact on trade is anticipated to be more significant and the current forecast shows that EU broiler meat exports will decline nearly 3 percent from 2005 to 2006 largely due to decreased exports from France which is the largest poultry exporter in the EU. Further details on the impact of AI in the EU are available in the GAIN report: "EU-25 - Poultry and Products: Avian Influenza: Impacts of Outbreaks on European Poultry and Meat Markets" (E36038, 3/7/2006) which can be viewed online at <http://www.fas.usda.gov>.

- **U.S. exports forecast to continue growth**

U.S. broiler meat exports are forecast to increase to 2.4 million tons in 2006, up 3 percent from 2005. Despite current sluggish leg quarter exports due to reduced import demand as a result of AI in importing countries, exports are anticipated to recover later in 2006. However, most of the increase in U.S. broiler meat production will translate into higher domestic consumption which is forecast to increase 3 percent in 2006 to 13.9 million tons.

Turkey Meat

- **U.S. production and exports grown while major traders stagnant**

Turkey meat production is forecast to be essentially static between 2005 and 2006 at 4.9 million tons. Exports will increase just over 4 percent to 650,000 tons. Turkey production in the United States, the world's largest producer among selected countries, will increase by 1.3 percent to 2.5 million tons. U.S. turkey exports will increase by over 5 percent to 272,000 tons.

- **Significant revisions to EU turkey data**

The current forecast includes a significant revision to EU turkey data for 2001 to 2006. As the EU is the world's second largest producer among selected countries, these data revisions had a significant impact on the total for major traders and also impacted trends. Thus, a comparison of the November 2005 forecast to the current forecast for total major traders is not possible. The revisions to the EU data are reported in a GAIN report "EU-25 - Poultry and Products: Review of historical data in relations to the EU 2006 poultry semi-annual" (E36016, 1/31/2006) which can be viewed online at <http://www.fas.usda.gov>. As the text of the report notes, a revision of trade figures due to the removal of the split of German salted poultry imports over turkey resulted in changes in domestic consumption.