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Report Highlights:

Ukrainian chicken meat production recovered in 2024 and is expected to continue its slow recovery in 2025, with total production still below the pre-full-scale invasion level. Ukraine's largest producer, MHP SE, reports stable production at full capacity. All producers are suffering from electricity outages, workforce mobilization, and other issues stemming from Russia's full-scale invasion. Chicken meat exports are expected to be strong, but export focus will shift from the European Union (EU) due to new trade restrictions imposed by the European Commission in May 2024. Exports to Middle Eastern markets will rise throughout 2024 and 2025. Consumption will remain well under pre-full-scale invasion levels due to population outflow. Imports of chicken offal from the EU will continue to decline as domestic production takes over the segment. All forecasts are subject to change due to developments related to Russia's war of aggression against Ukraine.

Data included in this report is not official USDA data. Official USDA data is available at <https://apps.fas.usda.gov/psdonline/app/index.html#/app/home>

Executive Summary

Chicken meat production continued to grow in 2024, but at a much slower rate than in 2023. The industry recovered from the 2022 production drop and saw stable operations. Post expects the 2025 situation to be similar, with marginal growth and total production somewhat below pre-full-scale invasion levels. Ukraine's largest producer, MHP SE, reported operating at full capacity in 2023 and so far in 2024 (note that only the first quarter unaudited report was available at the time of report drafting). Smaller chicken meat producers are struggling to recover to pre-February 2022 levels, as they rely on their own financing to survive. Smaller poultry producers will drive most of growth in 2024 and 2025 growth.

Current factors that impact chicken meat production stem from Russia's full-scale invasion of Ukraine, and include general microeconomic instability, lack of foreign and domestic investment, population outflows, complicated import and export logistics, worker mobilization, and electricity outages. The last two factors became critical in 2024 and are expected to continue negatively impacting production recovery in 2025.

Post expects domestic demand to remain weak. The number of consumers in 2024 will remain significantly lower than pre-full-scale invasion. Population outflows will likely continue in 2024 and 2025 but at a much slower rate than in 2022 and 2023. Demand is not expected to recover until the war ends.

Post expects Ukraine's 2024 exports to be more diversified as compared to 2022 and 2023 when unrestricted exports to the European Union (EU) were possible. The imposition of the [emergency brake mechanism](#) by the European Commission (EC) in May 2024 will limit exports to the EU to 133 thousand metric tons (MT) of chicken meat in 2024. The proposed measure is equivalent to a zero import duty tariff rate quota (TRQ) and will have the same effect. Post also forecasts additional imports to the United Kingdom (UK).

Imports will stagnate as domestic producers take over the lowest domestic market segment previously supplied by imports, changing Ukraine's traditional chicken meat trade model. For over a decade, Ukraine exported expensive poultry cuts and whole birds and imported cheap poultry offal for domestic consumption. This approach facilitated export expansion to lucrative EU markets. The lowest domestic market segment was of little interest to Ukrainian producers due to low margins. The situation changed and in 2024, imports are expected to decline with some additional decline in 2025.

Production

Industrial chicken meat production dominates in Ukraine, with the household sector responsible for only nine percent of total 2023 output. Its share in total production dropped by two percentage points in 2022 due to the Russian occupation of Ukrainian territories. Household production is subsistent in nature, with a small share of chicken sold at open-air markets. It is on a ten-year downward slope and cannot compete with industrially produced chicken. Spent hens, layers, and other sources of chicken meat are

responsible for another three percent of production. Their share dropped by one percentage point from pre-full-scale invasion levels following the destruction of a large egg production facility in southern Ukraine. Although a part of the chicken meat balance, household production and other non-broiler industrial chicken meat production will not be further discussed in this report as chicken meat from these sources does not take part in international trade. All references to “poultry” or “chicken meat” in the analysis below will refer to industrially produced chicken.

Chicken Meat PSD Table*

Meat, Chicken Ukraine, Thousand MT	2023		2024		2025	
	Market Year Begin: Jan 2023		Market Year Begin: Jan 2024		Market Year Begin: Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	1,300	1,312	1,340	1,320	0	1,330
Total Imports	60	60	52	45	0	40
Total Supply	1,360	1,372	1,392	1,365	0	1,370
Total Exports	428	428	440	445	0	450
Human Consumption	932	944	952	920	0	920
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	932	944	952	920	0	920
Total Use	1,360	1,372	1,392	1,365	0	1,370
Ending Stocks	0	0	0	0	0	0
Total Distribution	1,360	1,372	1,392	1,365	0	1,370

*Not Official USDA Data; Official data can be accessed at: [PSD Online Advanced Query](#)

The export numbers exclude exports of chicken paws to China and Hong Kong and chicken meat exports to Vietnam; exports of salted poultry (HS 021099) are included. The production number includes Crimea.

Ukraine’s industrial chicken meat production is very concentrated, with one large producer—MHP SE—responsible for over 70 percent of the total volume. Another five companies each control between one and six percent of the market, with the remaining share split among many smaller producers. Before the full-scale invasion, MHP SE completed a significant expansion, concentrating on increased efficiency, deeper poultry processing, and its own chain of retail outlets. The company reported operating at full capacity in Q1 2024. MHP SE completed the scheduled redemption of all outstanding Eurobonds due in 2024, with a combined nominal value of USD 0.5 billion, which will assure the company’s smooth operations throughout 2024 and 2025.

Most Ukrainian poultry production facilities are concentrated in central and western Ukraine, not directly affected by Russian aggression; however, MHP reported a frozen poultry batch loss due to a missile attack in May 2024. The company claimed a USD 8 million loss (book value USD 7 million) in the leased warehouse in southern Ukraine. It is the second large batch loss noted by the company post full-scale invasion.

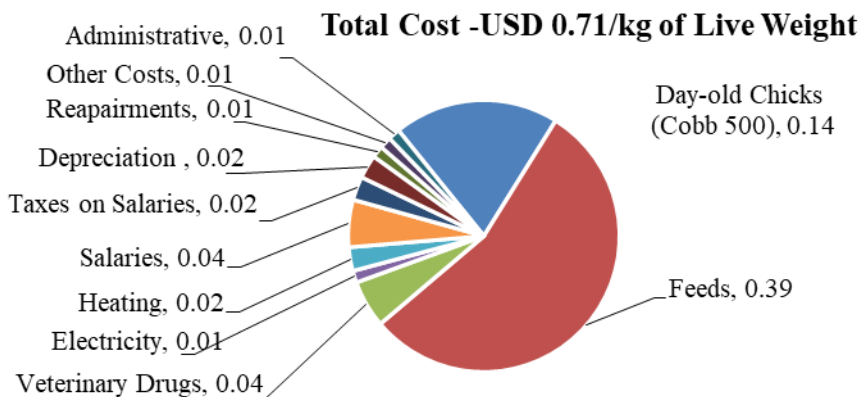
After the start of the Russian full-scale invasion, the industry stopped investing in expansion and entered “survival mode,” maintaining existing production and sales levels. Chicken meat producers faced

several challenges, including currency devaluation, a sudden consumption drop due to population outflow, input procurement problems, a shortage of trucks and containers, and conscription of workers. A detailed description of Russian full-scale invasion-related challenges is provided in the production section of the [2023 Poultry Semi-Annual GAIN Report](#).

In 2024, electricity supplies and personnel conscription became the most significant problems for the poultry sector. They could worsen in 2025, slowing the production recovery process. Regarding energy issues, Russia intensified missile and drone attacks on the Ukrainian power grid in the spring of 2024, causing prolonged blackouts in many regions. Although all production and most processing facilities possess backup power generators, many are not designed to be the sole power source for a prolonged period. Reliance on on-site power generation also increases production costs. In spring 2024, Ukrainian authorities intensified their military conscription campaign, which industry sources stated resulted in labor shortages and production process interruptions.

Decreased feed costs were one of the factors contributing to 2024 production recovery. According to production cost data published by the Ministry of Agrarian Policy and Food of Ukraine, the chicken meat production cost dropped by USD 0.04 in 2024 to USD 0.71, primarily due to a drop in feed costs from USD 0.41 to USD 0.39 (Figure 1).

Figure 1: Broiler Production Cost 2024*, USD/Kg of Live Weight

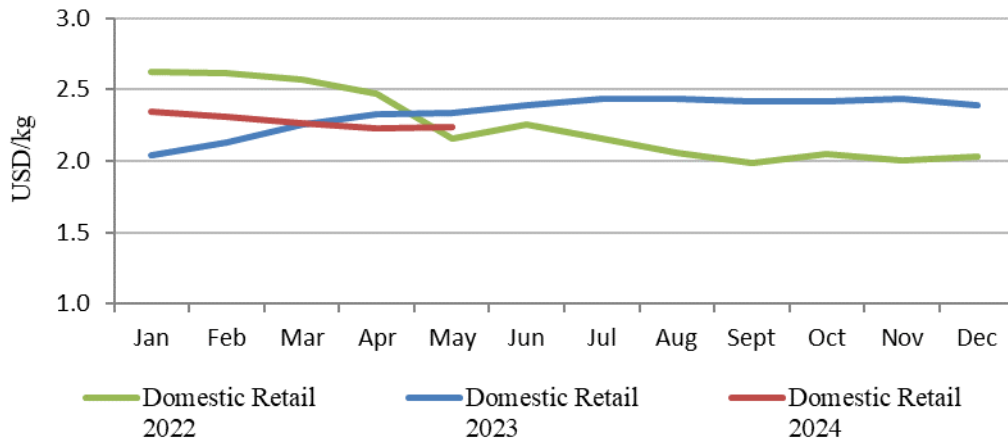


* Forecast

Source: Ministry of Agrarian Policy and Food by Ukrainian Agribusiness Club Association members (includes MHP SE) for the central Ukraine region

This cost decrease helped Ukrainian chicken meat producers contend with lower poultry prices (Figure 2). Industry representatives are pessimistic, predicting a further price decline toward the end 2024. The weakening Ukrainian currency may provide only temporary relief through boosted exports. In the first five months of 2024, the commercial exchange rate dropped from 38.4 to 39.9 hryvnias per dollar, reflecting economic problems and lower foreign currency reserves.

Figure 2: Retail* Chicken Meat Price for Whole Birds



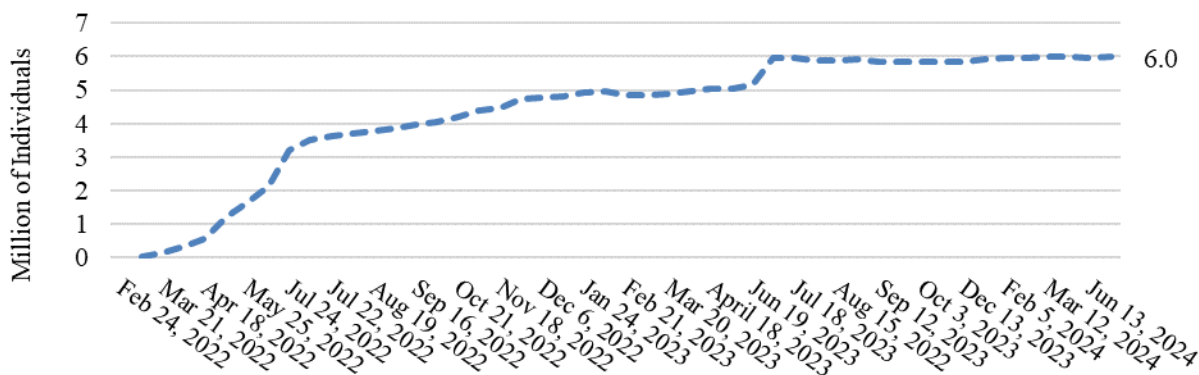
*Ukraine stopped official publication of producers' poultry prices until the end of the war.
 Source: State Statistics Service based on Ministry of Economic Development and Trade Surveys

Disease spread remains a production and export risk factor. An outbreak of highly pathogenic avian influenza (HPAI) of the H5N1 subtype occurred in central Ukraine in January 2024; however, the outbreak was far from primary production sites and did not impact production. Ukraine introduced poultry production zoning to mitigate possible risks, receiving EU recognition. The number of registered HPAI cases in Ukraine is significantly lower than the number of cases in neighboring EU countries.

Consumption

Poultry consumption decreased significantly in 2022 following refugee outflows and the loss of consumers living in occupied territories. The outflow to EU countries stabilized close to 6.0 million in 2023 and 2024, although immigration to non-EU countries continued (Figure 3). The number of refugees in non-EU countries increased from 0.3 million in June 2023 to 0.6 million in June 2024.

Figure 3: Number of Refugees from Ukraine Recorded in the EU*



Source: UN Refugee Agency (<https://data.unhcr.org/>)

* This graph does not include individual refugees (refugees who did not apply for the temporary protection status) and refugees outside of the EU

The increase in industry-held stocks is another factor reflected in the PSD table as decreased consumption. No reliable information on industry stocks is available; however, MHP reported a seven percent drop in domestic market sales and a 12 percent drop in exports (Q1 2024/Q1 2023), but stable production. Industry has noted that an unfavorable price situation may be the reason for such producer behavior.

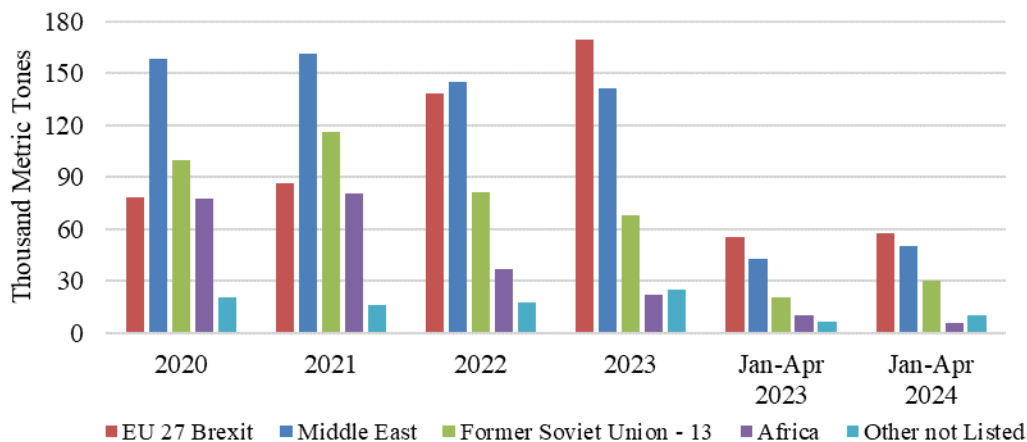
Trade

Ukrainian poultry market composition continued to change in 2024. The earlier model included significant imports of poultry offal for domestic consumption and exports of premium cuts and whole birds. Ukrainian industry concentrated on export expansion, targeting premium markets in the Middle East and the EU. EU chicken meat producers were Ukraine's major chicken offal suppliers, with imports balancing Ukraine's growing exports. After Russia's full-scale invasion and improved EU market access, Ukrainian producers paid more attention to the domestic market despite lower margins of chicken offal and cheaper poultry cuts. The situation is likely to continue in 2025.

Exports

Post expects exports of chicken meat to grow in 2024, led by a production increase by mid-sized domestic producers. MHP will remain the significant exporter. The company is responsible for 93 percent of 2023 exports (397 thousand MT out of Ukraine's total 428). War-related production problems (electricity shortages and workforce mobilization) are the leading risk factors for stable 2024 and 2025 exports. Due to the new import restrictions imposed by the EU, Post expects Ukraine's poultry exports to be distributed among other export destinations (Figure 4). Middle Eastern markets will likely become the biggest export destination in 2024, similar to the 2020 and 2021 trade pattern. Less lucrative former Soviet Union and African markets will follow.

Figure 4: Ukraine Poultry Exports

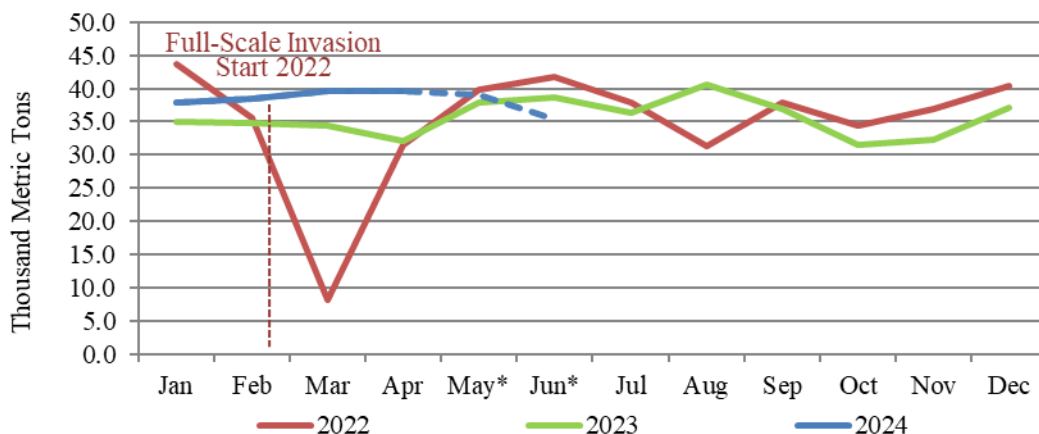


Source: Trade Data Monitor; FAS/Kyiv estimates

Ukraine's 2023 and 2024 chicken meat exports suffered from the Ukraine-Polish [border blockade](#) by Polish truck drivers and farmers (Figure 5). The Ukraine-EU border remains the only land border open for trade during the war. Due to the blockade, several trucks with chilled poultry products destined for the EU and other export destinations were delayed from early November 2023 to late April 2024. Some

chilled poultry exports were converted into frozen ones with associated financial losses. A different number of border crossing points was affected during various periods of the blockade. During its peak in early 2024, nearly 3,000 trucks were waiting in lines on both sides. Although over, any renewal of the blockade is a trade risk factor in 2024 and 2025.

Figure 5: Ukraine's Monthly Chicken Meat Exports



* Industry data-based forecast

Source: Trade Data Monitor, FAS/Kyiv estimates

Exports to the EU and UK

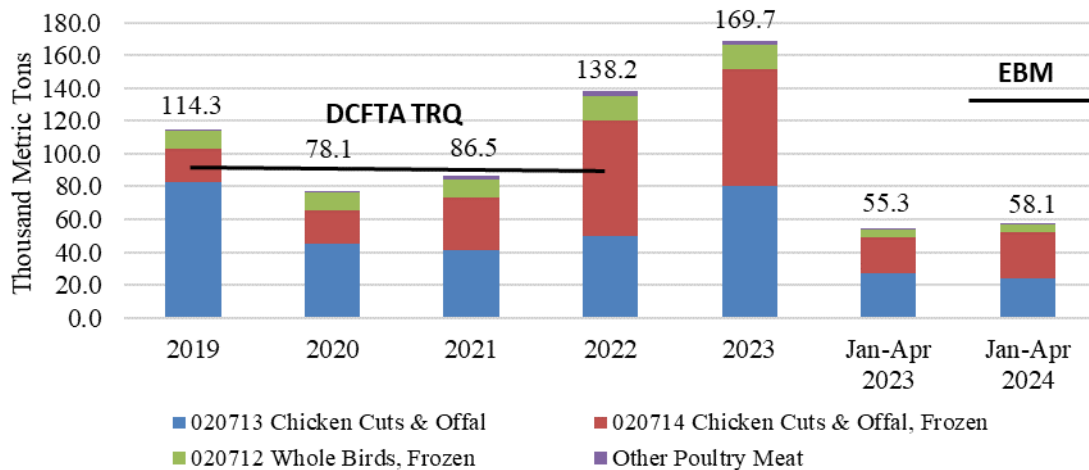
Two large (both belonging to MHP SE) and many mid-size Ukrainian chicken meat processing facilities are EU-approved. In 2024, the number of approved establishments increased by four, reaching 13. Four mid-size chicken meat producers (ULAR, Agrol, Agro Oven, and Dniprovskiy) and a number of warehouses, cold storage facilities, and slaughterhouses are now listed. The EC and Ukraine also reached an agreement on the transit of products from non-EU-approved facilities to third countries.

The EU chicken meat import regime changed significantly in 2024 (Figure 6). Autonomous trade measures (ATM) provided unrestricted market access for Ukrainian chicken meat producers from July 4, 2022, until the EC introduced the reinforced safeguard mechanism in May 2024. The EC also introduced an emergency brake mechanism, which will be automatically triggered if import volumes reach the average yearly imports recorded between July 1, 2021 and December 31, 2023. The renewed 2024 ATM introduced a mechanism indistinguishable from a TRQ. New import volumes upset the Ukrainian industry, which expected a greater ceiling at 2022-23 on average yearly imports.

Since the EC did not introduce any additional measures to distribute this new import volume, the Government of Ukraine stepped in and on May 30, 2024, introduced a matching [export licensing](#) mechanism (in Ukrainian). This voluntary export restriction established an export quota for unprocessed chicken meat at 133,283 MT (equivalent to July 1, 2021-December 31, 2023 raw chicken meat exports) for 2024, matching the EC import restriction. The EC also established an additional 3,760 MT turkey meat export quota. The Ministry of Economy of Ukraine will oversee export licensees. Current regulations envisage a “first come, first served” distribution principle. Post expects this decision to significantly reduce Ukraine’s exports to the EU in 2024. Although new restrictions will be in place for 2024 only (ATM duration), the industry expects trade restrictions to remain in place in 2025.

In 2024, Ukraine’s exports to the EU are therefore expected to match the emergency brake mechanism threshold. Ukraine is also sending increased volumes to the UK. Ukraine’s exports to the UK in January-April 2024 increased by 267 percent to 5.4 thousand MT. Similarly to the EU, the UK adopted a no quota zero import duty trade regime for Ukrainian exports in early 2022. As of July 2024, the UK has not returned to the TRQ or quota-like restrictions like the EU. Ukraine-UK trade in poultry products remains unrestricted and is expected to grow in 2024 and 2025.

Figure 6: Ukraine's Chicken Meat Exports to the EU



Source: Trade Data Monitor; FAS/Kyiv estimates

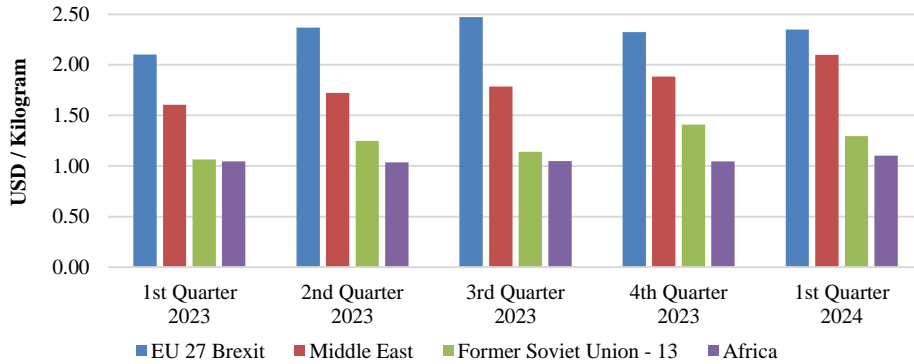
DCFTA TRQ – the Deep and Comprehensive Free Trade Agreement Tariff Rate Quota; was increased to 90,000 MT in 2019 and suspended from June 2022.

EBM - the Emergency Break Mechanism; TRQ equivalent of 133,283 MT established in 2024 and enforced through Ukraine’s voluntary export restriction.

Other Export Destinations

New export restrictions imposed by the EU for 2024 will force Ukrainian producers to consider other destinations. The second-best alternative to the lucrative EU market is the Middle Eastern market. Chicken meat prices there recovered in the first quarter, making exports to the traditional markets of the Saudi Arabia and the United Arab Emirates significantly more attractive (Figure 7).

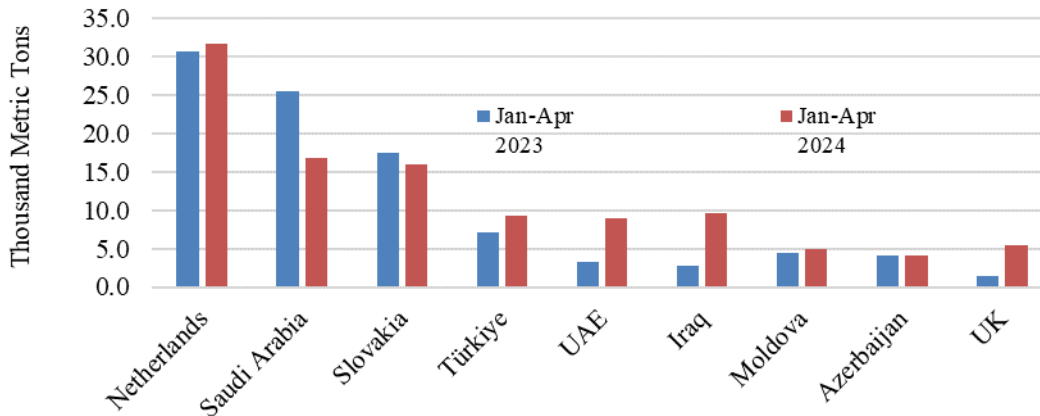
Figure 7: Chicken Export Prices by Export Destination



Source: Trade Data Monitor

MHP SE is the only Ukrainian producer that supplied significant volumes to the Middle East in the past, with sales focused on Saudi Arabia. In 2023, MHP signed a [memorandum of understanding](#) (MOU) with one of Saudi’s largest poultry producers and processors, Tanmiah Food Company. Under the MOU, MHP will provide expertise to assist with the construction and operation of hatchery and feed manufacturing facilities. The MOU is believed to be a part of a market access deal for Ukrainian-produced chicken meat. The Middle East will surpass the EU as Ukraine’s major export destination in 2024 and, possibly, in 2025 (Figure 8).

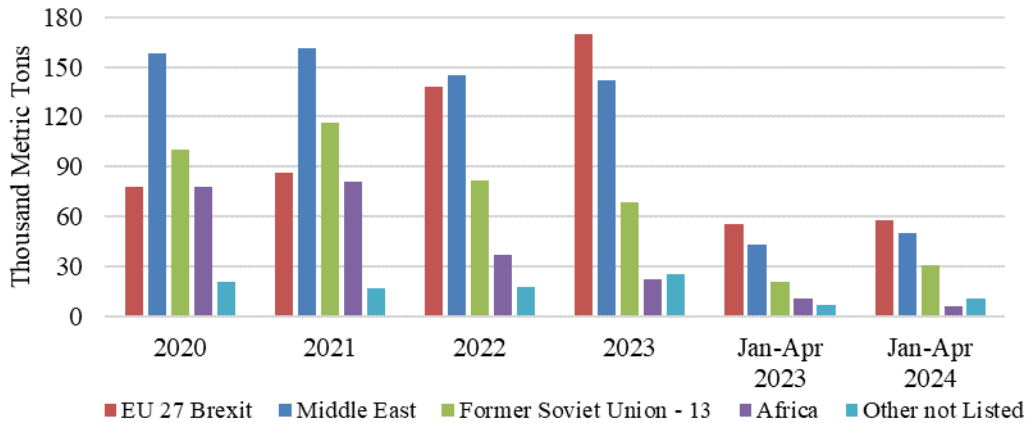
Figure 8: Ukraine Chicken Meat Top Export Destinations



Source: Trade Data Monitor

Ukraine also increased its market presence in Türkiye and Iraq. Türkiye is one of the world’s leading chicken meat producing and exporting countries and maintains a 2,000 MT zero import duty TRQ for raw and processed poultry products from Ukraine. The majority of Ukraine’s exports to Central Asia and Iraq are transshipped through Türkiye. Due to smaller margins, those markets remain less attractive for Ukrainian producers (Figure 9).

Figure 9: Ukraine Chicken Meat Exports

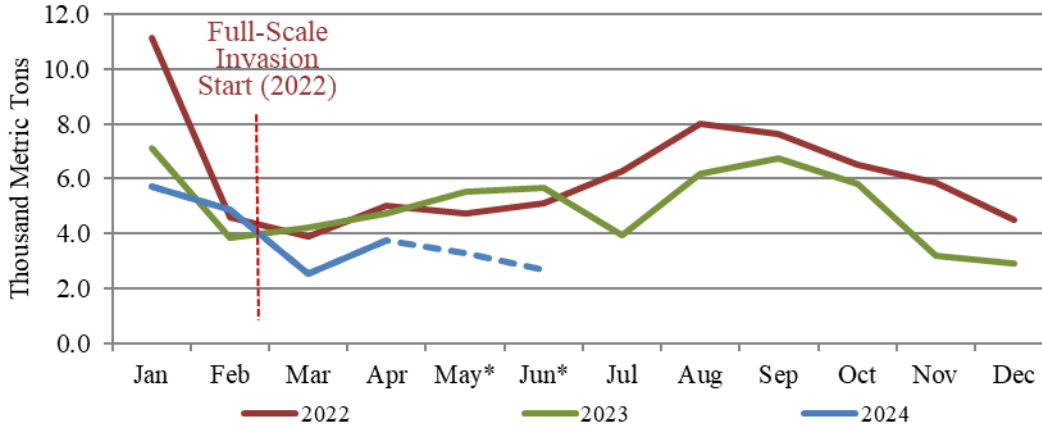


Source: Trade Data Monitor; FAS/Kyiv estimates

Imports

As noted, Ukrainian chicken meat producers are paying increasingly more attention to Ukraine’s domestic market. In 2022, imports took a deep dive due to population outflows and imports continued to drop through 2023 and 2024, with domestic industry filling the gap. Post expects this situation to continue in 2025 (Figure 10).

Figure 10: Ukraine's Monthly Chicken Meat Imports

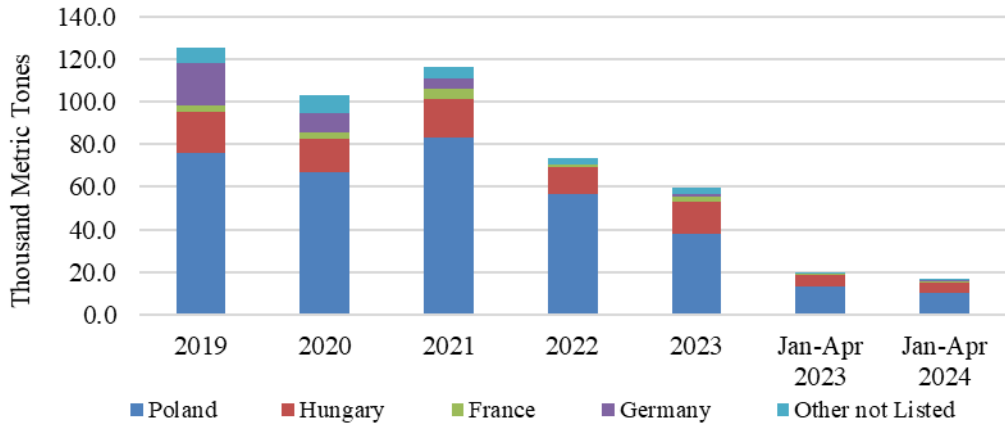


* Industry data-based forecast

Source: Trade Data Monitor; FAS/Kyiv estimates

Imports continue to concentrate on the lowest market segment—chicken meat offal—for further processing into budget segment products, such as bologna, sausages, and similar products. The EU’s share in total chicken meat imports grew from 99.4 percent in 2023 to 100 percent in the first half of 2024 (Figure 11). The composition of import sources is not expected to change in 2025. Geographical proximity to the EU allows for the cheapest delivery cost. The EU’s chicken meat market, with demand concentrated in the premium segment, makes the EU the only competitive source of offal for Ukraine.

Figure 11: Ukraine Chicken Meat Imports by Country



Source: Trade Data Monitor

Attachments:

No Attachments