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Report Name: Poultry and Products Annual

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Post: Sofia

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Prepared By: Mila Boshnakova-Petrova

Approved By: Alicia Hernandez

Report Highlights:

Bulgaria's poultry sector had a recovery period in marketing year (MY) 2021 with slight growth. Despite sharply increased feed prices, the pandemic's negative impact on the hospitality and tourism sectors has waned and the export market has slightly improved. This led to an increase in poultry inventory, and higher poultry and broiler meat output. The growth continued in MY 2022 with increases in production, exports, and consumption, although pre-pandemic levels have not yet been reached. The positive developments were driven by a strong tourist and travel season, although food and energy inflation, as well as political uncertainty, are projected to continue to impact price-sensitive consumers and the industry.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Executive Summary

Bulgaria's poultry sector had a successful recovery in MY 2021 with slight growth which further accelerated in MY 2022. Poultry meat inventory and production increased. Despite the sharp increase in production costs (energy, feed, and labor), the industry managed to restructure. However, most small farms either went bankrupt or were forced to temporarily stop or limit production. Domestic consumption per capita increased but the lower number of tourists led to an overall decline in consumption of 2.3 percent from 2020. Exports had a stable recovery, both in volume and value, while imports continued to decrease due to higher import prices.

The prospects for MY 2022 are optimistic. Industry recovery has been accelerated and is projected to be maintained due to abundant grain and oilseeds crops, lower feed prices, removal of pandemic limitations, renewed travel, tourism, and the reopening of food service outlets. Although the industry is addressing economic challenges, uncertain energy supply and its record high price, along with more expensive labor, galloping inflation, and the local political stalemate are likely to impact consumption and trade.

MY 2022 Supply and Demand Forecast

Better prospects for the poultry sector are estimated for MY 2022, although the recovery is slow. The year started with 1.5 percent higher poultry stocks, including a 3.1 percent increase in broiler inventory. Despite Highly Pathogenic Avian Influenza (HPAI) outbreaks on duck and layer farms in April and May 2022 (GAIN report), the affected farms recovered quickly. The epizootic situation remained favorable for broiler production.

The latest data (January-August 2022) indicates lower broiler slaughter (-1.0 percent) but much higher duck slaughter (+23 percent), resulting in 2.3 percent growth in total poultry slaughter over the corresponding period in 2021. The authorities reported 1.7 percent higher broiler meat output (due to higher average carcass weight) and 5.9 percent growth in total poultry meat production as of August 2022.

The European Commission (EC) reported a five percent increase in Bulgarian poultry meat production as of July 2022 compared to a year ago. During this same period, the European Union (EU) averaged a 1.2 percent decline. The country was among the top four EU member states that saw the largest increases in poultry production, following Lithuania, Austria, and Poland.

However, monthly market prices for broilers grew by 43.1 percent from September 2021 to September 2022, reaching €221.72/100 kg (September 2022) vs. €154.94/100 (September 2021). This is above the average EU increase for the same period of 35.5 percent.

Post forecasts that 2022 broiler meat production will increase over 2021, supported by abundant grain and oilseed crops and lower feed cost. Since consumer incomes, food service, and tourism largely drive domestic demand for poultry meat, 2022 consumption is likely to marginally grow. Post expects a stronger recovery in local demand and production in 2023.

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MY 2021 Supply and Demand Estimates

Inventory: The year began with 10.3 percent lower poultry inventory than in MY 2020 but ended with 1.5 percent higher ending stocks (Table 1). The 2021 annual market price for broilers increased by 3.3 percent to €151.56/100 kg. Although this increase was behind the EU average of 8.7 percent and the EU average market price (€199.85/100 kg), this still demonstrated the resilience of the local industry to address the challenges related to increased production costs and dwindling domestic and export markets thanks to restructuring and commercialization.

Chicken Meat Farms: The number of chicken meat farms contracted sharply by 66.3 percent in 2021. The steepest was the 80.1 percent decrease in the number of small farms (those with up to 200 birds), along with an 81.8 percent decrease in inventory. The most stable size of farm were medium sized farms (10,000 to 100,000 birds), which increased by 6.5 percent, along with a 19.2 percent increase in inventory. The number of large farms (over 100,000 birds) decreased by 23.1 percent, with a 11.4 percent decrease in stocks. Chicken meat farms finished the year with 3.1 percent growth in inventory (Table 2). Commercialization and consolidation expanded with medium sized and large farms accounting for over 98 percent of Bulgaria's total chicken inventory. Vertical integration continued to shape the industry.

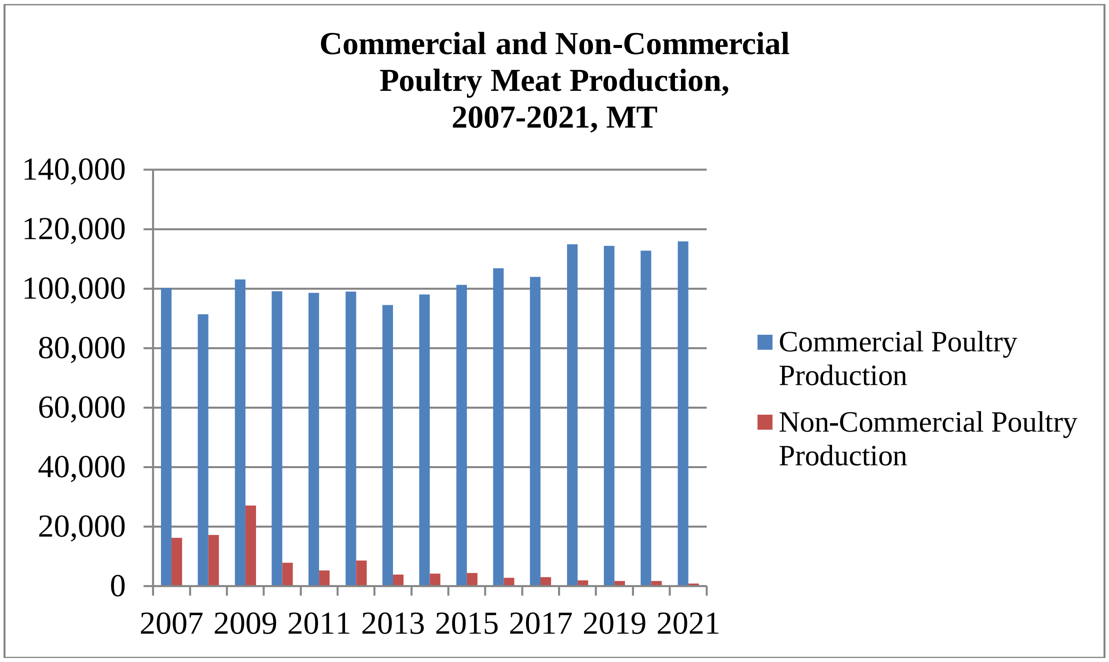
Poultry Meat Supply: A total of 20 (24 in 2020) slaughterhouses operated in the country, of which eight were specialized specifically for ducks. Poultry and broiler meat production increased by 2.7 percent and 4.3 percent, respectively, from 2020 (Tables 1, 3, and 5). Commercial poultry production increased by 2.7 percent while non-commercial production was steeply down by 53 percent (Graph 1, Tables 4, 5) and its share in total poultry meat supply declined to below one percent. The output of poultry cuts at slaughterhouses grew by two percent while that of whole birds increased by 3.8 percent. This persistent trend from recent years indicates an increasing market demand for value-added and convenience products.

Broiler Meat Output: Broiler meat output increased by 4.3 percent and accounted for 78 percent (79 percent in 2020) of commercially produced poultry meat, compared to 17 percent for duck meat (Graph 2, Table 3). The average carcass weight was higher at 1.7 kg compared to 1.6 kg in 2020. The output of broiler cuts was 7.2 percent more in 2021 compared to 2020, exceeding the 2.3 percent growth of whole birds' output. The share for broiler cuts increased from 39 percent in 2020 to 41 percent, an indication of shifting demand towards more food service sales and improved consumer spending.

Duck Meat Output: Duck meat output declined by 4.6 percent (Table 3). The industry suffered from an unfavorable epizootic environment with HPAI outbreaks at several large farms.

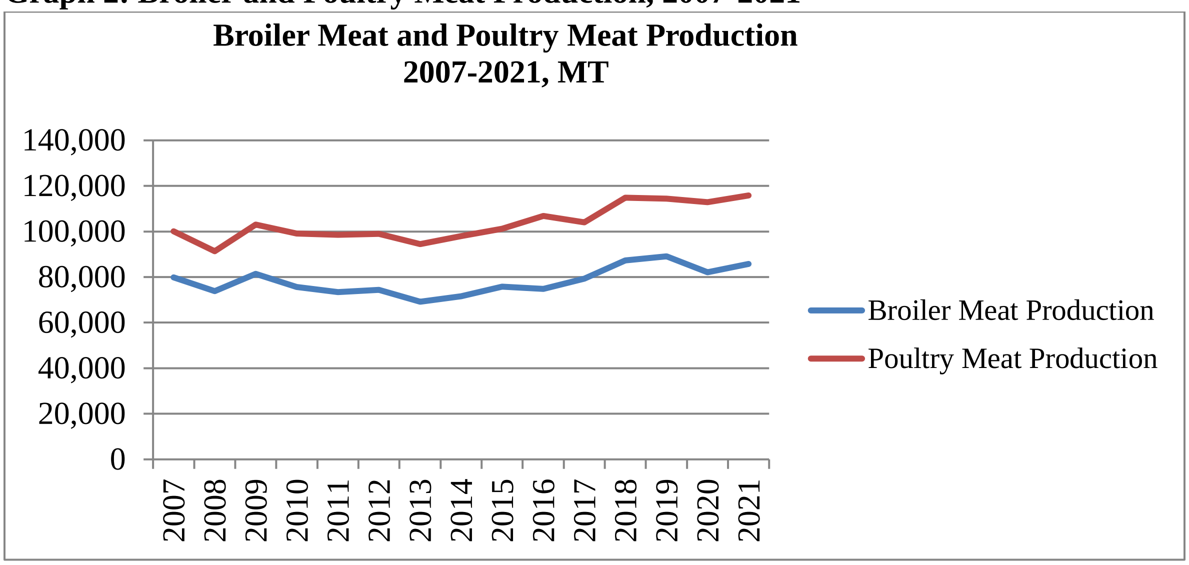
Stocks: Following higher poultry meat stocks in December 2020 due to the closure of many food service outlets, the situation improved in 2021 due to better purchasing power and re-opening of many restaurants. This led to 30.2 percent lower ending stocks in December 2021 versus December 2020.

Graph 1: Commercial and Non-Commercial Poultry Meat Production, 2007-2021



Source: Bulgarian Ministry of Agriculture Statistical Bulletins

Graph 2: Broiler and Poultry Meat Production, 2007-2021



Source: Bulgarian Ministry of Agriculture Statistical Bulletins

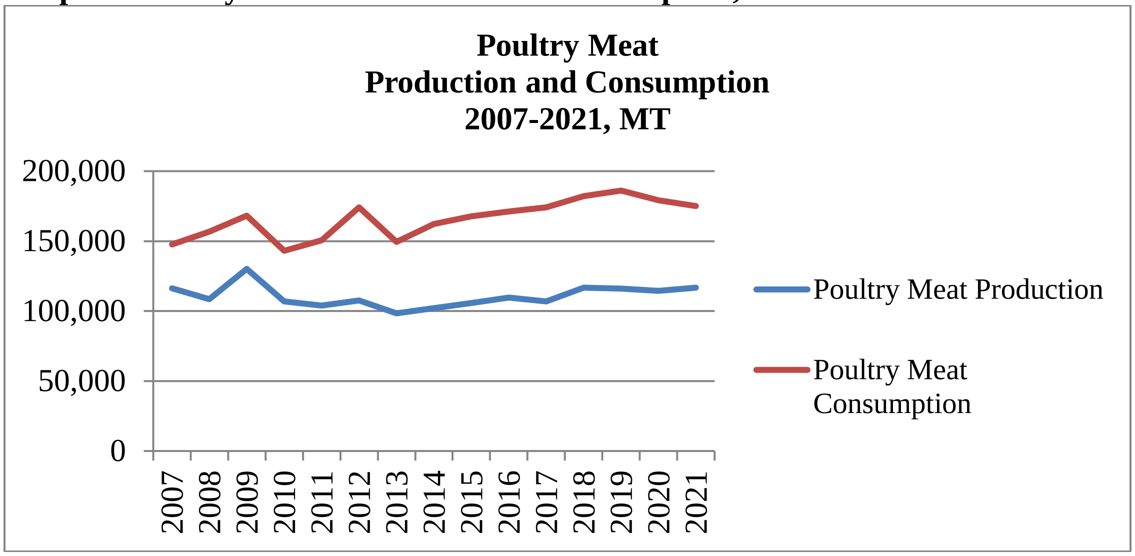
Consumption

Despite that the poultry industry has a slight growth in production in 2021 and the consumer demand was recovering slowly, consumption continued to decline compared to 2020 and to the peak in pre-pandemic 2019. Poultry consumption decreased by 2.3 percent in 2021 over 2020 (Table 5), versus the 3.7 percent decline between 2019 and 2020. This is attributed to retail sales not making up for the decline in the food service industry, and to a lower number of tourists (Graphs 3 and 4). Consumption per capita (excluding dining out), however, grew by five percent to 12.6 kg/capita in 2021, compared to

12.0 kg/capita in 2020; and the average quantity of purchased poultry meat by household increased by 3.2 percent to 25.7 kg (2021) from 24.9 kg (2020).

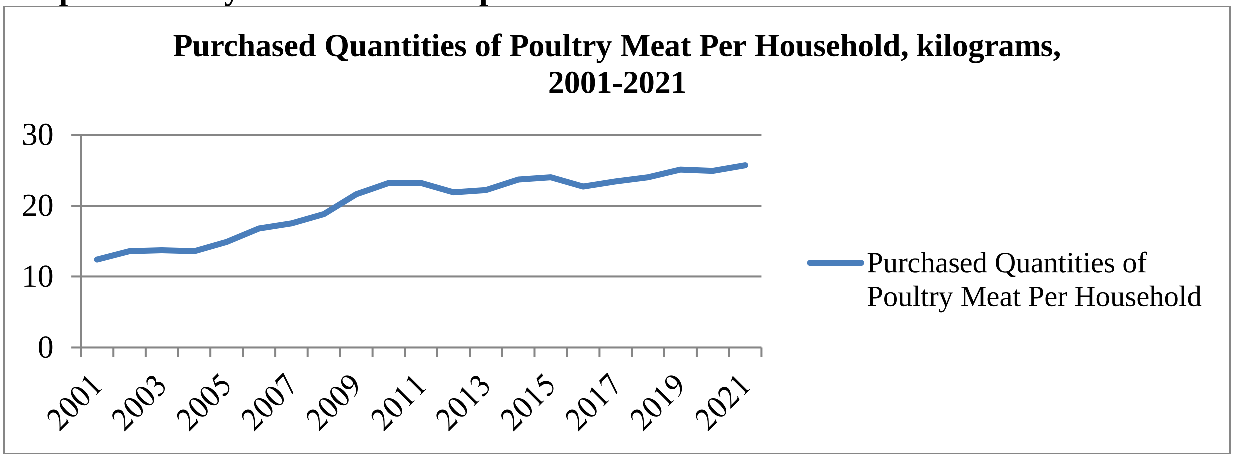
Through October 2022, FAS Sofia contacts report steady growth in both retail and food service sales of broiler meat. Higher-value meats, especially duck meat, are still projected to face challenges which may prevent growth in consumption. Total poultry meat consumption is likely to see marginal growth in 2022 followed by a full recovery in 2023.

Graph 3: Poultry Meat Production and Consumption, 2007-2021



Source: Bulgarian Ministry of Agriculture Statistical Bulletins

Graph 4: Poultry Meat Purchased per Household



Source: Bulgarian National Statistical Institute

Trade

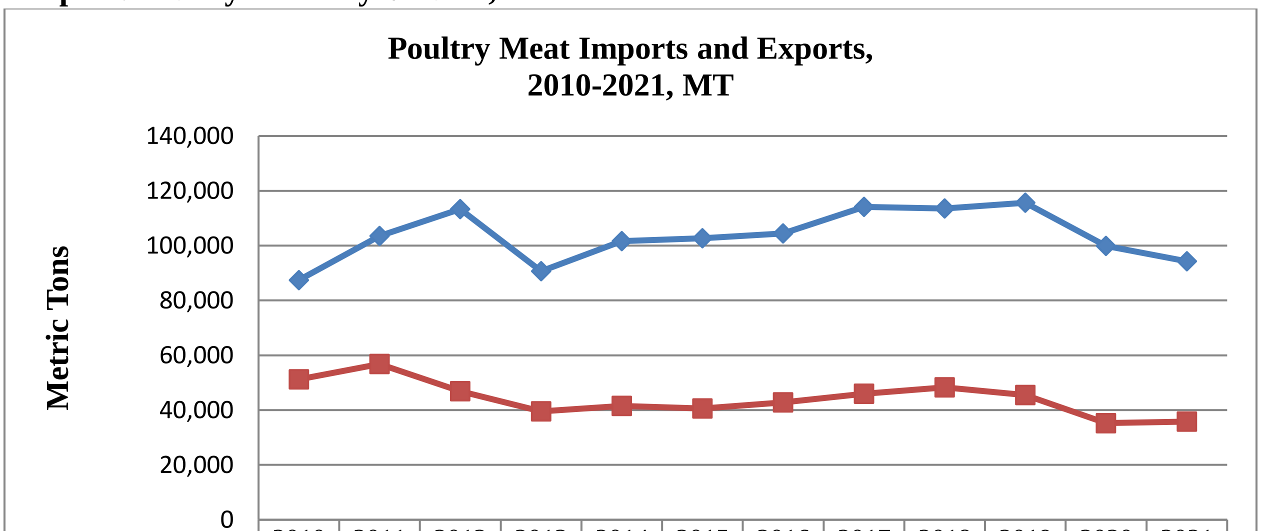
Poultry Meat Trade

Local poultry meat producers target export markets to diversify their risk and increase sales. Imports are dominated by broiler meat, while export revenues come mainly from duck products (Graph 5, Table 6).

Imports of poultry meat in 2021 declined by 5.3 percent by volume due to more price sensitive domestic demand but increased by 16.4 percent in value compared to 2020, due to higher import prices (Table 6). Poultry meat was sourced mainly from Hungary, Romania, Greece, and Poland. Exports increased 13.5 percent in volume and by 31.6 percent in value due to much higher export prices (Trade Data Monitor/TDM) (Table 6). Exports growth in Greece was driven by better export demand indue to a strong tourist season; in France, mainly for duck meat; and to Romania.

Exports of duck meat (HS#020741-45) to the main export markets of France and Belgium began to recover following record low trade during 2020 related to the pandemic, and due to improved demand in these markets as a result of HPAI impacts on their domestic duck industries. Exports of frozen duck cuts (HS#020745) to France increased by 51 percent and to Belgium by 44 percent (in volume), over 2020.

Graph 5: Poultry Trade by Volume, 2010-2021



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Imports, MT	87,428	103,45	113,32	90,692	101,67	102,70	104,40	114,11	113,57	115,64	99,904	94,272
Exports, MT	51,254	56,801	46,893	39,583	41,576	40,643	42,785	45,957	48,320	45,462	35,269	35,787

Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins

Broiler Meat, Imports

In 2021, Bulgarian broiler meat imports continued to decline in volume (-4.4 percent) although at a slower rate compared to the previous year. Imports in value, however, increased by 19.2 percent from 2020 (Table 6), as a result of higher import prices. Major suppliers were Hungary (24 percent), Romania (19 percent), Greece (13 percent) and Poland (13 percent). Broiler meat imports accounted for 94 percent of total poultry meat imports.

The same trend in imports was maintained January through July 2022 with broiler meat imports declining by six percent in volume and increasing by over 20 percent in value (TDM). Hungary and Romania remained the leading suppliers but their exports to the local market decreased, while Greece and the Netherlands boosted their sales to Bulgaria by six and 16 percent, respectively.

Broiler Meat, Exports
Total broiler meat export increased by 8.4 percent in tonnage and by 19.3 percent in value in 2021(TDM, Table 6). Greece was the leading export market and accounted for 42 percent of broiler meat exports, and Romania for 15 percent, respectively. North Macedonia (11 percent share) and the Netherlands (7 percent share) also experienced a growth in exports compared to 2020, by 6 percent and 111 percent, respectively.

In January through July 2022, broiler meat export kept expanding by 10.1 percent by volume and 26 percent by value from the corresponding period in 2021. Exports (by value) to Italy and the United Kingdom more than doubled, along with higher exports to Greece, the Netherlands, Belgium, Croatia, and Serbia.

The difference between average prices for broiler meat in Bulgaria and the EU-27 provides an advantage for local exporters. However, the gap is narrowing with a steeper growth in domestic prices compared to the EU average. In 2021, the average annual Bulgarian price for broiler meat was €151.56/100 kg compared to €199.85/100 kg for the EU average. In the middle of October 2022 (week 42), the average Bulgarian price was €222.83/100 kg (up by 44.7 percent over last year) versus €257.78/100 kg for the EU average (29.7 percent more than in October 2021).

Agricultural Policy
Despite the political stalemate of four Parliamentary elections and Cabinets in less than two years, the local industry was proactive and have had intensive consultations with the authorities regarding economic challenges, domestic support, and regulations. Critical regulations related to the financial compensations for farms impacted by HPAI are under revision. According to the Poultry Union, a favorable epizootic situation that includes heavy monitoring and control over HPAI, along with high biosecurity standards at farms, is the priority for the industry. The industry also managed to achieve improved domestic support for poultry producers that will help alleviate the negative effect of increasing feed costs.

The Bulgarian Poultry Union has expanded and strengthened its relations with regional sister - industry groups from Romania, Greece, Croatia, Serbia, North Macedonia, Kosovo, and Albania, and has the ambitious goal to undertake regional initiatives aimed at the promotion of poultry products on the market as well as to obtain more favorable treatment of the industry under the EU Green Deal.

Appendix: Tables
Table 1. Poultry Stocks as of December 31, 2015-2021, in thousands

Years	Layers	Chicken for Meat (Broilers)	Total Layers and Broilers	Turkey	Ducks	Other	Total Poultry
2015	6,980	7,278	14,258	28	1,229	69	15,600
2016	7,158	5,290	12,448	32	1,128	75	13,700
2017	6,898	5,966	12,864	30	1,666	180	14,756
2018	6,951	6,921	13,872	35	1,408	191	15,519
2019	7,107	6,635	13,742	23	1,573	191	15,565

2020	7,062	5,349	12,411	21	1,360	172	13,964
2021	6,659	5,517	12,176	16	1,889	87	14,168
% Change 2021/2020	-5.7%	+3.1%	-1.9%	-23.8%	+38.9%	-49.0%	+1.5%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletins							

Table 2. Farms Raising Chicken for Meat as of December 2021

Farms Raising Chicken for Meat as of December 2021				
Number of birds per farm	**Farms**		**Chicken raised for meat**	
	Number	% Change 2021/2020	Numbers, Thousands	% Change 2021/2020
1-199	104	-80.1%	2	-81.8%
200-9,999	16	-5.9%	92	+31.4%
10,000 – 99,999	82	+6.5%	2,941	+19.2%
100,000 and above	10	-23.1%	2,482	-11.4%
Total	212	-66.3%	5,517	+3.1%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 401/May 2022				

Table 3. Commercial Poultry Meat Production 2021

Categories	**Slaughtered birds, Thousands**	**Live Weight**		**Carcass Weight**		**Sub-products (incl. liver)**	**% Change 2021/2020**
		Total, MT	Average, kg	Total, MT	Average, kg	Total, MT	
Broilers	51,659	117,801	2.3	85,745	1.7	4,931	+4.3%
Hens and cocks	2,736	6,847	2.5	5,001	1.8	248.0	+4.3%
Ducks	5,316	25,401	4.8	15,987	3.0	3,867	-4.6%
Total	59,724	150,115		106,782		9,046	+2.7%
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 410/May 2022							

Table 4. Non-Commercial Poultry Meat Production 2021

Types of Poultry	**Slaughtered Poultry, Thousand head**	**Live Weight, MT**	**Carcass Weight, MT**
Hens and chicken	416	859	660
Turkey	19	137	100
Other	51	82	61
Total	486	1,078	821
Source: Bulgarian Ministry of Agriculture and Foods Statistical Bulletin 401/May			

2022

Table 5. Poultry Meat Production, Imports, Exports and Consumption in 2011-2021, MT

Poultry Meat Production, Imports, Exports and Consumption 2011-2021, MT				
Commercial Production*	**Non-Commercial Production**	**Imports***	**Exports***	**Domestic Consumption**
2021				
115,828	821	94,272	35,787	175,134
2020				
112,809	1,736	99,904	35,269	179,180
2019				
114,260	1,673	115,642	45,462	186,113
2018				
114,875	1,932	113,574	48,320	182,061
2017				
103,960	3,004	114,116	45,957	175,123
2016				
106,852	2,788	105,239	42,751	172,128
2015				
101,252	4,402	102,709	40,643	167,720
2014				
97,995	4,198	101,679	41,576	162,296
2013				
94,519	3,869	90,692	39,583	149,497
2012				
99,006	8,617	113,320	46,893	174,050
2011				
98,609	5,247	103,454	56,801	150,509
Note*: Includes subproducts. Source: Bulgarian Ministry of Agriculture Statistical Bulletins and TDM. Imports and Exports are calculated in poultry meat equivalent.				

Table 6. Poultry Meat Trade 2018-2021

Poultry (Including Broiler) Meat Trade 2018-2021					
	2018	**2019**	**2020**	**2021**	**Percent Change 2021 vs 2020**
Poultry Meat and Products Group/BICO					
Imports in MT	113,574	115,642	103,104	97,670	-5.3%
Exports in MT	48,320	45,462	35,250	39,996	+13.5%

Imports in million U.S.$	134.7	134.5	109.9	127.9	+16.4%
Exports in million U.S.$	203.9	157.5	117.7	154.9	+31.6%
PSD Chicken (Broiler) Meat					
Imports in MT	105,634	108,910	96,445	91,970	-4.4%
Exports in MT	33,223	31,547	22,672	24,586	+8.4%
Imports in million U.S.$	120.7	120.9	96.4	114.9	+19.2%
Exports in million U.S.$	85.8	77.1	51.8	61.8	+19.3%
Note: Poultry Meat and Products Group includes the following HS#:020710-14; 020721-27; 020731-39; 020741-45; 020750-55, 020760 and HS#1602 31-39 PSD Chicken (Broiler) Meat includes the following HS#: 201711-12-13-14, and HS#160232					
Source: TDM					

Attachments:

No Attachments.