

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Poultry and Products Annual

Argentina - Poultry and Products Annual

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Report Highlights:

In 2013, Argentine broiler production is expected to reach a new record and surpass 2 million metric tons (MMT). Post forecasts broiler meat production to expand in 2012 in response to higher export demand and strong upward trend of domestic consumption.

Executive Summary:

Broiler production is expected to increase by 4 percent in 2013, following a record production of 1.9MMT estimated for this year. The increase is driven by record exports, excellent sanitary conditions and growing domestic consumption.

Government subsidies of corn for poultry producers stopped at the end of 2011. Under this compensation plan, corn was subsidized to poultry producers from 2007 to 2011 in order to keep costs and consequently domestic prices down. Despite the end of the plan, the industry reports that even when their margins declined, they still expect production level to continue upwards.

The bicentennial credit line granted by the Government of Argentina (GOA) since 2011 boosted investment and poultry processors made large improvements in expanding plants and purchasing equipment. This modernization is directly influences increased efficiency and boosts production.

Commodities:

Select

Production:

In 2013, Argentina expects to reach a new record in poultry production and surpass 2 million metric tons (MMT). This is a 4 percent increase from 2012 which was estimated at 1.9 MMT. This rise in production is due to continued expansion in the export market and strong domestic demand.

The local industry is strongly vertically integrated which allows for production efficiency, excellent product quality, product standardization and tight traceability. Argentina is a relatively new presence in the world poultry market, but its natural advantages as producer of corn and soybeans and excellent sanitary conditions, make it a key player to meet growing global demand.

Entre Rios province accounts for 46.6 percent of the country's production, followed by Buenos Aires province with 41.5 percent, and finally 4.4percent in Cordoba and 4.3 percent in Rio Negro respectively.

Approximately 80 percent of the country's total poultry production is processed in 55 federally inspected plants across the country. The rest is produced by smaller companies approved and controlled by provincial authorities that only sell in the areas where they are located, and are not approved to export. Most companies are Argentine owned.

Argentine broilers for the export market are generally slaughtered at 38 -40 days, while broilers for the domestic market are slaughtered at 50 - 51days. Birds produced for the domestic market are usually large (carcass weight 2.2 – 2.4 kg) to match the consumer demand for both whole bird and cuts.

Consumption:

Post forecasts domestic broiler consumption for 2013 at a new record of 1.747 MMT, equivalent to 41 kg per capita, and keeping trend with growing domestic consumption. In 2012, domestic consumption is expected to reach 1.683 MMT, equivalent to 39.9 kg per capita, a 7 percent increase compared to 2011, according to Argentine official data.

Consumers continue to shift away from beef to chicken, which is the cheapest source of animal protein. Higher prices in most beef cuts influence consumer's choice of poultry versus beef. The price differential vis-à-vis beef continues to improve in favor of poultry. Nowadays, with the same amount of money used to purchase 1 kg of beef (short ribs) it is possible to purchase 3.2 kg of poultry. This relation was 1kg of beef/3 kg of poultry in 2011, and 1kg of beef/2.5 kg of poultry in 2009.

There are no official statistics that differentiate domestic broiler consumption between whole birds and parts. Argentine consumers still have a preference for large whole broilers. According to the industry, 35 percent of domestic broiler consumption is parts (versus the whole bird). However, consumption of parts is expected to grow in the coming years. Large Argentine poultry processors are responding to these changes by shifting their sales strategies toward broiler parts (mostly leg quarters and breast meat) and further processed value-added products such as pre-cooked meals, frozen chicken meals, chicken nuggets and chicken burgers.

Trade:

Imports

Argentina imports very small quantities of poultry and poultry products. Argentina's main imports are cartilages, tracheas and flour (used as feed), of which 81 percent come from Brazil, while 19 percent come from the U.S. Due to the import restriction system imposed by the government, Post forecasts a slightly lower level of imports for 2013 and 2012, 9,000 MT compared to the previous USDA estimate of 10,000 for 2012.

Exports

Post forecasts an upward trend of exports for 2013 and a new record high of 285,000 MT, even though exports might be negatively affected by the devaluation of the peso which is projected to run at a slower pace than inflation. This factor could make Argentine exports less competitive in the world market. Despite this, the government is making big efforts in opening new markets (such as Dubai) for the Argentine products and encouraging companies to increase exports.

Exports for 2012 are also boosted to 258,000 MT (up from the previous USDA estimate of 250,000 MT)

Venezuela, Chile, Angola, Singapore, Great Britain, and China are the main markets for whole broilers. Cuts go primarily to Chile, Russia, Netherlands, Great Britain and South Africa among others.

Based on Argentine export trade data, Argentine exports of paws during the first semester of 2012 were 11,658 tons. Main markets continue to be China and Hong Kong. It is estimated that the second semester of 2012 and 2013 will remain at similar levels and main markets will continue to be the same.

Policy:

There is no specific government policy for the poultry sector. However, the government is working very hard in controlling diseases and thus maintaining the country's excellent sanitary conditions.

Since 2011, the government has offered bicentennial credits to poultry processors. This credit line works as a funding line aimed at boosting productive investment with the objective of purchasing capital goods and the construction of the necessary premises to improve production, employment, and exports. The projects are approved by the government first, and then credits are granted by either public or private banks providing a subsidized rate of 9.9 percent in pesos with a repayment period of five years. The investments are intended for the construction and expansion of packing plants, hatcheries, feed mills, farms, construction and expansion of wastewater treatment plants, and the acquisition of setters, freezing tunnels and other equipment. Fourteen Argentine poultry processor companies benefited from this line of financing credits for a total of approximately USD \$86 million, and invested heavily in their plants. This improvement directly reflects in more efficiency and increased production.

On December 31, 2011, the government removed a compensation plan that benefitted the Argentine poultry industry from 2007 to 2011. Through this plan, corn was subsidized for poultry producers in order to keep costs and consequently domestic prices down. Although the plan is suspended, industry contacts report that production is still expected to continue upwards even though their margins declined. They also report that investment level will remain as planned. There are still some delayed payments from this plan to the industry, so the government is evaluating the possibility to grant bonds that would be paid every three month beginning in March 2013.

Poultry, Meat, Broiler Argentina	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0	0		0
Slaughter (Reference)	0	0	0	0		0
Beginning Stocks	0	0	0	0		0

Production	1,770	1,770	1,850	1,936		2,022
Total Imports	10	10	10	9		9
Total Supply	1,780	1,780	1,860	1,945		2,031
Total Exports	210	210	250	258		285
Human Consumption	1,570	1,570	1,610	1,687		1,746
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	1,570	1,570	1,610	1,687		1,746
Total Use	1,780	1,780	1,860	1,945		2,031
Ending Stocks	0	0	0	0		0
Total Distribution	1,780	1,780	1,860	1,945		2,031
MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG						