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## **Brazil**

### **Poultry and Products Annual**

#### **Annual Poultry 2013**

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**Report Highlights:**

Post forecasts broiler production to rebound by 3 percent in 2014 to 13.1 million metric tons as a result of lower feed costs and higher exports due to the depreciation of the Brazilian currency. The slow growth path in domestic demand is due to the high level of indebtedness of Brazilian consumers and higher competition from other meats, mostly beef.

**Executive Summary:**

Post forecasts broiler production to rebound by 3 percent in 2014. This increase will likely be driven by higher exports stimulated by the depreciation of the Brazilian currency and lower feed costs due to record soybean and corn crops estimated for 2013/14 crop year. Post sources also identify the high level of consumer debt in Brazil as a constraint to increase domestic demand. The outlook for turkey production and exports is for moderate growth next year.

**Commodities:**

Poultry, Meat, Broiler

**Production:**

Broiler production is forecast to grow by 3 percent in 2014, as compared to Post's revised downward production level in 2013. FAS Brasilia believes that a production estimate at 13.1 million metric tons in 2014 reflects the current expectations of producers to continue with a strategy to adjust supply and demand for boilers. Producers are likely to benefit from reduced production costs in 2014 due to estimated record soybean and corn crops combined with higher exports. The only constraint affecting next year's forecast is the slowdown in the growth path of domestic consumption due to the high level of indebtedness of Brazilian consumers and higher competition from beef and pork.

Post revised 2013 broiler production to 12.7 million metric tons, a drop of nearly two percent from our forecast at the beginning of the year, reflecting the problems faced by Brazilian producers with high feed costs during the first quarter of the year and their decision to cut production by 5 to 10 percent.

**Production Costs**

The cost of broiler production in 2013 is estimated to drop by 15 percent from last year's level, while producer price will likely recover around 12 percent during the same period. If materialized, these prices will contribute to improve profit margins next year. These reference prices are for Parana state, the largest broiler producer in Brazil with a market share of nearly 28 percent of total broiler slaughter.

**Consumption:**

Domestic consumption of broiler meat in 2014 is projected to increase by two percent reflecting a continuing increase in the price of broiler (RTC) due to tight supply, high indebtedness of Brazilian consumers, and competition from beef and pork.

### **Trade:**

Post forecasts broiler exports in 2014 to increase by 5 percent. The growth in exports is likely to be driven by a devaluation of the Brazilian currency and higher sales of whole broilers, in general and chicken parts to China and Hong Kong, in particular. Exports to new markets such as Mexico (Brazilian and Mexican officials recently completed a sanitary agreement enabling exports) are likely to begin during second half of 2013. Trade sources also expect greater broiler exports to the European Union, Egypt, Nigeria and Iraq.

Brazilian exporters remain concerned with specific trade issues with major trading partners such as the Russian Federation (slow relisting of Brazilian poultry plants), Venezuela (payment defaults) and South Africa (application of antidumping tariffs of 62.92% on whole broilers and 46.59% on chicken parts) that continue to negatively affect performance. Brazilian exporters are also in the final stage of preparing support data for Brazilian officials to open a panel in the World Trade Organization (WTO) against Indonesia, which is resisting in opening their market for Brazilian broilers.

During Jan-Jul 2013 total broiler exports reached 2.2 million metric tons, 3 percent lower than the same period in 2012. However, the value of broiler exports reached a record of US\$ 4.5 billion, up 9.5 percent and a record for the period. The average export price increased by 13 percent, as compared to the same period last year and reached US\$ 2,110 per metric ton.

Major export markets for Brazilian broilers in 2013 remain the same as last year: Saudi Arabia, Japan and the European Union (UE-28).

*Note: The S&D table excludes chicken feet and paws exports to China and Hong Kong, as per USDA pawns methodology.*

### **Production, Supply and Demand Data Statistics:**

Poultry, Meat, Broiler Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Inventory (Reference)</b>	53		54	54		55
<b>Slaughter (Reference)</b>	6,325		6,495	6,490		6,525
<b>Beginning Stocks</b>	0	0	0	0		0
<b>Production</b>	12,645		12,835	12,770		13,155
<b>Total Imports</b>	2		2	1		1
<b>Total Supply</b>	12,647	0	12,837	12,771		13,156
<b>Total Exports</b>	3,508		3,607	3,580		3,760
<b>Human Consumption</b>	9,139		9,230	9,191		9,396
<b>Other Use, Losses</b>	0		0	0		0
<b>Total Dom. Consumption</b>	9,139	0	9,230	9,191		9,396
<b>Total Use</b>	12,647	0	12,837	12,771		13,156
<b>Ending Stocks</b>	0		0	0		0
<b>Total Distribution</b>	12,647	0	12,837	12,771		13,156

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

**Export Trade Matrix**

Country	Brazil		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2012		2013
U.S.	0	U.S.	0
Others		Others	
Angola	37,621		35,166
Canada	5,997		4,633
China	118,463		92,252
Cuba	19,152		16,640
Egypt	73,441		37,672
European Union	140,796		119,030
Hong Kong	171,668		155,775
Ghana	18,290		18,178
Iran	4,024		3,524
Iraq	60,818		50,118
Japan	189,113		198,176
Jordan	21,720		25,949
Kuwait	56,827		61,749
Oman	23,578		32,562
Phillippines	14,591		9,197
Qatar	26,013		32,707
Russia	36,986		20,240
Romania	4,918		2,728
Saudi Arabia	294,278		343,047
Singapore	41,195		35,140
South Africa	98,503		89,842
South Korea	38,724		23,159
UAE	116,815		123,714
Yemen	38,313		38,760
Venezuela	55,998		66,138
Total for Others	1,707,842		1,636,096
Others not Listed	194,637		169,870
Grand Total	1,902,479		1,805,966

Note: Includes HTS Codes: 0207.11; 0207.12; 0207.13; 0207.14; and 1602.32

Quantity in Product Weight Equivalent (PWE)

Updated August 15, 2013

**Commodities:**

## Poultry, Meat, Turkey

### **Production:**

Turkey production is forecast to increase by nearly 3 percent in 2014, mostly driven by a continued growth in exports. Lower feed costs due to record soybean and corn crops are likely to improve producer's margins. A slowdown in the growth path of domestic demand remains as the main constraint affecting production growth.

### **Trade:**

Turkey exports are projected to continue to grow in 2014, mostly caused by the depreciation of the Brazilian currency. Exports are expected to increase to the European Union, Angola and Chile, among other markets in the Middle East.

## Production, Supply and Demand Data Statistics:

Poultry, Meat, Turkey Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0		0	0		0
Slaughter (Reference)	47		48	48		49
Beginning Stocks	0	0	0	0		0
Production	510		520	520		535
Total Imports	0		0	0		0
Total Supply	510	0	520	520		535
Total Exports	155		160	160		170
Human Consumption	355		360	360		365
Other Use, Losses	0		0	0		0
Total Dom. Consumption	355	0	360	360		365
Total Use	510	0	520	520		535
Ending Stocks	0		0	0		0
Total Distribution	510	0	520	520		535

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

**Export Trade Matrix**

Country	Brazil		
Commodity	Poultry, Meat, Turkey		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2012		2013
U.S.	0	U.S.	0
Others		Others	
Angola	5,008		5,639
Argentina	27		46
Benin	8,671		8,327
Chile	929		1,356
Congo	2,295		2,306
Congo, D.R.	513		648
Gabon	861		385
Guinea, E.	1,525		1,317
European Union	39,588		36,617
Hong Kong	900		288
Peru	881		1,336
Russian Federation	3,422		2,310
Saudi Arabia	544		1,109
South Africa	9,303		9,845
Switzerland	1,543		1,225
Total for Others	76,010		72,754
Others not Listed	2,089		2,470
Grand Total	78,099		75,224

Note: It includes HTS Codes: 02072400; 02072500; 02072600; 02072700; 16023100. Quantity in Product Weight Equivalent (PWE)  
 Updated: August 15, 2013