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**Report Highlights:**

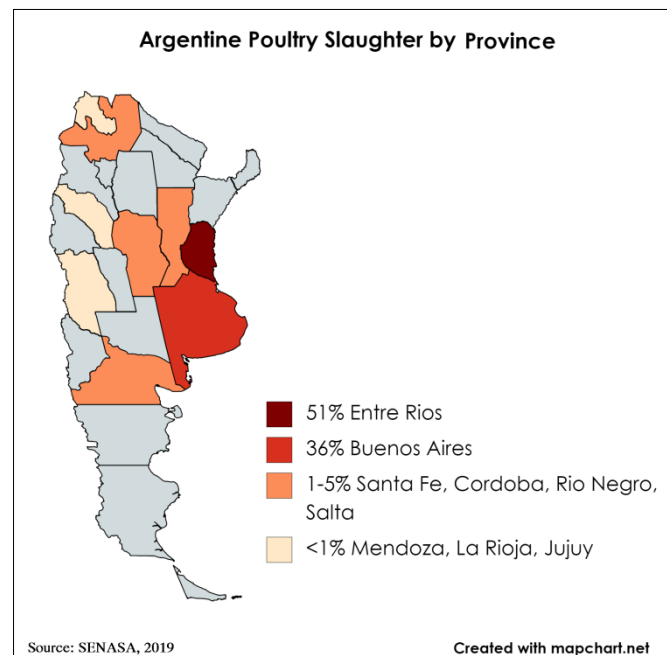
Argentine chicken meat production and exports are forecast to rise 2% in 2021 to 2.23 million tons and 175,000 tons respectively, on increased demand and a return to economic growth nationally and globally. COVID-19 related production and consumption effects have largely subsided in Argentina as consumer and producers have adjusted to a new market equilibrium.

## Production:

Post forecasts 2021 chicken meat production up 2% at 2.23 million metric tons (MMT). Poultry producers anticipate only slightly higher domestic and export demand. Difficult macroeconomic conditions in Argentina and tight financing conditions for facility renovation and improvement further restrict expected productivity growth. No major investments in increased capacity are planned as industry and government contacts report that the industry could produce up to 10% more chicken meat on the current production base if needed.

Replenished feed stocks from a robust corn and soybean harvest in 2020 and increased export taxes on oilseeds imposed in the past year provide competitive benefits for Argentine poultry producers. Corn, wheat, and barley currently face export taxes of 12%, with the potential to rise to 15%. Soybeans are taxed at 33%. Even before other costs, like transportation and storage, Argentine farmers receive a price that is 12%-33% percent lower than their competitors for any grain and oilseed bound for export. In this distorted market, poultry producers can still pay a discounted price if it is marginally better than the price offered by exporters and thus lower their feed costs substantially relative to producers in countries without such distortions. Nevertheless poultry exports face a 9% export tax, and poultry industry contacts report that high labor and utility costs (principally electricity), as well as value-added taxes, continue to constrain profitability. These factors have undercut Argentine producer's competitiveness relative to regional competitors and moderated export growth despite currency movements that should have bolstered exports.

Broilers are produced by a sector dominated by domestic, privately-held enterprises. More than 80 percent of the country's chicken meat production is processed in 54 federally-inspected plants. The remaining volume is produced at 39 additional plants that are monitored and restricted by provincial authorities for domestic sale only, with a small amount of on-farm and backyard production. Commercial broilers are slaughtered at 49-51 days at a carcass weight between 2.2 – 2.4 kilograms (kg).



## 2020

2020 production forecast is revised down to 2.195 MMT, representing a 0.87% percent increase from 2018. Industry sources report that they are ready to increase production, but since the domestic market demand is already being met, additional production without a commiserate increase in exports could lower prices. Due to COVID-19, large poultry companies have altered their operations so that plants can operate with 20 percent fewer personnel on the plant floor at any one time, while still maintaining production.

2019

2019 production is revised up to 2.176 million tons based on updated government and industry estimates.

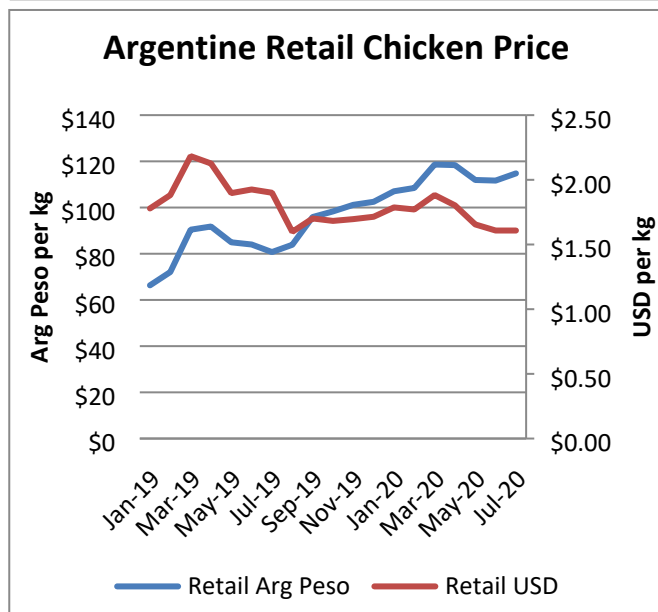
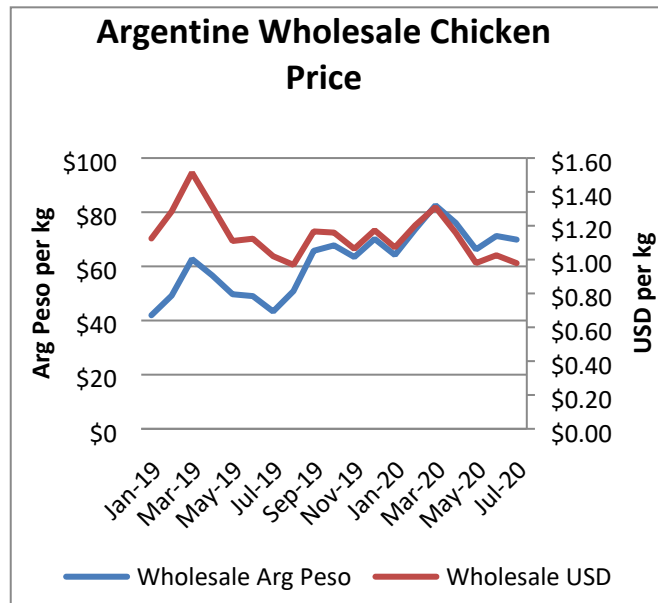
### Consumption:

Post forecasts 2021 domestic consumption of chicken meat up by 2 percent to 2.059 MMT, increasing per capita consumption to 45.8 kg. The OECD predicts that Argentina will emerge from three years of recession in 2021 with a 3.5% growth in GDP. In addition to a rising population, a growing economy will spur increased demand for all food products, and chicken continues to grow in popularity, partially because of perceived health benefits. Despite the difficult economic situation, there has been less protein switching than might otherwise be expected. Consumers have continued to consume large quantities of beef, albeit with some opting for cheaper cuts. Post's annual estimated per capita protein intake in Argentina currently is 52.3 kg of beef, 45.8 kg of poultry, 14.5 kg of pork, 7 kg of aquatic products and 1.5 kg of lamb.

2020 poultry meat consumption forecast is revised down slightly to 2.04 MMT, up 0.94% from 2019. Poultry demand surged in the last week of March and during April as Argentina imposed strict lockdowns in an effort to contain the spread of COVID-19. That demand subsided as consumers stocked freezers and adjusted to changing patterns of food consumption and were reassured by the continued availability of food under quarantine conditions.

Whole broilers represent 70 percent of domestic chicken meat consumption.

Industry contacts report that further processed value-added products, such as pre-cooked meals, frozen chicken meals, chicken nuggets and chicken burgers, represent market sector growth opportunities.



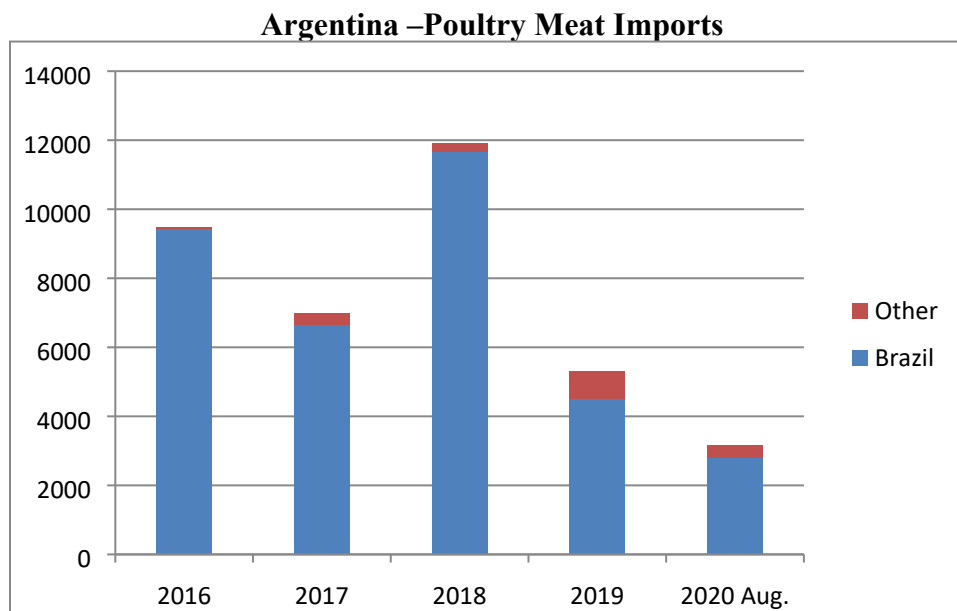
Source: Argentine Ministry of Agriculture and Livestock

Note: Graphs use official exchange rates (1KG=2.55lb)

## Trade:

### Imports

2021 Argentine chicken meat imports are forecast at 4,000 tons, down from 5,000 forecast for 2020. Overall poultry imports will only be slightly higher, as imports of turkey have fallen substantially since 2019. Since 2001, imports have represented less than 1% of the total supply of Argentine poultry meat and the continuing economic difficulties in Argentina have reduced demand for imported poultry meat. Depreciation of the Argentine Peso has also made imports less attractive. The top three imported poultry products were frozen chicken cuts, prepared chicken products, and prepared turkey products. From 2002 to 2019, Brazil captured an average of 94% of total poultry meat imports with 6,000 tons per year. Brazilian, Uruguayan, and Paraguayan chicken meat (fresh, chilled, or frozen whole birds, cuts, and offals) and prepared poultry products (preserved, seasoned, and pre-cooked products) enter Argentina tariff-free as a Mercosur pact member while other exporters face external Mercosur tariffs of 10% and 16%, respectively.



Source: TDM

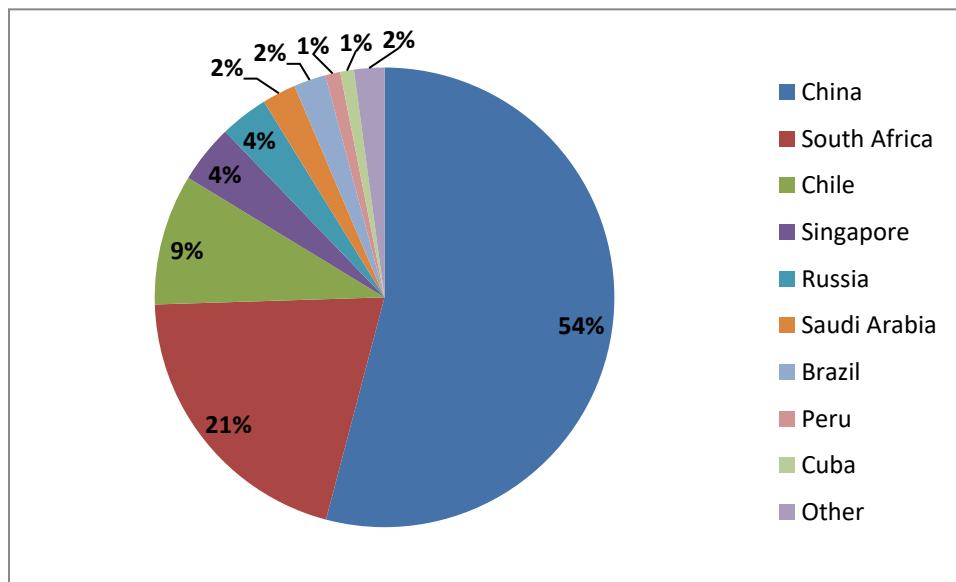
### Exports

2021 Argentine exports of chicken meat are projected to increase by 1.9 percent to 175,000 MT. China remains the top target for Argentine chicken meat exporters and they anticipate increased demand as part of post-COVID-19 economic recovery. The depreciation of the Argentine Peso since August 2019 has improved the competitiveness of the export sector in global markets. Despite this, some industry contacts report frustration with the slow pace of Free Trade Agreement negotiations. They feel the lack of agreements has prevented Argentina from taking advantage of certain market opportunities in recent years. Industry officials are hoping to increase exports to the UK if post-Brexit trading rules make it more difficult for Polish and Dutch poultry producers to access the British market. Argentina looks to move more chicken meat in the western hemisphere since gaining market access to Mexico and Canada and growing demand in Chile. In addition, industry sources report interest by many processors in developing

value-added operations, such as halal, for middle-eastern markets. Over the last three years, exports have averaged 65% chicken cuts, 34% whole bird, and 1% prepared products.

2020 exports are expected to hold steady at 155,000 tons. Per the graph below, Argentina's top markets for the first half of 2020 were China, South Africa, Chile, and Russia. These were the top markets in 2019 as well. Due to changes in Argentine export statistical practices, an increasing percentage of Argentine chicken meat exports have had their export destination classified as "confidential". At the start of 2020 there were high expectations among Argentine producers to increase exports to Asian markets including China, Vietnam, South Korea and Philippines and especially those affected by African Swine Fever. However, while 2020 exports to China are outpacing those of 2019 the economic contraction linked to COVID-19 in the other countries has reduced demand for Argentine poultry.

### Argentina Chicken Meat Export to Known Destinations\* (Jan-July 2020)



*\*32% of Chicken Meat exports (43,000 tons) are to undisclosed destinations  
Source: TDM*

### Policy:

Ongoing economic volatility and recent currency control policies are affecting the capacity of the poultry sector to import capital goods and other inputs. As discussed in production, increased export taxes on grains and oilseeds have helped to lower feed input costs for poultry producers.

The Argentine government has invited a number of agricultural organizations to join a newly created Argentine Agro-Industrial Council tasked with helping design policies to boost production and revenue from the agricultural sector. Among the groups participating is the Chamber of Poultry Products Exporters (CEPA). The Council has met several times with high-ranking members of the Argentine government, including Vice President Cristina Fernandez de Kirchner and Agricultural Minister Basterra. The government has expressed interest in

developing omnibus legislation which could address a wide range of challenges faced by the agricultural sector and has suggested that legislation developed in concert with the Council could be presented to Congress in the coming months. The Argentine fiscal deficit and the Government's reliance on export taxes for revenue will constrain the range of policy options under consideration, but industry officials are encouraged by the tenor of the dialogue between the Council and the Government.

**Statistical Table:**

<b>Meat, Chicken Market Begin Year</b>	<b>2019</b>		<b>2020</b>		<b>2021</b>	
	<b>Jan 2019</b>		<b>Jan 2020</b>		<b>Jan 2021</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Argentina</b>						
<b>Beginning Stocks</b>	0	0	0	0	0	0
<b>Production</b>	2171	2171	2190	2190	0	2230
<b>Total Imports</b>	5	5	5	5	0	4
<b>Total Supply</b>	2176	2176	2195	2195	0	2234
<b>Total Exports</b>	155	155	155	155	0	175
<b>Human Consumption</b>	2021	2021	2035	2035	0	2036
<b>Other Use, Losses</b>	0	0	0	0	0	0
<b>Total Dom. Consumption</b>	2021	2021	2040	2040	0	2059
<b>Total Use</b>	2176	2176	2195	2195	0	2234
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	2176	2176	2195	2195	0	2234
(1000 MT)						
Note: Not Official USDA Data						

**Attachments:**

No Attachments