

Required Report: Required - Public Distribution

Date: October 10, 2024

Report Number: AR2024-0014

Report Name: Poultry and Products Annual

Country: Argentina

Post: Buenos Aires

Report Category: Poultry and Products

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Report Highlights:

Post projects 2025 Argentine chicken meat production to rise to 2.55 million metric tons (MMT), while exports are projected at 180,000 metric tons as the Chinese market remains closed to Argentine exports. The Argentine poultry industry has reopened almost all markets lost as a result of the Avian Influenza outbreaks in February 2023 other than China but the industry remains optimistic and believes the market will be reopened soon. As economic difficulties continue to affect Argentine consumers, the lower relative price of chicken to beef means per capita consumption of chicken is approaching parity with beef, the traditional protein preferred by Argentines. While total consumption continues to rise, per capita consumption is expected to plateau.

Executive Summary

Argentina's economy continues to be hindered by slow growth, high inflation, and currency controls despite the election of a government which promised to combat these issues. The economic woes have contributed to decreased purchasing power for large segments of the Argentine population in recent years. Domestic poultry consumption is supported by a favorable price relationship with other meats as consumers seek to economize on food purchases.

In part due to these economic difficulties, Post estimates the poultry sector will increase its output to 2.55 MMT in 2025, with the domestic market continuing to be the driver for increased production. Poultry meat production and consumption likely will both increase in 2025, and exports are projected to increase to 180,000 metric tons with the top market despite China still being closed to Argentine exports.

On August 6, 2024, the Argentine government reduced the export tax on all poultry and beef from 9 to 6.75 percent. The policy is an attempt by the new administration to provide greater competitiveness and predictability to this strategic productive sector of the Argentine economy.

In August 2023 the World Organization for Animal Health validated a report written by the Argentine National Food Safety and Quality Service (SENASA), which self-declared Argentina to be free of Highly Pathogenic Avian Influenza (HPAI). Argentina has been successful in regaining market access across the world following a six-month self-suspension of poultry exports. China has historically been the top target for Argentine chicken meat exporters. After a technical visit to Argentina by Chinese officials in May 2024, industry is optimistic the market will re-open sometime before the end of 2025. [Note: Forecast does not assume market re-opening.] China is the final remaining key market to reopen and is expected to regain its position as the top market once it opens. Argentina's second market in importance, Chile, was reopened in July 2024.

The Argentine poultry industry is primarily focused on the domestic market and much less dependent on exports than many other agricultural sectors in the country. However, as domestic consumption has approached a plateau, any industry growth is expected through improved exports. A relatively small number of companies export and even many large-scale companies view exports as an inconsistent option and a small portion of their sales, rather than a key part of their long-term business strategy. In addition, industry sources report interest by many processors in developing value-added operations, such as halal, for Middle Eastern markets.

Production

Post forecasts 2025 chicken meat production at 2.545 million metric tons (MMT). Poultry producers anticipate only slightly higher domestic demand. Difficult macroeconomic conditions in Argentina constrain additional growth.

Production has risen to meet domestic demand. As beef prices rise amid the economic recession, consumers have turned to more poultry for their protein. More than 80 percent of the country's chicken meat production is processed in 55 federally inspected plants. The remaining volume is produced at 40 additional plants that are regulated and restricted by provincial authorities for domestic sale only, with a small amount of on-farm and backyard production. Commercial broilers for the domestic market are slaughtered at 49 - 52 days at a carcass weight between 6 – 6.5 pounds while those for many export markets are slaughtered at 28 - 32 days at a much lighter carcass weight between 2 – 2.5 pounds as requested by those markets. Post estimates that over 900 million birds will be slaughtered in CY 2025 between nationally and locally inspected plants, and more than 80 percent of the industry is in the Provinces of Buenos Aires and Entre Rios.

The bulk of Argentine broilers are produced by large vertically integrated companies that manage all stages of poultry meat production, from raising broiler breeders to marketing the meat, processed products, and by-products. This control over the supply chain provides these companies with traceability throughout the entire production process. The leading companies primarily focus on four areas for their continuous improvement and research plans: genetics, feeding, handling, and health. As market conditions permit, these companies also invest in new technology and equipment, though import restrictions on inputs create challenges in planning or upgrading facilities.

No new major investments in processing capacity have been announced since the new administration took office in December 2023. Difficult macroeconomic conditions in Argentina, coupled with tight financing conditions for facility renovation and improvement, further restrict productivity growth. Despite these challenges, existing slaughter capacity should allow for increased production by up to 10 percent, even without additional investment in processing facilities.

While the Argentine poultry industry has higher costs than some competitors, export taxes on feed ingredients provide an advantage to the industry. Although the export prices for Argentine grains and soybeans are in line with global prices, domestic prices for these feed ingredients are lower (without having to pay their respective export tax rates). Poultry producers, therefore, can purchase compound feed at lower prices than their competitors in other markets. However, part of this advantage is eliminated since chicken meat faces its own export tax (currently at 6.75 percent).

CY 2024 production forecast is revised upward to 2.485 MMT.

Production data for 2023 is revised based on the official data now available.

Consumption

Post forecasts 2025 domestic chicken consumption up slightly to 2.37 MMT, increasing per capita consumption to 49.4 kg (108 pounds) on chicken's price-competitiveness.

Domestic consumption has historically consumed approximately 90 percent of chicken production. Thus, domestic conditions influence production and purchasing decisions. Current high inflation rates

and stagnant real wages are expected to temper the modest consumption growth in chicken meat since 2012 due to the weakening of consumer purchasing power. As per capita poultry consumption growth has slowed, population growth is driven mainly by population growth. In recent years, chicken prices have risen more slowly than beef, encouraging a switch from beef to chicken in price-sensitive markets. At this time per capita chicken consumption is approaching parity with beef, a situation that would have been impossible to predict in beef-loving Argentina as recently as 10 years ago. Poultry meat consumption has eroded beef's dominance in Argentina in the last decade. In addition to economic reasons, chicken has a public perception, especially among younger people and women, as being healthier than beef.

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 and are actively seeking to incorporate fast-growing products from other markets, like the United States, into their product lines to stimulate more growth.

CY 2024 chicken meat consumption is revised up from 2023 to 2.32 MMT, leading to a per capita consumption of 49 kilograms.

Trade

Exports

Post estimates 2025 Argentine chicken meat exports to increase to 180,000 metric tons which assumes the Chinese market remains closed in 2025. Chile, traditionally Argentina's second largest market, reopened in July 2024 and trade recovery is expected.

Poultry producers anticipate an opportunity to expand exports further if Argentina is able to resume shipments to China. China (which represented 22 percent of Argentina's chicken meat exports before the HPAI outbreak) has historically been the top target for Argentine chicken meat exporters. After the Chinese government technical visit to Argentina in May 2024, industry is hopeful the market could be re-opened by the end of the year.

The Philippines also sent a technical mission to Argentina in July 2024 that visited 55 poultry plants but the results in the technical report are still pending. The industry expects that the Philippines could be an important market for the Argentine exports.

Many exporters believe the government will likely devalue the currency before the end of 2024, which could improve export prospects. In addition, industry contacts believe the government's debt negotiations could lead to a reduction in the gap between the official dollar exchange rate and the various informal ones, helping the sector to improve its competitiveness.

CY 2024 chicken meat exports are projected significantly up in comparison to revised 2023 figures, increasing to 170,000 tons mainly attributed to the re-opening of Chile, Mexico, Saudi Arabia, Vietnam, and South Africa and other export markets.

Imports

CY 2025 Argentine chicken meat imports are forecast to remain at 5,000 metric tons. This small figure represents small volumes of chicken cuts imported from Brazil and Uruguay. These chicken meat imports cover a wide range of products, including fresh, chilled, or frozen whole birds and cuts. As members of MERCOSUR, chicken meat products from Uruguay and Brazil are not subject to import tariffs from other members and enter Argentina tariff-free, while other exporters face external MERCOSUR tariffs of 10 to 16 percent.

Post forecasts CY2024 imports are estimated at 5,000 metric tons, similar to CY2023.

Policy

Through Decree 697/2024 issued on August 6, 2024, the Argentine government reduced the export tax on all poultry products and beef, setting the export tax for poultry at 6.75 percent, down from the previous 9 percent. This provision is part of a broader process of deregulating the local economy by lowering tariffs on agricultural inputs, opening international markets, and simplifying procedures in commercial controls. The new government implemented this policy to provide greater competitiveness and predictability to the agricultural industry due to its key importance to Argentine economy. However, industry contacts indicate that while this new policy trends in the right direction, Argentina still needs to modernize and eliminate many other regulations and taxes to truly become competitive in global markets. They also highlight that at current world commodity process and peso exchange rate, Argentine costs are comparatively high making it difficult to compete.

The industry also reports they are negotiating different long-term lines of credit with international banks. In order to have access to these types of credit, the country needs to be able to lower the risk, which would improve the chances to obtain credit at lower rates.

Production, Supply, and Demand Statistical

| Meat, Chicken Market Year Begins Argentina | 2023 | | 2024 | | 2025 | |
|---|------------------|----------|------------------|----------|------------------|----------|
| | Jan 2023 | | Jan 2024 | | Jan 2025 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Production (1000 MT) | 2330 | 2436 | 2420 | 2485 | 0 | 2545 |
| Total Imports (1000 MT) | 6 | 6 | 12 | 5 | 0 | 5 |
| Total Supply (1000 MT) | 2336 | 2442 | 2432 | 2490 | 0 | 2550 |
| Total Exports (1000 MT) | 144 | 144 | 165 | 170 | 0 | 180 |
| Human Consumption (1000 MT) | 2192 | 2298 | 2267 | 2320 | 0 | 2370 |
| Other Use, Losses (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Dom. Consumption (1000 MT) | 2192 | 2282 | 2267 | 2320 | 0 | 2370 |
| Total Use (1000 MT) | 2336 | 2442 | 2432 | 2490 | 0 | 2550 |
| Ending Stocks (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution (1000 MT) (1000 MT) | 2336 | 2442 | 2432 | 2490 | 0 | 2550 |
| OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query | | | | | | |

Attachments:

No Attachments