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Italy

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Poultry Outlook 2011

Report Categories:
Poultry and Products

Approved By:
James Dever
Prepared By:
Stefano Baldi

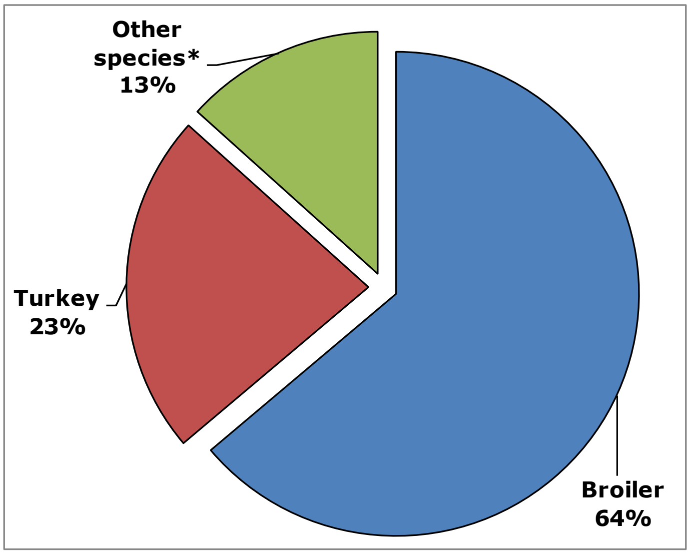
Report Highlights:

Italy is the sixth largest poultry producer in the EU-27, with approximately 10 percent of total EU production. Following good supply and demand performances in MY 2010, the Italian broiler market is expected to level off in MY 2011. The turkey industry does not expect significant production and consumption changes in MY 2011 after both production and consumption declined in 2010.

General Information:

Italy is the sixth largest poultry producer in the EU-27, with approximately 10 percent of total EU production. Domestically, poultry production, mainly broiler meat, ranks behind beef and pork production in terms of volume and importance. Even so, the poultry industry is very efficient and vertically integrated and has been doing very well despite the negative effects of the economic crisis and the Bird flu epidemic. Most of the farms raising broilers and turkeys are located in the Northern regions of Italy (Veneto, Emilia-Romagna, Lombardia and Piemonte).

Italian poultry meat production by species (2010)



*laying hens, goose, guinea-fowl, etc.

Source: UNA.

BROILER

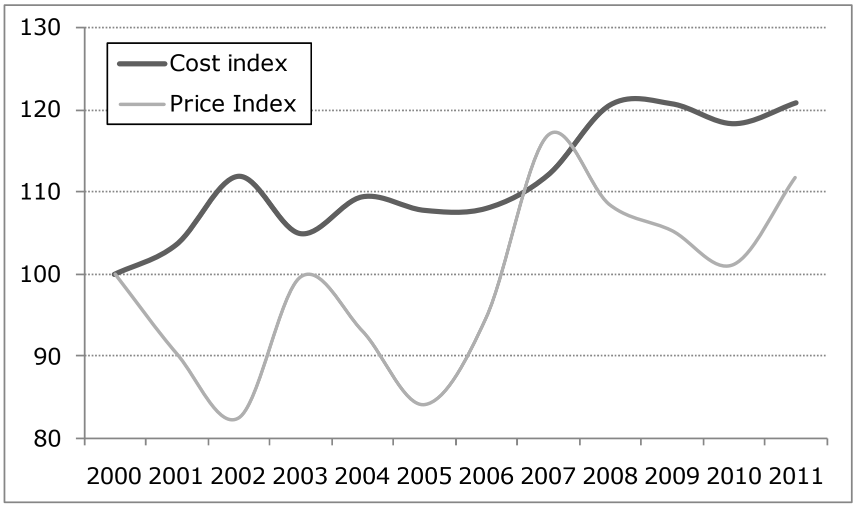
Broiler meat Production, Supply and Demand (‘000 MT)

Broiler	2010 Marketing year begin: 01/2010 Current post data	2011 Marketing year begin: 01/2011 Current post data	2012 Marketing year begin: 01/2012 Current post data
Beginning stocks	0	0	0
Production	780	787	790
Intra EU imports	42	48	50
Extra EU imports	2	3	3
Total imports	44	51	53
Total supply	**824**	**838**	**843**
Intra EU exports	67	70	72
Extra EU exports	33	40	42
Total exports	100	110	114
Human Dom.Consumption	724	728	729
Other use, losses	0	0	0
Total domestic consumption	724	728	729
Ending stocks	0	0	0
Total distribution	**824**	**838**	**843**

Production

According to first projections, the Italian broiler market is expected to level off in MY 2011 with a slight production and consumption increase (around 1 percent). MY 2010 can be recorded as the “broiler year” due to good production and export performances compared to other meat products such as beef and pork. Both domestic production and exports increased by 5 percent and 51 percent respectively. Better performances are largely due to an increase in domestic demand due to the relatively lower prices for broiler meat compared to other kinds of meat. Beef and pork producers either increased or kept prices stable over MY 2010 in order to protect margins from declining domestic demand, while broiler producers and retailers lowered prices to pull in consumers. However, this strategy made broiler prices decline to a minimum level of 0.8 €/kg which, combined with the increase in input costs (mainly feed), severely threatened producers’ margins. Farmers are still quite concerned about the feed price trend in coming months although prices have been gradually recovered since the beginning of the year.

Italian broiler meat cost and price index trend (2000=100)

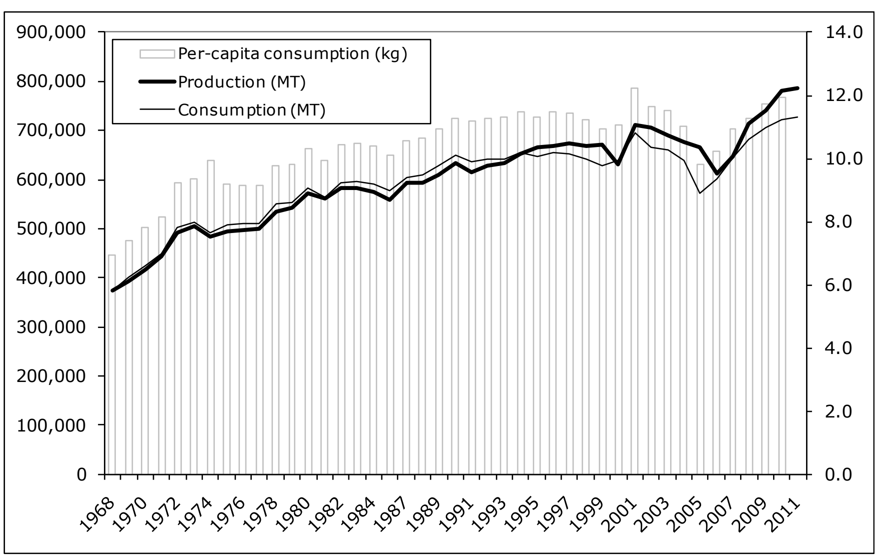


Source: ISMEA.

Consumption

Total Italian meat consumption has been significantly restrained by the negative effects of the economic crisis. However, broiler demand has increased in the last three years due to lower prices which made consumers shift their preferences. Per capita consumption increased in 2010 to 11.93 kg reaching a record high, excluding the 2001 level (12.21 kg) when the first BSE case was discovered in Italy. A recent survey states that the four main reasons affecting Italian consumer purchasing choice for meat are: innovation, freshness, functionality and, of course, price. Approximately 78 percent of Italian households generally purchase broiler meat and 14.4 percent of them purchase it once a week. The industry assesses broiler meat consumption by type of cut: 64%—legs and legs and breasts, 21%—processed products (stuffed chicken, sausages, and hot dogs), and 15%—whole birds.

Italian Broiler meat Production and Consumption Trends



Source: UNA.

Trade

Italy is more-or-less self-sufficient in broiler meat trade, and the small amount of trade is largely intra-EU trade. However, Italian broiler producers have recently started to explore new extra-EU markets exporting increasing quantities to Hong Kong and Vietnam.

Italian broiler meat exports by country ('000 MT)

	2009	2010	Jan-Mar 2010	Jan-Mar 2011
EU-27	44.3	66.7	18.1	14.1
Greece	15.3	18.9	4.6	3.8
Germany	10.3	13.2	2.9	3.3
France	3.8	6.5	2.1	1.1
United Kingdom	2.7	6.3	2.2	0.8
Austria	2.5	3.9	0.9	1.1
Netherlands	1.8	3.1	0.8	0.6
Spain	1.6	2.8	0.5	0.4
Slovenia	1.9	2.6	0.6	0.6
Extra EU-27	21.5	32.9	6.4	10.4
Benin	8.5	9.2	1.8	1.6
Albania	4.7	4.7	1.1	1.2
World	**65.8**	**99.6**	**24.5**	**24.5**

Source: Istat.

TURKEY

Broiler meat Production, Supply and Demand ('000 MT)

Turkey	2010	2011	2012
	Marketing year begin: 01/2010	Marketing year begin: 01/2011	Marketing year begin: 01/2012
	Current post data	Current post data	Current post data
Beginning stocks	0	0	0
Production	279	270	268
Intra EU imports	16	17	17
Extra EU imports	4	2	3
Total imports	20	19	20
Total supply	**299**	**289**	**288**
Intra EU exports	49	43	44
Extra EU exports	15	22	25
Total exports	64	65	69
Human Dom.Consumption	235	224	219
Other use, losses	0	0	0
Total domestic consumption	235	224	219
Ending stocks	0	0	0
Total distribution	**299**	**289**	**288**

Production

The turkey industry does not expect significant production and consumption changes in MY 2011, despite domestic production will highly depend on feed prices in coming months. MY 2010 production decreased by 4.6 percent compared to the previous year.

Consumption

MY 2010 Italian turkey meat demand further declined by 5 percent with per capita consumption falling to 3.9 kg after the previous two years positive performances. According to a recent market survey, around 48 percent of Italian households usually purchase turkey meat and 6 percent of them purchase it once a week. About 79% of turkey meat is sold as "selected pieces" (legs, breasts, etc.), 19% as processed products (such as stuffed or roasted turkey, sausages, wurstel and so on), and 2% as whole birds.

ITALIAN POULTRY ASSOCIATION

UNA (Unione Nazionale dell'Avicoltura) is the Italian poultry and egg producers association.

They represent:

- breeding farms,
- hatcheries,
- poultry and layer farms,
- slaughterhouses, cutting and processing houses,
- packaging and eggs product processing.

Contact info:
Via V. Mariano 58
00189 Roma
Tel: +39-06-3325-841
Fax: +39-06-3325-2427
Web: http://www.unionenazionaleavicoltura.it/engl.aspx

Abbreviations and definitions used in this report

HS codes for broiler meat:

020711 Chickens And Capons, Whole, Fresh Or Chilled
020712 Chickens And Capons, Whole, Frozen
020713 Chicken And Capon Cuts And Edible Offal, Fresh Or Chilled
020714 Chicken And Capon Cuts And Edible Offal, Frozen
160232 Chicken & Capon Meat & Meat Offal Prep Or Preserved Excluding Livers

MT Metric ton = 1,000 kg
MS EU member state(s)
MY Marketing year: January/December