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## **Brazil**

### **Poultry and Products Annual**

#### **Annual Poultry Report**

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**Report Highlights:**

Broiler production in 2011 is forecast to increase by 3 percent and reach another record of nearly 11.8 million metric tons. The increase in broiler production reflects a combination of strong domestic demand and recovery in exports.

**Executive Summary:**

Post forecasts broiler production to increase by 3 percent in 2011 reflecting a general opinion among economic analysts that Brazil's economic growth is expected to remain firm in 2011 maintaining a high level of domestic consumption. Trade sources also expect broiler exports to increase by 3 percent next year as a result of higher exports to new markets, especially China. The outlook for turkey production and exports is for less growth than previous years.

There are no changes to our PSD for broiler in 2009. However, changes have been made to PSD Turkey to reflect new data released by the Poultry Producers Association.

**Commodities:**

Poultry, Meat, Broiler

**Production:**

Broiler production in 2011 is forecast to increase by 3 percent and reach another record of nearly 11.8 million metric tons. Our forecast reflects general optimism among producers and analysts that the Brazilian economy will increase around 5.5 percent in 2011, with lower rates of unemployment and inflation. Improved consumer purchasing power will likely contribute to maintain the current strong domestic demand for animal proteins, of which broiler is the most competitive type of meat. Trade sources also expect world demand for broilers to improve and that Brazil will continue to increase its broiler exports to new markets, such as China. In addition to these factors, producers expect to have positive returns as feed prices are likely to remain stable in view of higher corn and soybean supplies.

**Production costs**

Post projects feed prices to remain stable during the 2010-11 with estimated record soybean and corn crops, as the new crop plan announced by the federal government makes available US\$64 billion in subsidized funds to boost production of grains and oilseeds during the coming crop year (October 1/September 30). Also of note is that Brazil will be producing a large amount of biotech corn. Trade sources estimate that up to 55 percent of the crop is likely to be biotech which is expected to increase yields.

**Consumption:**

The strong growth of the Brazilian economy, combined with a lower rate of unemployment and low inflation rate, has boosted disposable income in Brazil and is increasing demand for animal protein, particularly, broiler meat. Broiler meat is more competitive with other red meats, mostly beef.

## Prices

Sao Paulo: Broiler production costs and wholesale prices for broilers (RTC), corn, and soybean meal:

Year	Broiler Cost (US\$/KG/Live Weight)	Wholesale Prices			
		Live Weight (US\$/KG)	RTC (US\$/KG)	Corn (US\$/60/KG)	Soybean Meal (US\$/KG)
2000	0.47	0.50	0.68	7.78	0.18
2001	0.38	0.41	0.53	4.64	0.19
2002	0.39	0.39	0.50	6.26	0.18
2003	0.47	0.47	0.54	6.54	0.21
2004	0.51	0.51	0.54	6.31	0.23
2005	0.56	0.56	0.55	7.33	0.21
2006	0.54	0.54	0.65	8.00	0.21
2007	0.77	0.80	1.07	11.99	0.28
2008	0.99	0.89	1.27	13.89	0.39
2009	n/a	0.82	1.21	10.50	0.46
2010 (Jan-Jun)	n/a	0.83	1.20	10.36	0.59

RTC= Ready to Cook

Source: Trade

## Trade:

In 2011, Brazil's broiler meat exports are forecast to grow by 3 percent. The small increase in exports is attributed to the negative impact of the valuation of the Brazilian Real and competition from other exporters in Asian markets. Most of the growth in chicken exports will likely take place in traditional Brazilian markets in the Middle East. But, trade sources are optimistic about the continued increase in exports to new markets such as China, Indonesia and South Africa as a result of Brazil's strong market promotion efforts in these countries and other major emerging markets.

Although Brazil and India reached an agreement on sanitary issues, India's high import tariffs effectively keep out Brazilian poultry. Exports of Brazilian broiler to the European Union are likely to continue to decline in 2011 due to the weakened Euro against the Real, but mostly due to European Union restrictions on imports of Brazilian chicken (changes in marketing standards for broiler meat). In this aspect, Brazil is evaluating the possibility of filing a case in the WTO against the European Union. Exports to Russia are expected to rise slightly as market promotion efforts remain strong in that country. Although an important export market, Venezuela is facing problems with increased defaults to Brazilian exporters.

There are no major changes from our semi annual report for Brazilian chicken exports in 2010. During Jan-Aug 2010, exports increased in volume by 4 percent, but the value increased significantly by 17 percent. According to our trade sources, there is a recovery in chicken prices in the world market from last year, mostly in the emerging markets.

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

**Broiler: PSD**

Poultry, Meat, Broiler Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	45		49		54		(MIL HEAD)
Slaughter (Reference)	5,560		5,760		5,960		(MIL HEAD)
Beginning Stocks	0	0	0	0	0		(1000 MT)
Production	11,023		11,420		11,765		(1000 MT)
Whole, Imports	1		1		1		(1000 MT)
Parts, Imports	0		0		0		(1000 MT)
Intra-EU Imports	0		0		0		(1000 MT)
Other Imports	0		0		0		(1000 MT)
Total Imports	1	0	1	0	1		(1000 MT)
Total Supply	11,024	0	11,421	0	11,766		(1000 MT)
Whole, Exports	1,399		1,340		1,380		(1000 MT)
Parts, Exports	1,823		2,010		2,071		(1000 MT)
Intra EU Exports	0		0		0		(1000 MT)
Other Exports	0		0		0		(1000 MT)
Total Exports	3,222	0	3,350	0	3,451		(1000 MT)
Human Consumption	7,802		8,071		8,315		(1000 MT)
Other Use, Losses	0		0		0		(1000 MT)
Total Dom. Consumption	7,802	0	8,071	0	8,315		(1000 MT)
Total Use	11,024	0	11,421	0	11,766		(1000 MT)
Ending Stocks	0		0		0		(1000 MT)
Total Distribution	11,024	0	11,421	0	11,766		(1000 MT)
CY Imp. from U.S.	0		0		0		(1000 MT)
CY Exp. to U.S.	0		0		0		(1000 MT)

## Broiler: Exports, Jan-Jun 2009-10

### Export Trade Matrix

Country	Brazil		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2009		2010
U.S.	0	U.S.	0
Others	Others		
Angola	40,203		31,646
Canada	8,880		8,217
China	653		48,920
Cuba	13,728		20,337
Egypt	24,015		37,905
European Union	169,258		127,435
Hong Kong	221,315		175,191
Iran	8,201		14,107
Iraq	71,037		57,146
Japan	161,683		186,789
Jordan	29,318		27,410
Kuwait	91,489		87,368
Oman	25,405		23,335
Qatar	26,259		24,813
Russia	34,980		48,076
Romania	14,674		6,587
Saudi Arabia	231,157		249,069
Singapore	37,714		35,158
South Africa	81,476		95,152
South Korea	13,988		16,444
UAE	104,972		111,266
Yemen	38,622		30,147
Venezuela	91,612		81,055
Total for Others	1,540,639		1,543,573
Others not Listed	173,755		177,930
Grand Total	1,714,394		1,721,503

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

Quantity in Product Weight Equivalent (PWE)

**Commodities:**

Poultry, Meat, Turkey

**Production:**

Post made changes in turkey production to include new data provided by the Poultry Producers Association. Changes were made in 2010 turkey exports to reflect a drop in export estimates by trade sources.

## Production, Supply and Demand Data Statistics:

### Turkey: PSD

Poultry, Meat, Turkey Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	0	0	0	0		0	(MIL HEAD)
Slaughter (Reference)	43	44	45	45		47	(MIL HEAD)
Beginning Stocks	0	0	0	0		0	(1000 MT)
Production	437	466	480	485		510	(1000 MT)
Whole, Imports	0	0	0	0		0	(1000 MT)
Parts, Imports	0	0	0	0		0	(1000 MT)
Intra-EU Imports	0	0	0	0		0	(1000 MT)
Other Imports	0	0	0	0		0	(1000 MT)
Total Imports	0	0	0	0		0	(1000 MT)
Total Supply	437	466	480	485		510	(1000 MT)
Whole, Exports	3	3	5	1		1	(1000 MT)
Parts, Exports	160	161	170	155		164	(1000 MT)
Intra EU Exports	0	0	0	0		0	(1000 MT)
Other Exports	0	0	0	0		0	(1000 MT)
Total Exports	163	164	175	156		165	(1000 MT)
Human Consumption	274	302	305	329		345	(1000 MT)
Other Use, Losses	0	0	0	0		0	(1000 MT)
Total Dom. Consumption	274	302	305	329		345	(1000 MT)
Total Use	437	466	480	485		510	(1000 MT)
Ending Stocks	0	0	0	0		0	(1000 MT)
Total Distribution	437	0	480	485		510	(1000 MT)
CY Imp. from U.S.	0	0	0	0		0	(1000 MT)
CY Exp. to U.S.	0	0	0	0		0	(1000 MT)
Balance	0	0	0	0		0	(1000 MT)

**Turkey: Exports, Jan-Jun 2009-10**

**Export Trade Matrix**

<b>Country</b>	Brazil		
<b>Commodity</b>	Poultry, Meat, Turkey		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2009		<b>2010</b>
U.S.	0	U.S.	0
Others		Others	
Angola	4,674		4,125
Benin	6,009		3,871
Congo	1,534		1,717
Gabon	1,548		2,070
European Union	42,896		48,124
Hong Kong	1,144		1,891
Peru	1,209		1,250
Russia	4,114		3,259
South Africa	5,430		6,191
Total for Others	68,558		72,498
Others not Listed	8,492		7,301
Grand Total	77,050		79,799

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